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Council votes to drop school impact fees

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By Michael Rowe

Resetting the school impact fees that North Bend collects to nothing bothers some members of North Bend's City Council.

The council voted April 8 to drop school impact fees. That same night, the council and city leaders celebrated the end of North Bend's building moratorium, which should lead to new development in the community. The two issues are related, because with new growth will come a need for new school facilities. This left Councilman Alan Gothelf wondering why the school district could not collect any impact fees to let growth pay for growth.

The council was encouraged by the city's legal counsel to pass the ordinance. If fees were collected, a lawsuit would be likely, City Attorney Michael Kenyon told the council.

Gothelf and others on the council questioned the school district's approach to deciding on what impact fees to collect. In 2008 the school district told the council to plan for a \$9,000 per new residential unit impact fee, which was nearly double the amount on the books in 2008. But, early this year, the district asked North Bend and Snoqualmie to not collect any impact fees.

"I'm concerned about the process in that it may indicate they don't know where they're going," Councilman Dee Williamson said.

Snoqualmie Valley School District's business manager Ron Ellis said that the district found itself between a rock and a hard place. He said that the complexities of the issue and the fluid environment in which some decisions were made would make the process seem haphazard when viewed from a distance.

The district has a narrow window for developing its capital facilities plans, getting those plans approved, and asking the cities to collect impact fees based on the plans.

“We have one crack at it a year to produce a capital facilities plan,” Ellis said.

The capital facilities plans justify the district’s need to collect impact fees, and the school district is afraid that the Master Builder’s Association or another group might challenge the impact fees in court. The builder’s association represents and lobbies for homebuilders, who have an interest in keeping the cost of new construction low. Builder’s associations have often opposed impact fees.

State law provides that a school districts’ capital facilities plans must lay out a six-year roadmap for what the district wants to accomplish, such as building new schools. The district’s land use attorneys scrutinize the capital facilities plans to determine if they justify the amount of impact fees collected for the district.

The 2008 capital facilities plan contained building projects that would have justified collecting impact fees in North Bend. The school districts facilities planning committee developed the plan last year at the same time that the district hoped to get a substantial bond measure passed. However, after the school district failed to get a \$189.6 million bond approved by voters, the district did not have enough of a funding source to move forward with the building projects. Nor could they justify collecting impact fees in the Valley, because without the bond money, the building projects could not move forward.

Gothelf said that Councilman and Mayor Pro Tem Jonathan Rosen tried to give the school district some examples of items that impact fees could be used for to justify collecting some fees. At an earlier council meeting, Rosen questioned why the district was not asking for any money, suggesting that they could use impact fees to pay for modular buildings. His point was that the district should at least try to collect some impact fees, instead of none at all.

The point was likely moot because the 2008 capital facilities plan was already in place and could not be amended to include new items. Another problem is that there is a threshold amount for impact fees that has to be overcome before the fees would net positive dollar amounts.

According to Ellis, impact fees are partially offset by tax credits and the fees must reach a certain level to net any funds for the school district. Without building projects or land acquisitions in the capital facilities plan, the district could not justify collecting enough impact fees to overcome the tax credit offsets.

Ellis said that the inclusion of modular buildings in the 2009 capital facilities plan would allow the district to spend impact fees that have already been collected. Modular buildings and school improvements are also being funded by the 2009 bond — a \$27.5 million bond issue — approved by voters in March of this year.

Some residents want impact fees to pay for all school facilities, instead of bond issues. Ellis said that impact fees alone cannot support new school building projects – it has to be a combination of bonds and impact fees. So the district finds itself stuck between voters on one-hand and anti-impact fee groups, like the Master Builder’s Association, on the other.

The district is working on its 2009 capital facilities plan. Ellis said that it was too early to tell if the plan has enough elements to justify

collecting impact fees in the Valley in 2010. Councilman Loudenback, whose wife Caroline is a member of the school board, said that he expects the district will be back to ask for an impact fee in 2010.

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