



**A STRONGER
VANCOUVER**

Final Package Review



CITY OF
Vancouver
WASHINGTON

City Council Workshop
March 9, 2020

Outcomes of Session

- Confirmation of all package parameters
 - Capital, Programs and revenues
 - Effective dates
 - PIF – including vesting
 - Admissions Tax
 - Sample ballot language ballot timing
 - Sample companion resolution
- Next Steps



Complete Package & Revenues



Capital Summary and Funding – All Revenue Sources

CAPITAL PROJECTS	Property Tax	BLS	PIF	REET 2	TOTAL
Replace Fire Stations 3 & 6	20.0				\$20.0
Renovation/seismic upgrade Fire Stations 4, 5, & 8	5.2				\$5.2
Economic Development infrastructure improvements	36.0	10.0		6.0	\$52.0
Revitalize 4 Community Parks (Bagley, Marine, Shaffer, Wintler)	21.5		16.0		\$37.5
Capital Renovation -Neighborhood Parks	9.0				\$9.0
Develop 4 new neighborhood Parks	4.8		2.5		\$7.3
Total 10-Year Capital Program*	\$96.5	\$10.0	\$18.5	\$6.0	\$131.0

*Excluding Operations Center replacement



Programs & Services – Council Direction February 10

<u>PURPOSE</u>	Sources (millions)				
	<u>Property Tax</u>	<u>Business License Surcharge</u>	<u>Utility Tax</u>	<u>Admissions Tax</u>	<u>Total</u>
Public Safety	\$2.30	\$1.20	\$1.00		\$4.50
Economic Vitality	\$1.70	\$1.10	\$1.20	\$0.50	\$4.50
Neighborhood Vibrancy	\$1.4	\$1.70	\$1.70		\$4.80
TOTAL	\$5.4	\$4.0	\$3.9	\$0.5	\$13.80



Overall Revenue Package – Council direction to date

Revenue Source	Original Recommendation Rate / annual revenue	Council Direction rate / annual revenue	TOTAL new rate	Annual Revenue Change from Original recommendation
Business & Occupation tax	\$.05/\$1000 gross receipts \$5.5 m	No B & O \$0	N/A	(\$5.5 m)
Property Tax levy	\$0.44/\$1000 AV \$9.7 m	\$0.52/\$1000 AV \$13.4 m		\$3.7 m
Business License Surcharge	Increase by \$70/FTE/annum \$4.2 m	Increase by additional \$30/FTE/annum \$5.0 m	\$190/FTE/annum	\$0.8 m
Utility Tax	2.5% / \$2.7 m	3.25%* / \$3.9 m	32.15%*	\$1.2 m
Park Impact Fee	\$5,635 (SFR) \$4,118 (MFR) /\$2.6 m	n/a	\$6130 (SFR)** \$4480 (MFR) /\$2.6 m	\$0
Vehicle License Tab	1.2 m	No Tab Revenue	n/a	(\$1.2 m)
REET		\$0.5 m	n/a	\$0.5 m
TOTAL	\$25.9 m	\$25.4 m		(\$0.5 m)

REVENUES



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Councilmanic Revenues

- Park Impact Fee
- Utility Tax
- Business License Surcharge
- Admissions Tax



Park Impact Fee Summary

- Adopt Residential PIF rate adjustment over the next 6 years and set an inflationary increase beginning in year 7 at 4%

