

CITY OF TACOMA

# PAYING FOR GROWTH WITH IMPACT FEES?



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FEHR & PEERS  
BERK

# Impact Fees Summary

Impact fees are a mechanism that jurisdictions can use to help pay for certain types of capital improvements needed to accommodate new growth. They are one-time charges paid by new development.<sup>1</sup> The rationale behind impact fees is that “growth should pay for growth.”

## Legal Framework & State Guidance

Impact Fees are authorized by the Growth Management Act (GMA) and Washington State Law in RCW 82.02.050-.110 and WAC 365-196-850. Impact fees fund capital system improvements that are reasonably related to new development and that are included in a jurisdiction’s Capital Facilities Element of its Comprehensive Plan. Impact fees can only fund the proportional share of a project’s cost needed to accommodate new growth and cannot be the sole source of funding for any capital improvement.

Impact fees cannot pay for existing deficiencies, ongoing costs such as maintenance and operations, or for growth outside of a jurisdiction.<sup>2</sup> While State law does not allow impact fees to be the sole source of project funding, it does not specify what amount must come from other sources. Funding from impact fees cannot exceed any project’s proportionate share related to growth. While some projects can be eligible for upwards of 90% funding from impact fees, eligibility of 50% or less is more typical.

## Collection and Disbursement

Generally, impact fees are collected during the permitting process, but jurisdictions must offer a payment deferral option for single family residential developments. Once collected, impact fees must be maintained in a separate interest earning fund for impact fees. Impact fees must be spent within 10 years of collection or returned to the developer.

## Method

Statute requires that jurisdictions use “a formula or other method of calculating” to develop impact fee rates.<sup>3</sup> While statute requires that the local ordinance include the impact fee schedule, the method itself does not need to be included in the ordinance. It is becoming more common for jurisdictions to include an automatic update to impact fee rates tied to one of the industry standard cost indices.

## Credits and Adjustments

Jurisdictions must provide credits to developers for capital improvements they construct that are identified on the impact fee project list and are required as a condition of approving development. Jurisdictions are required to include a provision to their impact ordinances that allow the fee to be adjusted to consider unusual circumstances. Jurisdictions can also include exemptions for low-income housing<sup>4</sup> developments. Up to 80% of the impact fee can be exempted for low-income development without any further action on the part of the jurisdiction; any exemption above 80% requires the jurisdiction to pay the fee from public funds other than impact fees.

## Types of Impact Fees

State law outlines four areas that can be funded by impact fees:

- Transportation
- Fire protection facilities
- School facilities
- Parks, open space, and recreation facilities

1. New development can include tenant improvements and change in use.  
2. Urban Growth Areas are generally considered outside of a jurisdiction and impact fees cannot be charged here. However, when the jurisdiction provides service in a UGA, fee collection can be negotiated with the County. For example, as Tacoma provides fire service outside of City limits, an Interlocal Agreement with Pierce County could collect fees for the fire protection.

3. RCW 82.02.060 (1)  
4. RCW defines low-income housing as “housing with a monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development” RCW 82.02.060(8)



## Transportation

Transportation impact fees fund infrastructure that adds capacity to the transportation network, such as traffic signals, roundabouts, roadway widening, sidewalks, and bike facilities. The infrastructure must be within the right-of-way of a public street or road. Projects are analyzed individually to remove ineligible costs in accordance with impact fee legislation.

