
From: Denise Stiffarm <Denise.Stiffarm@pacificallawgroup.com>
Sent: Friday, October 18, 2024 2:40 PM
To: Contact Council
Subject: Submitted Budget Hearing Comments - Proposed Ordinance 24-082
Attachments: 2024 Biennial Update w Joint Statement.pdf

Attached please find written comments submitted on behalf of the Arlington, Everett, Granite Falls, Lake Stevens, Lakewood, Monroe, Mukilteo, Northshore, Snohomish, and Sultan School Districts for the public hearing regarding the above-referenced matter (the 2024 Biennial Update to the School District Capital Facilities Plans and school impact fees).

Thank you.

Denise L. Stiffarm

Partner (pronouns: she/her/hers)



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Denise L. Stiffarm
denise.stiffarm@pacificalawgroup.com

October 18, 2024

VIA EMAIL: contact.council@snoco.orgSnohomish County Council
3000 Rockefeller Ave., M/S 609
Everett, WA 98201**Re: Proposed Ordinance 24-082 - 2024 Biennial Update to the School District
Capital Facilities Plans**

Dear Members of the Snohomish County Council:

The following comments regarding the above-referenced matter are submitted on behalf of the Arlington, Everett, Granite Falls, Lake Stevens, Lakewood, Monroe, Mukilteo, Northshore, Snohomish, and Sultan School Districts (collectively, the “School Districts”). As Snohomish County plans for new growth as a part of the 2024 Comprehensive Plan update and the adopted 2044 population and housing growth targets, the School Districts must also plan to provide adequate school facilities concurrent with that growth. The 2024 Capital Facilities Plans (the “CFPs”) reflect that planning and, where relevant, propose school impact fees to fund a portion of the costs of school capacity needed to serve the new growth.

The School Districts requesting school impact fees this year all (1) project enrollment growth from new development over the six-year planning period and (2) need to provide new capacity to serve the expected student growth. Local tax dollars, secured through bonds and/or capital levies, fund the majority of school construction costs with state funding providing an additional funding source for eligible projects. However, school impact fees remain a critical funding source as the cost of public infrastructure continues to rise. Furthermore, the collection of school impact fees addresses an expectation that school districts regularly hear from their citizens: that new development must pay a share of the cost of needed growth-related capacity. By providing a mechanism for new development to pay a portion of the costs of growth-related capacity, school impact fees relieve taxpayers from bearing the full burden of development impacts and ensure the delivery of adequate school facilities to support the County’s growth.

The Snohomish County Planning Commission’s motion to approve the 2024 School District Capital Facilities Plans failed by a vote of 4-4 (with two members absent). The Planning Commission’s transmittal to the Council includes a “Rational for Vote” statement submitted by one of the Commissioners who voted “no” on the motion. In response to that rational statement, the School Districts prepared and submitted to the Planning Commission the attached joint statement. We share that statement here to inform the Council’s consideration of this item.

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As always, the School Districts greatly appreciate the Council's consideration of the School District Capital Facilities Plans and school impact fees, and urge your support for Proposed Ordinance 24-082.

Sincerely,

PACIFICA LAW GROUP LLP

A handwritten signature in blue ink, appearing to read "D. Stiffarm".

Denise L. Stiffarm

Attachment

cc: School Districts

**School Districts’ Collective Position on Snohomish County Planning Commission’s
Non-Recommendation Decision related to the School District Capital Facilities Plans**

The Arlington, Everett, Granite Falls, Lake Stevens, Lakewood, Monroe, Mukilteo, Northshore, Snohomish, and Sultan School Districts (collectively, the “School Districts”) are disappointed that the Snohomish County Planning Commission provided “no recommendation” to the Snohomish County Council regarding the biennial update to school district capital facilities plans (CFPs). The 4-4 vote (with 2 commissioners absent) resulted in a failed motion to recommend approval of the CFPs. The School Districts together restate the importance of school impact fees to our communities. By providing a mechanism for new development to pay a small portion of the costs of growth-related capacity, school impact fees relieve our taxpayers from bearing the full burden of development impacts and help ensure the delivery of adequate school facilities.