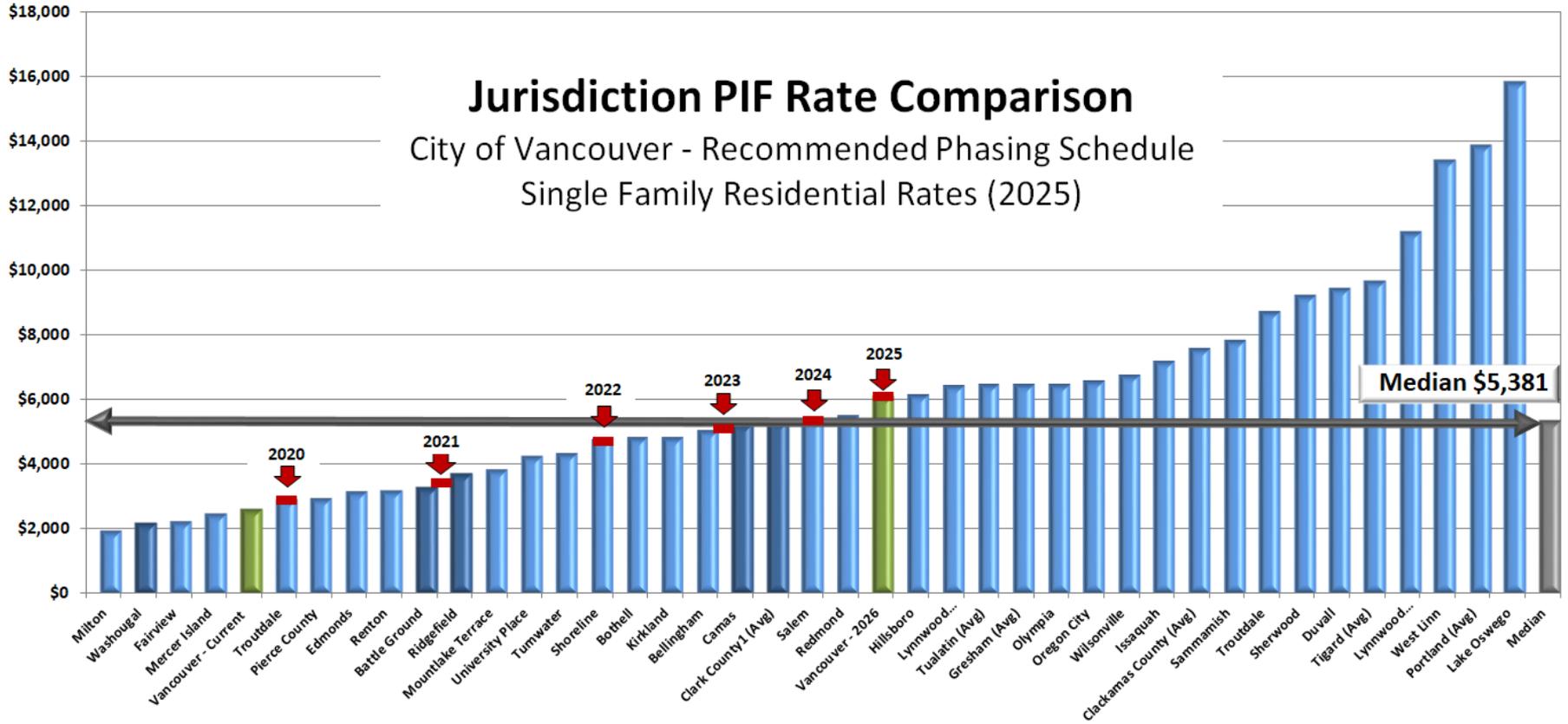
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Current	25%	25%	35%	10%	10%	6.5%	4%	4%	4%	4%
\$2,255	\$2,819	\$3,523	\$4,757	\$5,232	\$5,756	\$6,130	\$6,375	\$6,630	\$6,895	\$7,171
\$1,648	\$2,060	\$2,575	\$3,476	\$3,824	\$4,206	\$4,480	\$4,659	\$4,845	\$5,039	\$5,241

- Assess phasing implementation and adjust as appropriate in 2023



Jurisdiction PIF Rate Comparison

City of Vancouver - Recommended Phasing Schedule Single Family Residential Rates (2025)



*Includes 2019 PIF rates for all jurisdictions other than City of Vancouver. Annual CPI of 2.6% added to accommodate reasonable inflation over 6-year phasing period.

Impact Fee Vesting – Current Code

VMC 20.915 – Impact Fees

- **Subdivisions / Short Plats** - calculated at preliminary plat approval, and paid on a per-lot basis at building permit issuance.
- **Multi-family & Nonresidential Development** - calculated at site plan approval and paid at building permit issuance.
- Impact Fees are **recalculated** for building permit applications filed more than 3 years following preliminary approvals.
- **Building permits** valid for 6 months with multiple 3 month extensions
- Applicable to ALL impact fees (Parks, Transportation and Schools)



Impact Fee Vesting - Current Code

- Project Vesting applies to development regulations and shall not apply to development review fees or impact fees.
- Amendments to Impact Fees regulations will not affect project vesting provisions.
- Amendments to Impact Fees rates, or when fees are calculated and collected will not change the fees of vested projects already in the system.



Impact Fee Vesting – Current Code

To freeze impact fees at a preliminary stage of the planning process disconnect planning and financing from the actual effects of growth.