## Fire Protection Facilities

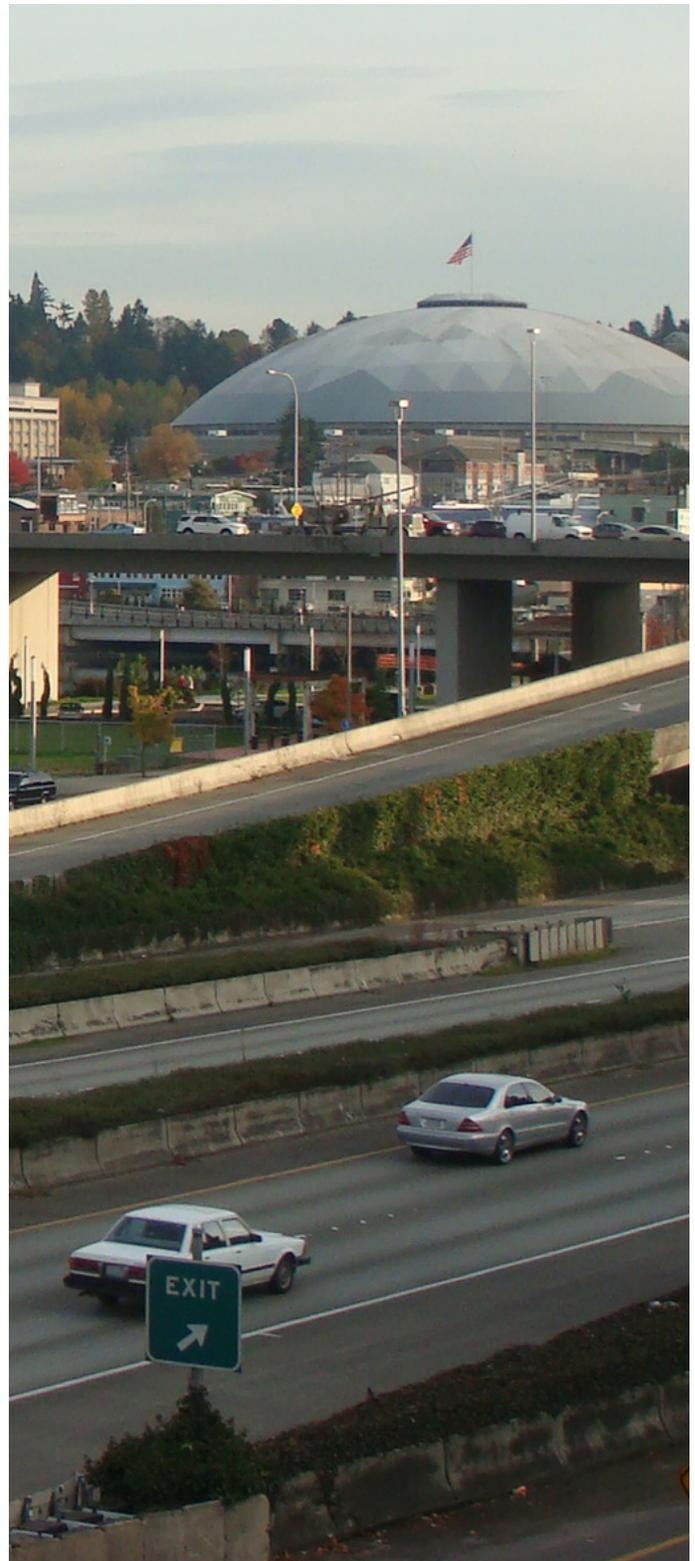
Fire impact fees can be used to pay for fire protection and emergency medical services (EMS) capital improvements, which includes equipment, apparatus, and facilities. Fire impact fees can be assessed for capital improvements based on the level of service (LOS) standards in place. The City's current fire protection LOS includes an average total response time to all emergency responses. Impact fees could be assessed to ensure the Department's continued performance as the population increases through acquiring equipment, apparatus, and facilities, or accelerated replacement schedules for capital improvements.

## School Facilities

Impact fees can be used to fund school capital facilities projects, which include both buildings and equipment. For school facilities, the City would be acting as a conduit for impact fee revenues, collecting fees as part of its land use regulation role and distributing the revenue to Tacoma Public Schools (TPS), which provides public education facilities in the city. Impact fees could be used to purchase land or buildings, to construct or remodel buildings, or to purchase new equipment—but only to the extent that development-driven growth contributes to these capital needs.

## Parks, Open Space, and Recreation Facilities

The exact use of parks impact fees is dictated by a jurisdiction's LOS standard(s), but the law allows parks impact fees to be expended on capital projects, including both facilities and acreage. Dependent on the local government's LOS standard and associated capital projects, park impact fees can be used toward projects that add capacity for growth, whether that is adding acres dedicated for parks and recreation use, or, more likely in urban environments, adding new facilities to existing park and recreation sites that allow more people to use the site. Similar to school facilities, the City would be acting as a conduit, collecting park impact fees for Metro Parks Tacoma.



# Alternative and Current Revenue Sources

There are a limited number of revenue sources available to cities that can be used to fund capital improvements. There are four fees that are development-related and directly comparable to GMA impact fees:

- **Local Transportation Act (LTA) impact fees** could be used for transportation improvements and operate similarly to GMA impact fees, but are not typically used in Washington. Traffic impact assessments on a development-by-development basis are a necessary prerequisite to the imposition of transportation impact fees under the LTA, which would require a greater level of up-front analysis work than what is required for GMA impact fees.
- **Transportation Benefit District (TBD) impact fees** could be used for transportation improvements and can be more expansively applied than GMA or LTA impact fees (i.e., they could be used to fund public transportation and demand management projects), but require voter approval, can only be assessed on commercial and industrial buildings, and require a greater level of up-front analysis than is required for GMA impact fees.
- **State Environmental Policy Act (SEPA) Alternative Mitigation fees** are currently used in Seattle in the South Lake Union and Northgate areas and resemble GMA impact fees in that they are based on a fee schedule and require transportation modeling to develop; unlike GMA impact fee programs, specific environmental impacts must be identified for these fees to be assessed and these fees do not apply to SEPA-exempt projects.
- **SEPA Mitigated Determination of Nonsignificance (MDNS) fees** can be assessed when permitting staff identify measures that can be taken to reduce environmental impacts. They can be applied to a wider range of projects than GMA impact fees, but these fees also require up-front analysis to the extent that the basis for them must be included in the City's Comprehensive Plan or in other adopted development regulations or relevant local, state, or federal laws. SEPA MDNS fees could be used to supplement GMA impact fees for multi-modal projects.

