

Spokane City Plan Commission
Findings of Fact, Conclusions, and Recommendation

**Transportation Impact Fee updates (changes to SMC 17D.075) and related
Comprehensive Plan amendment (File #Z23-039COMP amending Appendix D of
the Comprehensive Plan)**

Findings of Fact:

- A. SMC 17D.075.140 anticipates periodic updates to the transportation impact fees assessed by the City pursuant to Chapter 17D.075 SMC.
- B. The Growth Management Act authorizes the City to collect impact fees in order (i) to ensure that adequate facilities are available to serve new growth and development, (ii) to promote orderly growth and development by establishing standards by which new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development, and (iii) to ensure that such fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.
- C. Consistent with the foregoing, CFU 2.4 in the City's Comprehensive Plan identifies impact fees as a mechanism to fund capital improvements so that new growth and development activity that has an impact on public facilities pays a proportionate share of the cost of facilities needed to serve the new growth and development.
- D. There has been a significant increase in interest in residential development in the Latah/Hangman and Grandview/Thorpe Neighborhoods ("Latah Valley") in recent years.
- E. The Washington State Department of Transportation (WSDOT) has voiced its concerns about the ability of US 195 to handle additional local trips associated with new development and has threatened to remove local access from US 195 making it more difficult for residents of Latah Valley to reach destinations within the City of Spokane
- F. The Spokane Regional Transportation Council (SRTC) in collaboration with WSDOT, the City of Spokane, and the Spokane Transit Authority (STA) recently completed the US 195/I-90 Transportation Study (the "Study").
- G. The Study was initiated to address both existing and future challenges related to safety, traffic operations, multimodal access, increasing traffic levels, and limited pedestrian, bicycle, and transit infrastructure in the study area which consists primarily of Latah Valley.
- H. The Study's goals included improving existing and future safety conditions, accommodating the transportation needs of planned development, increasing

modal options such as walking, biking and transit, and identifying projects that are practical, implementable, and fundable in a reasonable timeline.

- I. Out of the Study, the City has identified a number of transportation projects that are needed to serve the increased growth and development occurring and anticipated in the Latah Valley and that will reasonably benefit such new growth and development.
- J. In addition, the City identified a number of additional transportation projects that are needed to serve the increased growth and development occurring and anticipated in the south and west parts of the City and that will reasonably benefit such new growth and development.
- K. Without planning for the transportation projects referenced in the preceding recitals, the City's transportation system would be unable to accommodate the growth anticipated in the City and particularly in Latah Valley.
- L. Washington's legislature adopted RCW 82.02.050 *et seq* in order to enable cities to plan for new growth and development and to recoup from developers a predictable share of the infrastructure costs attributable to anticipated growth, and further intended that impact fees are to be a proportionate share of the costs of transportation system improvements that are reasonably related to and reasonably benefit the development.
- M. Under the present Transportation Impact Fee schedules in Chapter 17D.075 SMC, the impact fees that are being collected from new development occurring in the City, and particularly in Latah Valley, are not adequate to cover the developments' proportionate share of the cost of necessary new system improvements that will be reasonably related to and that will reasonably benefit the new development
- N. As reflected in the Impact Fee Rate Calculation Methodology dated February 20, 2023 and prepared by CivTech (the "CivTech Report"), the City conducted a detailed analysis of each of the foregoing projects (i) in order to remove the cost of correcting any existing deficiencies and (ii) to only include project costs associated with providing the additional capacity that will reasonably benefit new growth and development.
- O. As reflected in the CivTech Report, the updated cost per trip to be imposed for various land use categories per unit of development reflect new development's proportionate share of the estimated cost of the projects included in the updated Impact Fee Project List that are reasonably related to new development and will reasonably benefit new development.
- P. In determining the proportionate share of system improvement costs to be assessed by the City, the City considered (i) the cost of public facilities necessitated by new development, (ii) an adjustment to the cost for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of taxes or other payments earmarked for particular system improvements, (iii) the availability of other means

- of funding public facility improvements, (iv) the cost of existing public facilities improvements, and (v) the methods by which public facilities improvements were financed.
- Q. State law requires the City to establish one or more reasonable service areas within which it must calculate and impose impact fees for various land use categories per unit of development.
- R. Presently, Chapter 17D.075 SMC establishes five service areas in which the City has calculated and imposed impact fees. The service areas are Northwest, Northeast, Downtown, South, and West Plains (the “Service Areas”).
- S. In connection with the proposed updates to the City’s transportation fee program, City staff proposed revisions to the transportation impact fee service area boundaries based on geographic transportation barriers, existing traffic patterns and regional travel demand model outputs to ensure fees paid are assigned to projects reasonably related to their development.
- T. Consistent with SMC 17D.05.140, a transportation impact fee advisory board (the “Advisory Board”) was convened to review proposed changes to the impact fees assessed by the City prior to review by the Plan Commission and City Council. The committee met on Nov 15th and Dec 13th, 2022, and on Jan 10th, 2023.
- U. The Advisory Board did not reach a consensus regarding revisions to the boundaries of the Service Areas but did not voice objections to other elements of the proposed updates to the City’s impact fee program.
- V. On February 8th, 2023 staff presented the Advisory Board’s feedback to the Plan Commission.
- W. The proposed amendments to SMC 17D.075 are categorically exempt from the threshold determination and environmental review requirements under Chapter 43.21 RCW (SEPA).
- X. On August 26, 2022, pursuant to RCW 36.70A.106, the City notified the Washington State Department of Commerce of its intent to amend this ordinance. On August 29, 2022, the City received an acknowledgement letter from the Department of Commerce.
- Y. The City caused notice of the proposed amendments and announcement of the Plan Commission’s February 22, 2023 hearing to be published in the Spokesman Review on February 8, 2023 and again on February 15, 2023.
- Z. On February 22, 2023, the Plan Commission held a public hearing on the proposed ordinance. As a result of the process outlined above and the Plan Commission’s advertised public hearing, the public and anyone interested in the proposed amendments has had ample opportunity to provide input on the proposal.