The Planning Commission’s August 29, 2024 recommendation transmittal to the County Council included the following statement as “rationale for the vote” (the “Rationale Statement”):

“Schools need considerable help in anticipating growth enrollments and capital needs over the next five years. Current forecasts in a majority of districts is for declining enrollments and this needs to be carefully monitored. Some districts (notably Northshore) have had very large impact fees on single family residences. I am not sure that these large fees are warranted at this time. Similarly, I think it is problematic for single family residence to be such a large contributor of capital funding. This should be a more equitable state responsibility not such a significant reliance on impact fees. As a builder, I never would have anticipated such a large impact fee and would have had a significant damper on affordable housing. As such, we need a better balance of state funding, broad-based local funding and impact fees that are not excessive. Perhaps the formula between different types of housing needs to be more broad-based and equitable.”

(Statement filed by Commissioner Campbell; no other written statements were provided.)

The School Districts Are Projecting Enrollment Increases Related to Growth.

While the overall rate of enrollment growth is slower today than it was prior to the global pandemic, the School Districts requesting school impact fees as part of the 2024 CFP update all project enrollment increases over the six year planning period. The district-projections, using forecast methodologies reviewed pursuant to Appendix F of the County’s General Policy Plan, are generally more conservative than Snohomish County’s adopted Office of Financial

Management population projections. The chart below shows the rates of projected enrollment increases, as detailed in the CFPs:

School District	Projected K-12 Enrollment Increase (2023 actual to 2029)^
Arlington School District	+378 students (+6.9% over 2023 enrollment)
Everett School District	+992 students (+5.1% over 2023 enrollment)
Granite Falls School District	+288 students (+13.4% over 2023 enrollment)
Lake Stevens School District	+487 students (+5.2% over 2023 enrollment)
Lakewood School District**	+209 students (+8.3% over 2023 enrollment)
Monroe School District**	+164 students (+3.7% over 2023 enrollment)
Mukilteo School District	+431 students (+2.9% over 2023 enrollment)
Northshore School District	+1,090 students (+8.5% over 2023 enrollment)
Snohomish School District	+502 students (+5.5% over 2023 enrollment)
Sultan School District	+255 students (+12.4% over 2023 enrollment)

^Information included on page 7 of the July 5, 2024 Snohomish County Staff Report to the Planning Commission regarding the 2024 Biennial Update of the School Capital Facilities Plans (the “County Staff Report”). Edmonds School District data is not included, and that district is not requesting school impact fees.

*NSD enrollment projections do not account for additional growth that could occur if Snohomish County adopts the Southwest County Urban Growth Area (UGA) expansion as part of the 2024 Comprehensive Plan update.

**District not requesting school impact fees as a part of the 2024 CFP update (no demonstrated growth-related needs currently due to sufficient capacity to serve anticipated growth).

The CFP enrollment data does not support the Commissioner’s statement that “[c]urrent forecasts in a majority of districts is for declining enrollments.” In fact, the data shows exactly the opposite; that is, all school districts, with the exception of the Edmonds School District (a district not requesting school impact fees), are forecasting growth-related enrollment increases.

The Single Family Fees Represent the Calculated Proportionate Share Impact of a New Single Family Dwelling Unit.

The Rationale Statement challenges whether the amounts of the calculated school impact fees for single family homes are “warranted at this time.” While there is no direct explanation for this

statement, it may assume that the School Districts' proposed single family fees are not properly calculated. However, there is no evidence to suggest that is the case. Rather, the opposite is true; as noted in the County's staff report, the CFPs and impact fee calculations comply with the requirements of the County's Code and Appendix F of the General Policy Plan. See County Staff Report, page 6.