Several common, non-development focused potential alternative sources of funding are also suitable for supporting development-driven capital improvements:

- **Real estate excise taxes** (REET I and II) are assessed on all real estate transactions and are currently used to fund a variety of capital projects, but the excise tax rate must be authorized to be increased.
- **General funds** can be used to finance all types of capital improvements, but the City has many competing needs for these funds.

In addition to these common sources, there are more specialized funding mechanisms that can be used for capital projects. These funding mechanisms are described in **Appendix A**.



# Other Jurisdictions

Impact fees are common across Western Washington, but less so in other parts of the state. Transportation and school impact fees are by far the most prevalent type of impact fees assessed. A sampling of the jurisdictions that charge fire protection, school facilities, and parks fees are shown in **Table 1**. **Table 2** shows jurisdictions in Western Washington with transportation impact fees.

**Table 1: Example Jurisdictions with Fire, Park, and School Impact Fees in Western Washington**

Fire Impact Fees		
Anacortes	DuPont	Milton
Redmond	Renton	Tukwila
Park Impact Fees		
Anacortes	Auburn	Bonney Lake
Buckley	Edgewood	Fife
Gig Harbor	Orting	Pierce County
Puyallup	Sumner	Redmond
Renton	Tukwila	University Place
School Impact Fees		
Auburn	Bellevue	Bonney Lake
Edgewood	Everett	Fife
Gig Harbor	Milton	Orting
Pierce County	Puyallup	Redmond
Renton	Sumner	Vancouver

Source: BERK Consulting, 2018

**Table 2: Transportation Impact Fee Jurisdictions in Western Washington**

Cities			
Anacortes	Arlington	Auburn	Bainbridge Island
Battleground	Bellevue	Bellingham	Blaine
Bonney Lake	Bothell	Buckley	Burien
Burlington	Camas	Carnation	Covington
Des Moines	Duvall	Edgewood	Edmonds
Enumclaw	Everett	Federal Way	Ferndale
Fife	Gig Harbor	Granite Falls	Issaquah
Kenmore	Kent	Kirkland	La Center
Lacey	Lake Stevens	Lynden	Lynnwood
Maple Valley	Marysville	Mercer Island	Mill Creek
Milton	Monroe	Mount Vernon	Mount Lake Terrace
Mukilteo	Newcastle	North Bend	Oak Harbor
Olympia	Orting	Poulsbo	Puyallup
Redmond	Renton	Ridgefield	Sammamish
SeaTac	Sedro Wooley	Sequim	Shelton
Shoreline	Snohomish	Stanwood	Sultan
Sumner	Tukwila	Tumwater	University Place
Vancouver	Washougal	Woodinville	Yelm
Counties			
Kitsap	Pierce	Snohomish	Thurston

