

November 14, 2016

CITY COUNCIL STUDY SESSION ITEM

SUBJECT

Introduction and discussion of proposed ordinance to amend Chapter 22.18 of the Bellevue City Code, modifying the school impact fee schedule as requested by the Issaquah School District and the Renton School District.

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POLICY ISSUES

Bellevue City Code:

Should the City amend Chapter 22.18 of the Bellevue City Code (BCC) to update the Issaquah School District (ISD) Impact Fee Schedule and the Renton School District (ISD) Impact Fee Schedule based on information in each district's 2016 Capital Facilities Plan?

DIRECTION NEEDED FROM COUNCIL

ACTION



DIRECTION



INFORMATION ONLY



If Council wishes to approve the revised ISD and RSD impact fee schedules, Council must adopt an ordinance amending Chapter 22.18 BCC. Staff requests direction as to whether to bring forward this ordinance amending Chapter 22.18 BCC for final action to become effective on January 1, 2017. A draft of the proposed ordinance is attached hereto as Attachment C.

BACKGROUND/ANALYSIS

Properties in Bellevue lie within four school districts: Bellevue, Lake Washington, Issaquah, and Renton. Most properties in Bellevue lie within the Bellevue School District, which does not levy school impact fees. Lake Washington School District also does not levy school impact fees. The Issaquah School District and the Renton School District do levy school impact fees. However, school districts have neither development review nor permitting authority, and as such, they have no direct mechanism for collecting impact fees on new development. Therefore, school districts can request that local jurisdictions collect the impact fees on their behalf, and pass those fees to the school districts. These are not City-levied fees; the City merely serves as a conduit for the collection and pass-through of the fees.

School districts set their fees based on a formula that considers enrollment levels, existing facilities, temporary facilities, and needed new facilities. Collected fees are used to construct new capital facilities, in combination with bond revenue and state matching funds where available.

In October 1995, Council adopted Ordinance No. 4801, establishing Chapter 22.18 of the Bellevue City Code. This Chapter authorizes the City to collect school impact fees for the Issaquah School District

(ISD) for residential development on properties located in Bellevue but within ISD boundaries. The City and ISD have entered into an Interlocal Agreement identifying the responsibilities of both parties with respect to the levying and collection of impact fees.

In November 2014, Council adopted Ordinance No. 6194, amending Chapter 22.18 of the Bellevue City Code authorizing the City to collect school impact fees for the Renton School District (RSD) for residential development on properties located in Bellevue but within RSD boundaries. The City and RSD have entered into an Interlocal Agreement identifying the responsibilities of both parties with respect to the levying and collection of fees. The City started collecting impact fees for RSD in 2015.

Each year, ISD and RSD present the City with an updated Capital Facilities Plan (CFP) and a proposed single-family and multi-family fee schedule for the coming calendar year. BCC 22.18.110 requires the fee schedule be reviewed and updated by Council on an annual basis after Council's receipt of school districts' CFPs and data. The information is set forth below.

District Summary

	Issaquah	Renton
Bellevue area served	Southeast Bellevue	Southwest Bellevue
Schools serving Bellevue	Cougar Ridge ES, Sunset ES, Issaquah MS, Pacific Cascade MS, Issaquah HS	Hazelwood ES, McKnight MS, Hazen HS, New MS at 116 th SE and Newcastle Way (beg. 2016)
Schools in Bellevue	Cougar Ridge ES, Sunset ES	N/A
Bellevue students / % total	1,703 / 8.7%	160 / 1.04%
Impact fee – single-family	\$7,921	\$6,432
Impact fee – multi-family	\$2,386	\$1,448
City action needed	Ordinance to amend Chapter 22.18 BCC	

ISSAQUAH SCHOOL DISTRICT

Issaquah School District Boundaries and Enrollment

A map showing the ISD boundaries is included on page 12 of Attachment A.

The ISD's 2016 CFP is contained in Attachment A. Actual student enrollment for the academic years 2007-08 through 2016-17, and projected student enrollment for the years 2016-17 through 2030-31 are presented on page 8 of Attachment A. Recent and near-term projected enrollment is summarized as follows:

2014-15:	18,006	(actual)
2015-16:	18,445	(actual)
2016-17:	19,541	(projected)
2017-18:	20,006	(projected)
2018-19:	20,232	(projected)
2019-20:	20,517	(projected)
2020-21:	20,689	(projected)
2021-22:	21,017	(projected)

Impact Fees for 2017

The ISD requests a change in both the single-family and multi-family impact fees. The ISD requests that the fee for single-family be increased from \$4,635 to \$7,921 per unit, an increase of \$3,286. For multi-family units, the ISD requests that the fee be increased from \$1,534 to \$2,386, an increase of \$852.