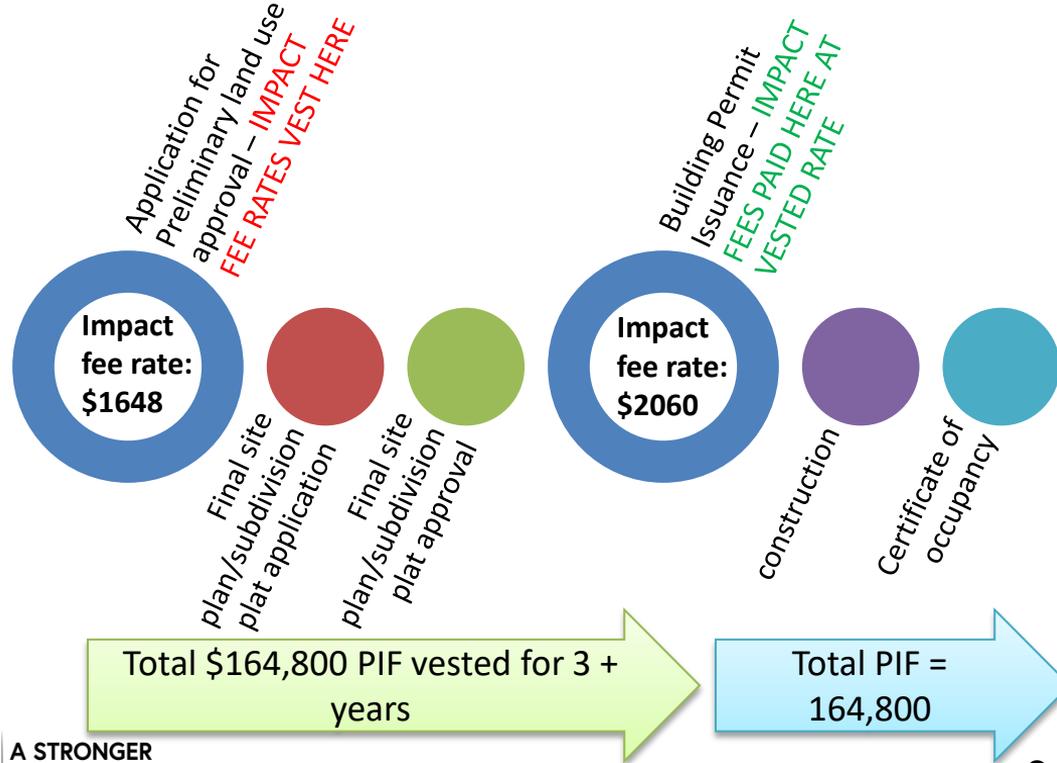
Case Law - Vesting

To freeze the calculation of the impact fee at the time of application would disconnect planning and financing from the actual effects of growth.... If the fee were frozen, then new growth could take place without the developer paying its fair share for improving public facilities... The TIFs must be calculated when the growth is to occur, at the time of the building permits; otherwise cities would be underfunded to pay for the indirect costs of new growth.

New Castle Invs. v. City of LaCenter, 98 Wn. App. 224, 989 P.2d 569 (1999), Division II held that impact fees are not subject to the state vesting statute.