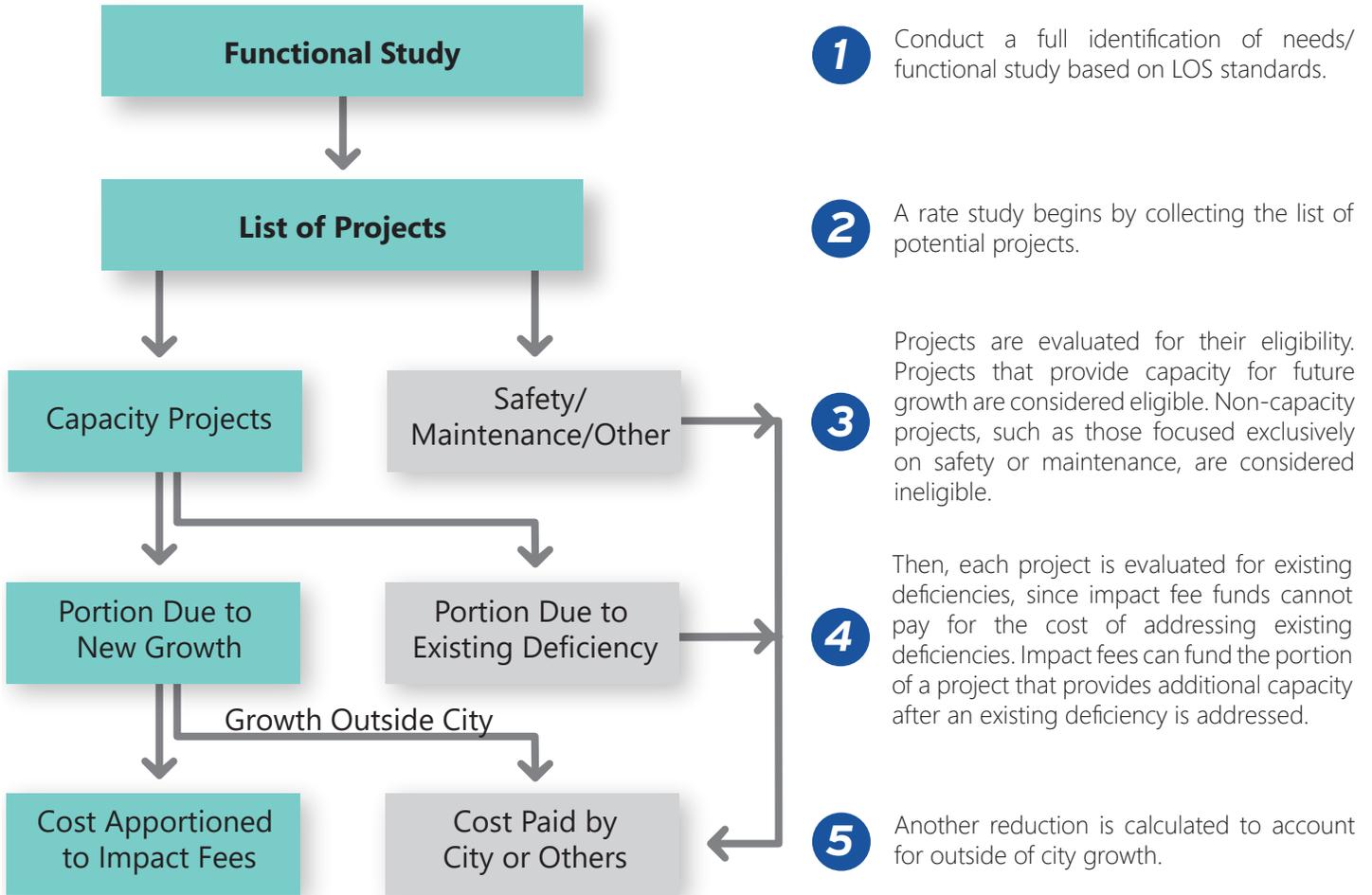
Source: Data compiled by Chris Comeau, AICP-CTP, Transportation Planner, Bellingham Public Works



# Fee Program Mechanics

A rate study must be prepared to justify the allowable impact fee costs. The methodology for rate studies is shown below in Figure 1.

Figure 1: Rate Study Methodology



Once these reductions are taken, the remainder of project costs are eligible for impact fee funding. A fee schedule translates the overall program eligible costs into per unit of development costs to be charged during the permitting process.



# Transportation Structural Considerations

There are several policy choices for communities in structuring a transportation impact fee program. The following section outlines some of the key considerations.

## Geographic Extent

A transportation impact fee program can be implemented across an entire city or in one or more subareas. While a citywide program may generate more revenue (since it would be assessed on all development), there may be instances where limiting a program's scope to a part of the city is justified. For example, if a large number of projects and growth are concentrated in the same area, a more focused geographic extent may be more reasonable than imposing impact fees across the entire city. In Tacoma, the City could consider developing a program that is focused on the Port area, with projects that accommodate mobility to and within the Port.

## District-Based or Area Wide

The next decision is whether to implement the program as a single area or to divide into smaller districts. Impact fee legislation states that projects must be reasonably related to the development funding them. Case law (*City of Olympia v. Drebeck, 2006*) has found that a single zone for an entire city is justified as projects could be reasonably related to new development across the city. However, as Tacoma is a larger city, creating multiple zones may be more defensible as local development could pay for projects that more clearly serve their growth. A zone system reduces flexibility in funding, as fees cannot be as easily expended across zones. This can inhibit the city's ability to strategically use impact fee funds as local matching money when grants or other competitive funding is available.

## Types of Projects to Fund

Transportation impact fees must fund projects that (1) add capacity to the network, (2) are included in the Capital Facilities Element, and (3) are located within the right-of-way of public streets and roads. First generation impact fee programs funded only vehicle capacity projects, but a growing number of jurisdictions are adding multimodal projects, such as bus lanes, sidewalks, bike lanes, and shared use paths within the right-of-way. Impact fees cannot fund transit vehicles, off street trails, or maintenance costs. One exception is that rails-to-

trails corridors can be eligible as converted railroad right-of-way is considered to be a state highway.

## Fee Schedule

Once a cost per trip is determined, a fee schedule is developed to translate the cost per trip into land use terms. The Institute of Transportation Engineers (ITE) Trip Generation Manual is often used to calculate the expected number of PM peak hour trips to be generated for a given development. For instance, a single family home is expected to generate about one vehicle trip in the PM peak hour, whereas a supermarket would generate approximately nine vehicle trips per 1,000 square feet of floor area.