Consistent with State law, impact fees are calculated so that they do not exceed the proportionate share of the costs of system improvements, in this case school capacity, reasonably related to the new development. The student generation rate, which is the average number of students residing in new housing types constructed and occupied within the school district in the previous five-year period, is the primary driver in the impact fee formula of the proportionate share determination. Among the current units types subject to school impact fees (single family detached, townhome/duplex, multi-family 2+ bedroom, and multi-family 1 bedroom or less), most districts in Snohomish County continue to see the greatest number of students residing in single family detached homes. This higher single family unit student generation rate drives a higher proportionate share fee, evidencing that these units have the largest growth impact on school capacity. As calculated, school impact fees for single family detached homes reflect this growth impact. That calculated impact, or fee, is then reduced by 50% pursuant to County policy, decreasing the fee that developers pay.

The Impact Fee Framework Provides for Broad-Based Local and State Funding.

As required by the State law, the school impact fee formula recognizes (and credits the fee payer/developer) for the amount of funds that the District expects to receive from state and local funding of the growth-related capacity improvement. By law, school impact fees cannot be the sole source of funding of growth-related improvements. As a practical matter, local funds from voted bonds/capital levies pay the majority of costs related to new capacity improvements. State funding of school construction provides an additional funding source for eligible projects. In the most recent legislative session, the State Legislature significantly increased funding to the School Construction Assistance Program (SCAP). The increase in SCAP funding for eligible growth-related projects reduces the calculated per dwelling unit fee further. School impact fees generally constitute a very small percentage of total project costs

The Rationale Statement’s conclusion that single family residences, through the payment of impact fees, are “a large contributor of capital funding” and that there is “significant reliance” on impact fees to fund capacity improvements fails to recognize the existing funding structure and the small percentage of capacity costs actually funded by impact fees. See also, page 2 of the County Staff Report: “It is important to note that impact fees are supplemental and the primary sources for funding capital projects are voter-approved bonds and state match funds.” See also draft 2024 Comprehensive Plan, Capital Facilities and Utilities Element page CUE-72 (“The primary sources of funding for school capital projects are state funding, and voter-approved bonds and levies.”).

The School Districts Share a Commitment to Affordability and Growth.

The School Districts value growth of their communities and providing the best possible educational facilities to all citizens. The School Districts have worked over the years with the Snohomish County Council to balance the needs of growing student populations with development and housing affordability concerns. While school impact fees are just one component of building and permitting costs, the County’s school impact fee ordinance contains several mechanisms to address both a developer’s business planning and housing affordability concerns:

- After providing appropriate credits for expected local (bond or capital levy) funding and State School Construction Assistance Program (SCAP) funds, adopted County policy reduces the calculated school impact fee by 50%. This reduction benefits builders/developers who pay the fees and shifts one-half of the development impacts to the existing taxpayers.
- The School Districts calculate a fee for duplexes/townhomes and apartments that is distinct from the single family detached unit fee. These units typically have fewer student residents than single family detached units and, thus, a lower student generation rate. As a result, the impact fee is lower than that for a single family detached unit. Districts are seeing more of the duplex/townhome product as a part of the County’s prioritized middle housing.
- The County’s existing code exempts affordable housing projects and accessory dwelling

units from the payment of school impact fees.

- Since 2018, residential developers in Snohomish County benefit from a provision adopted by the County Council that vests for a period of five years new development applications to the impact fee amount set at the date of application. We understand from development community requests in 2018 that this provision provides certainty to developers as to the school impact fee as they plan for their projects.
- The School Districts, and not the builders/developers, pay a fee to the County for the administrative costs related to assessing and collecting impact fees on individual building permits. SCC 30.66C.230.
- The School Districts look forward to working with the Snohomish County Council to implement Engrossed Second Substitute Senate Bill 5258. This implementation is expected to result in lower fees for “smaller” (based on bedroom count) units. In Snohomish County, this implementation is anticipated to create bedroom categories for single family detached units and townhome/duplex units similar to what currently exists for multi-family units.

Taxpayers Expect New Development to Pay School Impact Fees to Reduce the Burden of Growth Related Costs on the Existing Community.