Planned School Improvements

The ISD's 2016 CFP proposes several projects to increase student capacity in elementary, middle, and high schools. Applying the enrollment projections to the ISD's existing permanent capacity, and if no capacity improvements are made, the ISD elementary population will be over its permanent capacity by 2,312 students, middle school by 1,458 students, and high school by 2,312 students. The ISD plans to increase district-wide capacity through new school construction, school rebuilds/expansions, and additional portable classrooms. The planned facilities will be funded by bond issues passed on February 7, 2006, April 17, 2012, and April 26, 2016, as well as school impact fees and reserve funds held by the ISD. For instance, the bond issued on April 26, 2016 is for the construction of a new high school, a new middle school and two elementary schools, the rebuild/expansion of an existing middle school, and additions to six elementary schools. In parallel, the school impact fee formula ensures that new development pays for the cost of the facilities necessitated by new development. A list of the schools affected and projected completion dates is presented on Page 6 of Attachment A.

The ISD adopts CFPs and determines impact fees based on district-wide need. Although each individual new or expanded facility may or may not directly impact students residing in Bellevue, a district-wide analysis is necessary to ensure that the needs of the ISD as a whole are met.

RENTON SCHOOL DISTRICT

Renton School District Boundaries and Enrollment

A map showing the RSD boundaries are shown on page 23, Appendix A, of Attachment B.

The RSD's 2016 CFP is contained in Attachment B. Actual student enrollment for the academic years 2015-16, and projected student enrollment for the years 2016-17 through 2021-22 are presented on page 27, Appendix C, of Attachment B. Recent and near-term projected enrollment is summarized as follows:

2014-15:	15,057	(actual)
2015-16:	15,214	(actual)
2016-17:	15,350	(projected)
2017-18:	15,534	(projected)
2018-19:	15,742	(projected)
2019-20:	16,029	(projected)
2020-21:	16,322	(projected)
2021-22:	16,601	(projected)

Changes in Impact Fees for 2016

The RSD requests a change in both the single-family and multi-family impact fees. The RSD requests that the fee for single-family be increased from \$5,643 to \$6,432, a change of \$789. For multi-family units, the District requests that the fee be increased from \$1,385 to \$1,448, an increase of \$63.

Planned School Improvements

The RSD's Plan addresses the past and projected growth for the district as well as the district's inventory and capacity to accommodate the current and projected headcounts. Table 3, on page 13 of Attachment B, compares the district's capacity with enrollment headcounts, currently and projected in the school year 2020-2021. This table shows a significant deficit of 2,081 at the elementary level and a deficit of 649 at the middle school level. Although there is a surplus of 751 at the high school level, there is an overall deficit of 1,979 total. The 2012 Bond Measure funded the acquisition of land for future development, but did not include funding for construction of new elementary facilities. A Capital Levy, approved in February 2016, allowed the RSD to move ahead with the planning and design of an elementary school, Sartori Elementary, which will be the district's first urban elementary school and its first magnet school. A new middle school will be completed in 2016 to address the deficit at the middle school level. The RSD's 2016 CFP proposes capital facilities capacity improvements that will be funded by the 2016 Capital Levy, remaining funds from the 2012 bond, impact fees, and possible future levy or future bond initiative or other unsecured funding. The capacity improvement projects for the 2012 bond and the 2016 Capital Levy are described in Appendix D (page 29 of Attachment B) and Appendix E (page 31 of Attachment B), respectively.

The RSD adopts CFPs and determines impact fees based on district-wide need. Although each individual new or expanded facility may or may not directly impact students residing in Bellevue, a district-wide analysis is necessary to ensure that the needs of the RSD as a whole are met.

ALTERNATIVES

1. Direct staff to finalize an ordinance amending Chapter 22.18 BCC to update the Issaquah School District Impact Fee Schedule and the Renton School District Impact Fee Schedule, to collect the increased impact fee for single-family and multifamily units beginning in January 2017, for adoption by the City Council on December 5, 2016.
2. Do not direct staff to finalize the ordinance required to comply with the requirements of Chapter 22.18 BCC to adjust school impact fees annually, and provide staff with alternative direction.

RECOMMENDATION

Option 1.

ATTACHMENTS

- A. 2016 Issaquah School District Capital Facilities Plan
- B. 2016 Renton School District Capital Facilities Plan
- C. Draft of proposed ordinance amending Chapter 22.18 BCC