## Recent Innovations

A growing number of communities are funding multi-modal projects instead of just vehicle projects. With this switch to more multi-modal programs, many communities are basing their programs on person trips instead of vehicle trips. This switch to person trips provides a clear nexus for justifying how projects like sidewalks and bike lanes provide capacity for growth. Several communities, including Redmond, Kenmore, and Portland, have pioneered methods for measuring the person trip impacts of projects.

## Example Projects

To give a sense of how an impact fee program might work in Tacoma, three projects were selected from the TMP for preliminary analysis. If an impact fee program moves forward, these calculations would be subject to further refinement.

1. S 12th Street Corridor – Signal integration and coordination, other ITS improvements
2. E Portland Avenue Corridor – Signal integration and coordination, other ITS improvements
3. Center Street – Bike lane from S Orchard Street to S 25th Street

The example projects are mapped in **Figure 2**. The results of the preliminary calculations are shown in **Table 3**.





As shown in **Table 3**, the portion of a project that is eligible for impact fee funding can vary widely depending on the type of project, travel characteristics in the area, and existing deficiencies.

**Table 3: Potential Impact Fee Project Funding**

	<b>S 12th Steet Corridor Improvements</b>	<b>E Portland Avenue Corridor Improvements</b>	<b>Center Street Bike Lanes</b>
Cost (Average of low and high estimate)	\$9,920,100	\$5,607,200	\$1,095,090
% Deficient <sup>4</sup>	0%	0%	69%
% City Growth <sup>5</sup>	67%	32%	75%
<b>Impact Fee Eligible Cost</b>	<b>\$6,646,467</b>	<b>\$1,794,304</b>	<b>\$254,608</b>
<b>Impact Fee Eligible %</b>	<b>67%</b>	<b>32%</b>	<b>23%</b>

Source: Fehr & Peers, 2018

## Potential Transportation Impact Fee Revenue

To approximate the level of revenue that could be generated over 20 years by a transportation impact fee program in Tacoma, we evaluated how much revenue could be generated if the City set fees at a Puget Sound low, medium, and high level.<sup>6</sup> Note, these estimates are rough and would be affected by the level of development that actually occurs, as well as by decisions made in administering the program.<sup>7</sup> The exact rate for Tacoma would be set based on the findings of a rate study and final policy by Council (see **Table 4**).

**Table 4: Potential 20 Year Transportation Impact Fee Revenue**

<b>Impact Fee Rate</b>	<b>Growth in Trips</b>	<b>Maximum Potential Revenue</b>
Low \$3,000	52,000	\$156 M
Medium \$5,000		\$260 M
High \$10,000		\$520 M

Source: Fehr & Peers, 2018

4. No corridor project deficiency was identified based on intersection performance as measured in the Synchro traffic operations model provided by City Staff. The deficiency for the bike lane project was calculated based on a fair-share calculation of the portion of trips that would be related to existing land uses versus future development. Based on data from the City's travel model, 31% of trips in 2040 are related to future development.

5. Corridor projects use travel demand modeling to determine proportion of growth in project area related to Tacoma. The bike project uses a default value, based on standard assumptions.

6. Based on growth assumptions in the Tacoma Transportation Master Plan

7. Number of exemptions provided, how many impact fee list projects are constructed directly by developers, etc.



# Fire Protection Structural Considerations

Since the Tacoma Fire Department is currently providing services beyond the City's boundaries and has a variety of geographically clustered uses, the City may want to consider a fire protection impact fee schedule that allows for service areas and development type.

## Service Areas

Washington State's statute authorizing impact fees, 82.02, requires that local ordinances creating impact fees must:

*establish one or more reasonable service areas within which it shall calculate and impose impact fees for various land use categories per unit of development [RCW 82.02.060(1)]*

While the hearing examiner who heard the case of Olympia v. Drebeck approved a single service area for the City of Olympia as adequate, as a larger city, Tacoma may want to consider creating multiple service areas to align specific capital improvements with development activities. Defining service areas would require creating fire impact fee schedules for each of those service areas.

## Projects Eligible for Funding

Impact fee legislation requires that impact fees only be used for system improvements that benefit the new development and relate to the demand from new development. To the extent projects extend fire services, the growth-related portion of capital project costs can be funded by impact fees. The process used to identify the portion of each project that is related to growth can range from relying on the fire department's subject matter expertise to conducting time studies to show the expected impact of locating capital facilities at different locations.

We recommend creating a policy rationale for determining the percentage of each project that is related to growth. For example, for replacing or renovating fire stations, only including the additional space beyond the original station size may be eligible for impact fee funding.