Park Impact Fee - Vesting

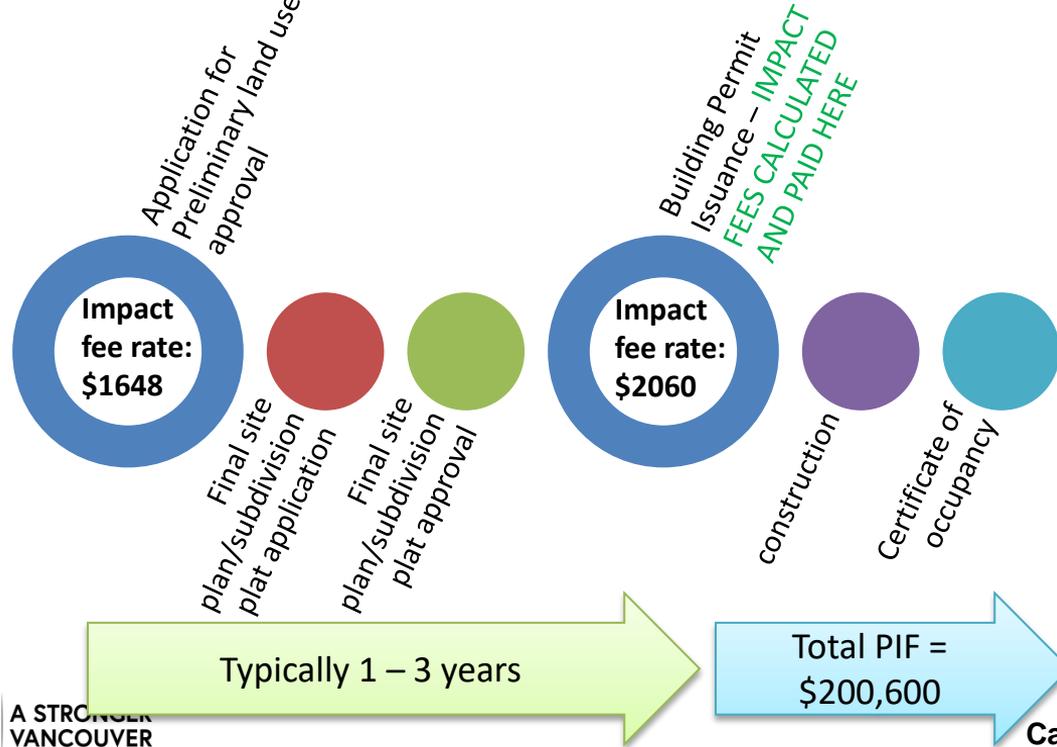
- Current vesting approach – 100 unit multi family project, application Q4 2020



PIF “Differential” based on current vesting policy = \$41,200

Park Impact Fee - Vesting

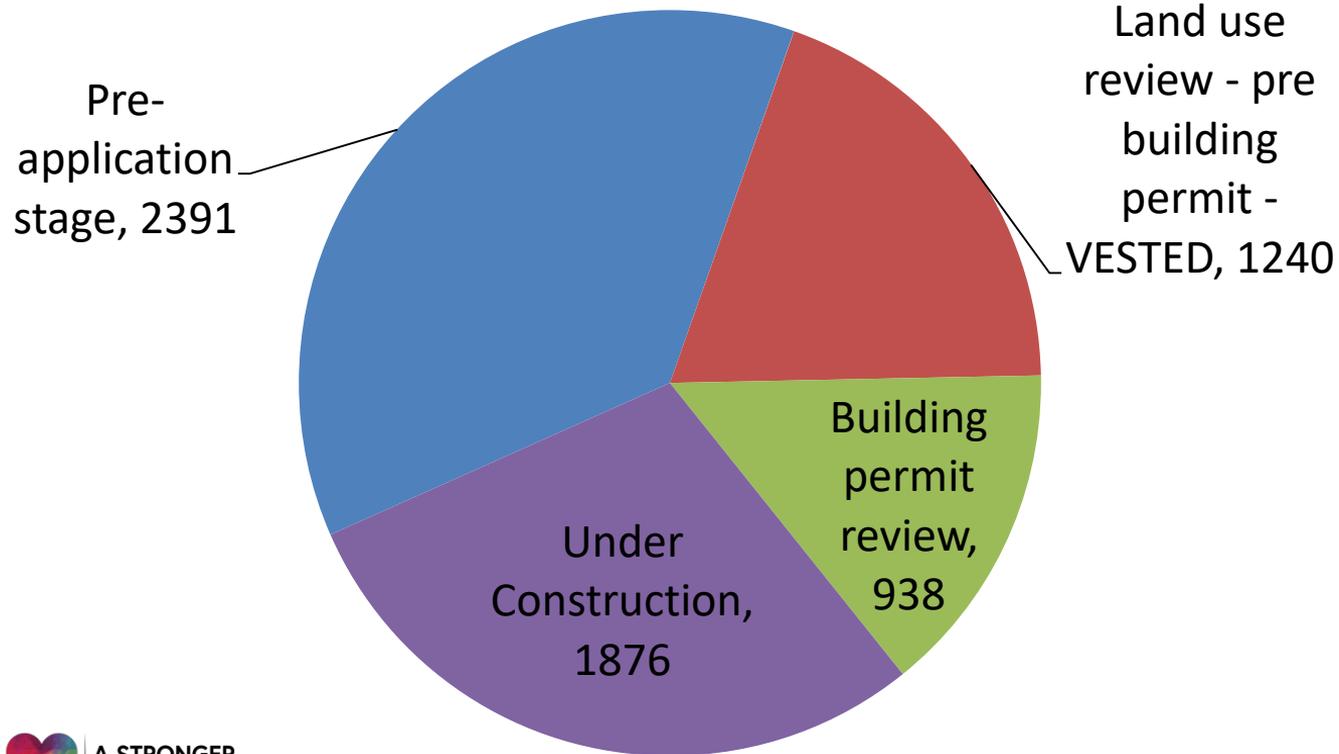
- Potential vesting approach – 100 unit multi family project, application Q4 2020, building permit Q4 2021.