- AA. Prior to the hearing, the Plan Commission received written comments which are part of the record.
- BB. During the hearing, the Plan Commission heard testimony from a number of individuals and an attorney representing a group of landowners/developers planning to develop in Latah Valley.
- CC. Some of those testifying at the hearing argued that the transportation issues in Latah Valley are existing deficiencies, that it would be unfair to burden those seeking to provide additional housing in Latah Valley with the cost of correcting the alleged deficiencies, that the high costs would stifle new development and significantly increase the cost of housing, and that it would be more fair to spread the cost of the needed facilities over a much larger service area and that doing so would hasten the City's ability to collect the money needed to solve what was alleged to be a regional problem.
- DD. All development benefits in a general sense from a smoothly functioning transportation system with adequate capacity in the jurisdiction in which it is located.
- EE. The Comprehensive Plan and the entire record relative to (i) the City Council's recent adoption of the moratorium in Latah Valley, (ii) Chapter 17D.075 SMC, and (iii) this update are incorporated into the record.
- FF. The Plan Commission adopts the foregoing and also incorporates the Staff Report for File Z23-039COMP (Appendix D) as its findings in support of its conclusions and recommendations.

Conclusions:

1. Proposed amendments to Appendix D, as detailed in File Z23-039COMP (Appendix D) (the "Comprehensive Plan Amendment") qualify as an emergency situation of neighborhood or community-wide significance and not a personal emergency on the party of any particular applicant or property owner. The amendments are also consistent with the comprehensive plan applicable guiding principles and the amendment review criteria as detailed in the Staff Report prepared by Planning staff.
2. Sections 1 and 2 of the draft ordinance relating to transportation impact fees and amending SMC 17D.075.040 Assessment of Impact Fees, 17D.075.070 Credits, 17D.075.140 Review, 17D.075.180 Impact Fee Schedule, 17D.075.190 Service Area Map, and 17D.075.210 Impact Fee Project List (the "Impact Fee Ordinance") are consistent with applicable provisions of the comprehensive plan and bear a substantial relation to public health, safety, welfare, and protection of the environment.
3. The following language from Section 4 of the Impact Fee Ordinance is consistent with applicable provisions of the comprehensive plan and bears a substantial relation to public health, safety, welfare, and protection of the environment:

The transportation impact fee service area boundaries are hereby designated on the Appendix B – Service Area Map. Properties within the “Airport-owned” boundary shall be automatically added to the West Plains Service Area if no longer owned by the Airport Board.

4. Section 5 of the Impact Fee Ordinance, as amended by the Plan Commission to include the entire cost of the tunnels on Thorpe Road, is consistent with applicable provisions of the comprehensive plan and bear a substantial relation to public health, safety, welfare, and protection of the environment. The conclusion was conditioned on the Plan Commission’s recommendation to reject all of the proposed revisions to the City’s Service Area maps with the understanding that the cost of the tunnels would be spread over a larger area of the City rather than limiting it to development within the Latah Valley
5. The Plan Commission was unable to reach a consensus on any of the proposed revisions to the Service Areas and associated maps and some members of the Commission expressed a desire for the City Council to remand the matter to staff to prepare an additional proposal that included a City-wide service area.

Recommendation:

1. By a vote of 9 - 0, the Plan Commission recommends that the City Council adopt the Comprehensive Plan Amendment.
2. By a vote of 9 - 0, the Plan Commission recommends that the City Council approve Sections 1 and 2 of the Impact Fee Ordinance.
3. By a vote of 9 - 0, the Plan Commission recommends that the City Council approve the cited language from Section 4 of the Impact Fee Ordinance.
4. By a vote of 7 – 1 (1 abstention), the Plan Commission recommends that none of the service area maps and rates presented to it should be adopted and that alternative service area boundaries and resulting fees should be considered prior to updating the City’s transportation impact fees.

Greg Francis
Greg Francis (Feb 24, 2023 15:52 PST)

Greg Francis, President
Spokane Plan Commission
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