## Example Project

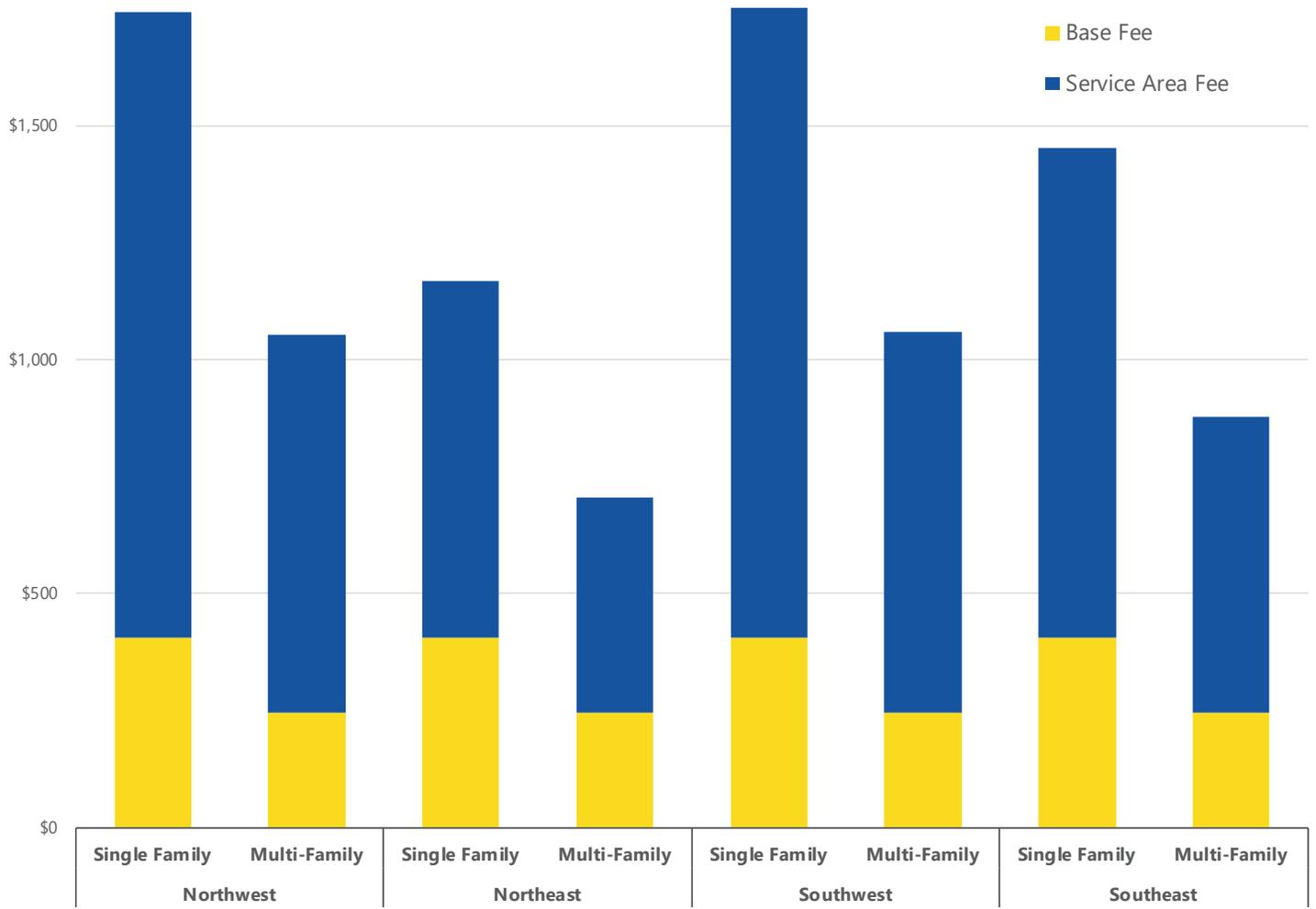
Capital improvements to the existing Marine Security Operations Center (MSOC) are an example of a project that is planned to serve Tacoma's current citizens and future growth. The City can approach apportioning the project's cost to growth in multiple ways:

- Between 2018-2030, the City is planning for an additional 72,200 residents (approximately 25% of the expected 2030 total population will be from growth). If this project is designed to serve the expected population of 2030, the 25% population growth would be a good approximation of the project's cost related to growth and thus impact fee eligible.
- Alternatively, the components of the project can be attributed to growth individually; the project includes expansions and new moorage, and to the extent that these capital improvements are added to respond to growth, those portions of the improvement project can be impact fee eligible.

The MSOC also demonstrates that should the City adopt service areas, some projects may span multiple service areas or even the entire City (for example, training facilities); the City has the option of creating a base fee charged citywide with a service area addition specific to the development location. **Figure 3** is an example of an impact fee for single and multi-family residential that includes both capital projects that serve the entire city (base) and specific service areas.