School district taxpayers expect that new development will pay a share of capacity costs through school impact fees. This expectation is expressed often during community conversations regarding proposed bond issues, and during local growth planning and comments on individual residential projects. In these cases, citizens regularly ask their school districts for assurances that developers, and not just the existing community and taxpayers, will pay a portion of the costs of the schools needed as a result of the new housing growth.

While school districts rely on their voters’ support of school construction bonds or capital levies to fund the majority of growth-related improvements, collected and projected impact fee revenue demonstrates to the local community that the financial burden of growth-related projects is shared with developers who profit from the new construction. In addition, impact fees can help to reduce the amount of a requested bond issue so that the existing taxpayers pay a lower tax rate. This system provides an equitable and sustainable model for addressing growth needs

without placing the full, or even a significant percentage of the capacity costs, on the new development.

School Impact Fee Funding is Critical to Snohomish County Meeting its Planned Growth.

School impact fees are particularly relevant as Snohomish County plans for growth as a part of the 2024 Comprehensive Plan update and meeting the adopted 2044 population and housing growth targets. As noted by County staff: “School District CFPs contain the information (as required by Appendix F of the County’s General Policy Plan) to help satisfy the GMA requirements [under Goal 12 and RCW 36.70A.070(3)]. The County’s school impact fee program provides school districts with a revenue to help with the adequacy of school districts’ facilities to ensure levels of service are being met. . . . to support development.” County Staff Report, page 2. The Capital Facilities and Utilities Element (CUE) as proposed in the 2024 update to the Comprehensive Plan directs compliance with level of service standards for schools and recognizes that: “Snohomish County operates a GMA-authorized school impact fee program to help ensure that adequate facilities are available to serve new growth and development.” Page CUE-72.

If the 2024 Capital Facilities Plans are not adopted and the recommended impact fees not implemented in Snohomish County, the projected influx of new students from growth, without the supplemental impact fee funding, will strain school infrastructure and could compromise development concurrency.

The School Districts appreciate the members of the Planning Commission who voted to recommend approval of the motion to approve the Capital Facilities Plan. We look forward to working with the County Council and our community partners to move the 2024 Capital Facilities Plans and proposed school impact fees forward to support the County’s growth planning and address taxpayers’ concerns about funding of growth-related costs. At the same time, the School Districts remain committed to the existing compromises in Snohomish County’s school impact fee program that further housing affordability and facilitate new development planning.

From: Ames, Kimberley F. <KAmes@everettsd.org>
Sent: Monday, October 21, 2024 8:30 AM
To: Contact Council
Cc: Walker, Darcy J.; Fleckenstein, Larry C.
Subject: Proposed Ordinance 24-082

Dear Members of the Snohomish County Council,

While impact fee revenue is a critical source of funding for school capacity and a source our voters expect, it pays a very small amount of school project costs. As an example, the district recently received the final construction estimate for the Jackson Elementary Replacement project, which will include new classrooms to serve enrollment growth. The construction estimate is \$38,361,557. This amount does not include project costs (architectural fees, permitting, tax on construction, furniture, equipment and other miscellaneous expenses) which typically are an additional 40%. The new school is designed to house approximately 440 students, which works out to a cost of approximately \$122,060 per student. The district's impact fees as determined in the 2024 CFP are \$12,556 for single family and \$4,257 for 2+/duplexes and townhomes. Although the district is very grateful to receive impact fee revenue, it does not begin to cover the cost per student for new permanent space. It is voter approved funding that pays the majority of the cost to add capacity to our community schools. That said, our voters appreciate that the development impact fee pays a portion of the school costs needed to serve student from new development.

In addition, impact fees help districts address an influx of new students from growth with the siting of interim capacity in the form of portables. Often, we as school districts must react quickly to permitted residential development that creates an influx of new students. To purchase a new portable classroom for around 25 students, place it with approved site work, connect power, fire alarm, data and furnish it, the cost comes to approximately \$400,000.

Overall, impact fees are vital to the district to provide the required space for new students through needed new construction or while other funds are secured to construct permanent space. Everett Public Schools greatly appreciates the Council's consideration to support the District's Capital Facility plan and impact fees.

Thank you,



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