PIF “Differential” based on potential vesting policy = \$0

Park Impact Fee - Vesting

- Impact on current multi-family development pipeline



Impact Fee Vesting

Current Code:

- Calculate at Preliminary Plat Approval or Site Plan Approval
- Collect at Building Permit Issuance
- Fees vested for 3+ years
- Fee Determination – Vested 1 Year

Potential Amendment:

- Calculate & Collect at Issuance of Building Permit
- Based on Fees in effect at issuance
- Applicable to ALL Impact Fees (PIF, TIF, SIF)
- Applicable to Projects forward – Not vested projects in process

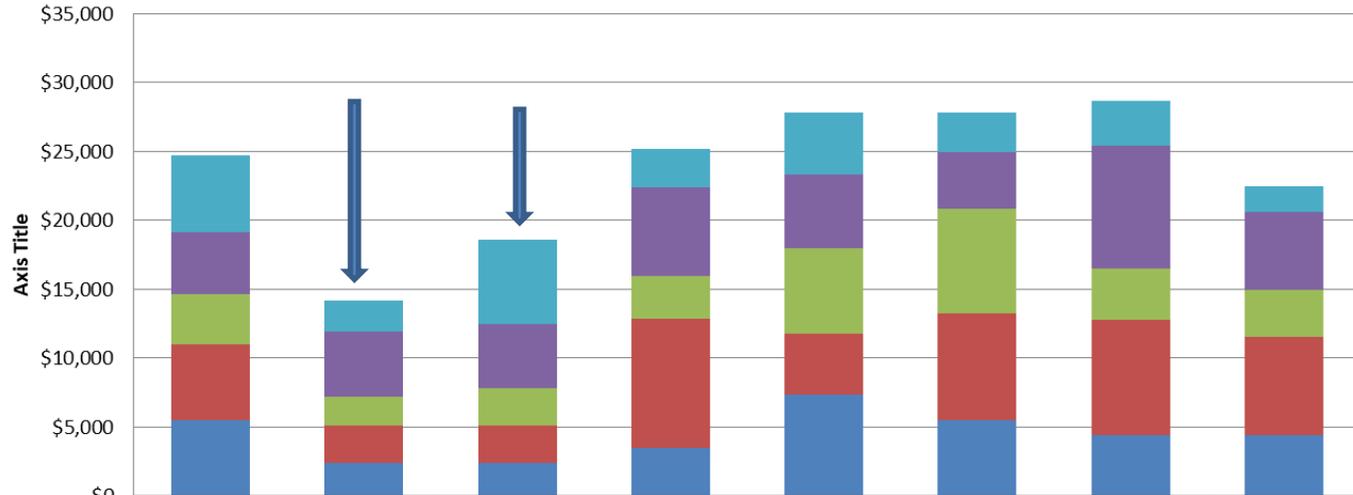
Impact Fee – Vesting & Effective Date

- Vesting
 - Recommendation: change vesting to calculate at time of permit issuance
 - Other Applicability: Traffic Impact Fee? School Impact Fee?
- Effective date
 - If vesting provisions changed, less pressure on effective date
 - If vesting not changed, more pressure on effective date
 - Most recent council discussion reflected a January 1 2021 effective date.
 - Recommendation: adopt an effective date or new rates July 1, 2020