Figure 3: Example Impact Fees with Base and Service Area Fees



Source: BERK Consulting, 2018



## Level of Service Standard and Risk Mitigation

The Tacoma Fire Department has completed a considerable amount of analysis in the past 10 years to create standards of cover for fire, EMS, and other emergency response services based on risk and response standards in accordance with national and international guidelines. If the City were to establish formal service areas as part of implementing impact fees, it is likely that the analysis underlying the standards of cover (SOC) work may need to be revisited. Additionally, the City may want to create a correspondence between SOC and LOS; either the updated analysis and possible direct linking of SOC to LOS would present opportunities for the City to update the capital improvement projects list.

## Fee Schedule

Impact fees must be assessed in accordance with the requirements of RCW 82.02 subsections 050 through 090. The schedule must be based on a formula or consistent method (RCW 82.02.060(1)). The fees must be adjusted for the share of future taxes or other available funding sources.

## Recent Innovations

Fewer jurisdictions in Washington have fire impact fees compared to the other types of GMA impact fees, so it difficult to identify trends. However, since the revenue-limiting effects of Initiative 747 (2002) capped property tax growth to 1% annually, jurisdictions have been forced to explore alternative funding mechanisms or reevaluate existing ones. Matching with that trend, fire impact fee amounts have been increasing.

## Potential Fire Impact Fee Revenue

Potential fire impact fee revenue was estimated based on low, medium, and high fee rates among other jurisdictions. The potential revenue is shown in **Table 5**.

**Table 5: Potential 21 Year Fire Protection Impact Fee Revenue (2019-2040)**

Impact Fee Rate	Growth in Housing Units	Maximum Potential Revenue
Low \$120	55,881	\$6.7 M
Medium \$767		\$42.9 M
High \$1,700		\$95.0 M

Notes: Based on the One Tacoma Comprehensive Plan's listed 59,800 new housing units between 2010-2040, updated to reflect the estimated growth in housing units between 2010-2018 from the OFM Estimates of Housing Units, April 2010-April 2018. Rates are based on Washington State rates in the lowest tenth (Low), average rate (Medium), and highest tenth (High). Potential revenue is presented in year of expenditure dollars; the net present value of these collections would be considerably less, but jurisdictions increase rates through time to make up for inflation.

Source: BERK Consulting, 2018



# Next Steps

## Implementation Strategies

While each jurisdiction has its own considerations when implementing impact fees, there are some general processes and strategies outlined below.

**Current and Future Needs Analysis:** Adopted LOS standards direct the City how to respond to growth and the Capital Facilities Element outlines the City's planned response to growth and current needs. However, should the City decide that service areas are appropriate for impact fees, these LOS standards may need to be updated for those service areas. If the City continues to explore impact fees, it should review the projects on the Capital Facilities Element for inclusion of projects that could be impact fee eligible. Additionally, any updates to population, employment, and housing from the Countywide Planning Policies should be incorporated into the needs analysis.

**Capital Projects List:** Once the current and future needs are identified, the City will want to review its capital projects to identify the portion of each project related to growth. Impact fees function similar to matching funds in that they cannot be sole funding source, so the City will need to identify other sources of funding to deliver projects in the impact fee program.

**Impact Fee Structure Development:** The City will want to consider the structural considerations described in this memo including how to measure development's impacts, the use of service areas, and how to structure the rate schedule.

**Program Implementation:** To address internal processes and frameworks required, including process for impact fee assessment, appropriate administrative fees, impact fee revenue tracking mechanisms, periodic rate review and adjustment schedule, and impact fee appeals process.

## Public Engagement

If the City Council is interested in pursuing impact fees, public engagement will be a crucial part of implementation. As part of the Growth Management Act, implementation of impact fees has multiple public hearing requirements that allow for public input; however, given the history of impact fees in both Tacoma and Pierce County, there are key stakeholders who should be engaged early and often to address concerns and opposition to an impact fee program.

Pierce County has created a working group consisting of representatives from stakeholder groups, including the Master Builders Association of Pierce County, the Tacoma-Pierce County Association of Realtors, a citizen advisory board member, and an advocacy group. This Working Group was able to come to consensus around the impact fee schedule and a phase implementation (the Working Group's final report<sup>8</sup> documents the process used and full recommendations).

As with any tax or fee, an important question about impact fees is who ultimately bears the cost of the fee? The developer pays the impact fee during the permitting process, but the developer may be able to pass those costs along to end users.

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8. <https://www.co.pierce.wa.us/DocumentCenter/View/42917/Park-Impact-Fee-Working-Group-Report-FINAL>



# Appendix A

Funding Source	Description and Applicable Restrictions	Example Cities
<p><b>General Obligation Bonds</b></p> <p>RCW 39.36.015 and Article 8, Section 6 of the Constitution of the State of Washington</p>	<p>Cities, Transportation Benefit Districts, and Local Improvement Districts may issue general obligation bonds, by special election or council decision, to finance projects of general benefit to the city or district. TBDs must use the revenue to finance projects specific to transportation. In addition to the principal and interest costs of issuing debt, there are usually costs associated with issuing bonds, including administrative time, legal and underwriting costs, and insurance costs. <i>The Washington State Constitution limits the amount of debt municipalities can incur to 5.0% of the City's assessed value of taxable properties; the Washington State Legislature has statutorily limited the debt carrying capacity further to 2.5% of the assessed value.</i></p>	<p>Most jurisdictions have used GO bonds</p>
<p><b>Limited Tax General Obligation (LTGO)</b></p> <p>RCW 36.36</p>	<p>Limited tax general obligation bonds, sometimes referred to in Washington as "councilmanic" bonds, do not require voter approval and are payable from the issuer's general tax levy and other legally available revenue sources. LTGO bonds can be used for any purpose, but funding for debt service must be made available from existing revenue sources. There are constitutional and statutory limits on a municipality's authority to incur non-voted debt. <i>Total debt is limited to 2.5% of the assessed value of taxable properties; maximum LTGO debt is then 2.5% minus unlimited tax general obligation bonds.</i></p>	<p>N/A</p>
<p><b>Unlimited Tax General Obligation (UTGO)</b></p> <p>RCW 84.52.056 and Article 7, Section 2 of the Constitution of the State of Washington</p>	<p>These bonds require 60% voter approval with a minimum voter turnout of 40% of voters who cast ballots in the last general election within the district. When voters of a jurisdiction vote for a bond issue, they are being asked to approve: (a) the issuance of a fixed amount of general obligation bonds and (b) the levy of an additional tax to repay the bonds, unlimited as to rate or amount. Once voter approval is obtained, a municipal corporation is still restricted by constitutional and statutory debt limits with these bonds. <i>Councilmanic debt is limited to 1.5% of the assessed value of taxable properties.</i></p>	<p>N/A</p>
<p><b>Property Tax Levy Lid Lift</b></p> <p>RCW 84.55</p>	<p>Any taxing jurisdiction may present voters with a ballot measure to increase property tax rates if that jurisdiction is collecting less the statutorily-defined maximum. Levy lid lifts can be either be permanent (changes the base tax) or temporary (returns to past base plus inflation). Additionally, the rate can be increased once (a single-year lid lift) or annually for up to six years. <i>Levy lid lift revenues cannot be used to pay debt servicing for more than nine years.</i></p>	<p>Everett Seattle Tacoma Orting Valley Fire &amp; Rescue has a Fire Levy Lid Lift on the 2018 Ballot</p>





Funding Source	Description and Applicable Restrictions	Example Cities
<b>Public Utility Tax</b>  RCWs 35.21.870 and 35.22.280(32)	Local governments have the authority to levy Public Utility Taxes, which are a form of Business and Occupation tax. These revenues contribute to a municipality's General Fund and may be used for capital improvements. Washington State sets a 6.0% maximum rate of tax on electrical, natural gas, steam energy, and telephone businesses unless approved by voters. There is no tax rate limit on other utilities such as water, sewer, and garbage services.	Bellevue Federal Way Tacoma
<b>Local Improvement District (LID) and Road Improvement District (RID)</b>  RCW 35.43-35.56	LIDs allow cities to carry out public improvements through mechanisms that assess those costs to benefited property owners. The process of forming a LID/RIDs are roughly the county equivalent.  The City of Tacoma currently has one active LID, the Broadway LID (8645)	Everett Seattle Spokane Tacoma
<b>Levied by Transportation Benefit District (TBD)</b>  RCW 36.73	TBDs are independent taxing districts that can impose an array of fees or taxes to fund transportation improvements. TBDs can be established in jurisdictions ranging from a city to multi-county area. TBDs are intended to finance the construction of, and operate, improvements to roadways, high capacity transportation systems, public transit systems, and other transportation management programs. The City of Tacoma has approved and implemented a TBD with both MVET and sales tax both.	Kirkland Seattle Tacoma 12 Other Pierce County Cities

Some revenue sources are not discussed. Specifically, the following revenue sources are available but unlikely to be used by the City to fund capital projects:

- Franchise fees are entered into on an as needed basis with utility providers and other jurisdictions;
- Short-term debt funding tools, such as anticipation notes, loans, and lines of credit that are meant to cover temporary liquidity issues; and
- Tolling on state highway portions which would require designation by the Washington State Legislature.



# Sources

1. Impact Fees. MSRC. <http://mrsc.org/Home/Explore-Topics/Planning/Land-Use-Administration/Impact-Fees.aspx>
2. RCW 82.03.050 – 110. Washington State Legislature. <http://apps.leg.wa.gov/rcw/default.aspx?cite=82.02.050>
3. WAC 365-196-850. Washington State Legislature. <http://apps.leg.wa.gov/wac/default.aspx?cite=365-196-850>





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