Total Residential SDC/Impact Fee Cost/Comparison

COMPARISON OF IMPACT and SYSTEM DEVELOPMENT FEES AND CHARGES for NEW CONSTRUCTION



Axis Title	CPU/CRWW D/Clark Co. (2020)	Vancouver (2020)	Vancouver (2026)	Battle Ground (2020)	Camas (2020)	La Center (2020)	Ridgefield (2020)	Washougal (2020)
■ Parks Impact Fees SFR	\$5,572	\$2,255	\$6,130	\$2,840	\$4,500	\$2,842	\$3,272	\$1,880
■ School Impact Fees - AVG	\$4,490	\$4,656	\$4,656	\$6,397	\$5,371	\$4,111	\$8,884	\$5,600
■ Traffic Impact Fees - AVG	\$3,673	\$2,125	\$2,689	\$3,062	\$6,216	\$7,561	\$3,783	\$3,398
■ Sewer SDC's	\$5,508	\$2,740	\$2,740	\$9,436	\$4,420	\$7,800	\$8,350	\$7,145
■ Water SDC's	\$5,455	\$2,360	\$2,360	\$3,449	\$7,310	\$5,455	\$4,388	\$4,418

Utility Tax

	2021	2022	2023	TOTAL Rate
Utility Tax*	1.25%	1%	1%	3.25%
Anticipated Revenue	\$1.4 mil.	\$2.6 mil.	\$3.9 mil	
Effective Dates	January 1, 2021	January 1, 2022	January 1, 2023	
Total Utility Tax	30.15%	31.15%	32.15%	

Estimated Reduction in Tax from Rate Increase for Operations Center			~-1.6%	~30.55%
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Business License Surcharge

	2021	2022	2023	TOTAL Rate
Business License Surcharge Annual Increase	\$35/FTE	\$35/FTE	\$30/FTE	\$100/FTE
Anticipated Revenue, in millions	\$1.8 mil	\$3.5 mil	\$5 mil	
Effective Dates	January 1, 2021	January 1, 2022	January 1, 2023	
Total Rate	125/FTE	160/FTE	190/FTE	190/FTE

Exemptions (No Changes):

- Not for Profit
- Government
- Any person that makes less than \$12.5K in gross income



Admissions Tax

- Admissions tax may be levied on admission charges to venues such as theaters, clubs with cover charges, dance halls, any other activity where a charge is made for food and drinks in a place where entertainment is free etc.
- Recommended scope of applicability: Movie theaters only
- Rate – 5%
- General fund revenue, but will be restricted by enabling legislation to fund the City's Culture and Arts Program
- Effective date – July 1, 2020



Council Consideration: Phasing – Annual Increases

	2021	2022	2023	TOTAL Rate
Business License Surcharge	\$35/FTE	\$35/FTE	\$30/FTE	\$100/FTE
Utility Tax*	1.25%	1%	1%	3.25%
Admissions Tax	5%			5%

* The utility tax increase will be offset when utility rates are adjusted for the Operations Center project so as not to exceed forecasted general fund revenues from utility tax.



Council Consideration: Phasing – Financial Impact

	2021	2022	2023
Revenue Shortfall for the Operating	-\$5.7 m	-\$2.7 m	-
<u>Expenditure Impact</u>			
Homelessness: Operation of the Shelter	-\$2.0 m	6 mos. operations	Fully phased in
Reduction of Fin Barriers in Recreation	-\$1.0 m	-\$0.5 m	Fully phased in
Problem Oriented Police	-\$0.5 m	Fully phased in	
Fire SUV	-\$1.2 m (2 SUVs)	-\$0.6 (3 SUVs)	Fully phased in
Other programs phased in over 3 years	-\$1.0 m	Partially phased in	Fully phased in

Final Revenue Package – Resulting Rates

	current	2020	2021	2022	2023	2024	2025	Increment	TOTAL Rate, estimated
Property Tax			\$0.52/ 1,000					\$0.52/ 1,000	
PIF									
BLS (FTE/year)	\$90		\$35	\$35	\$30				\$190/FTE
Utility Tax*	28.9%		1.25%	1%	1%			3.25%	32.15%
Admissions Tax	0		5%						5%

* The utility tax increase will be offset when utility rates are adjusted for the Operations Center project so as not to exceed forecasted general fund revenues from utility tax.

Property Tax – DRAFT Ballot Language

Single Year Permanent Levy Lid Lift

This proposition would fund construction, maintenance and operations of facilities and programs to address homelessness, public safety, streets, parks and recreation by: (1) increasing the regular property tax levy to \$0.52 per \$1,000 assessed value for collection in 2021; and (2) authorize use of 2022 levy amount as the base for computing levies in succeeding years. Qualifying seniors, veterans and disabled would be exempt under RCW 84.36.381. Should this proposition be approved?

(72 words)

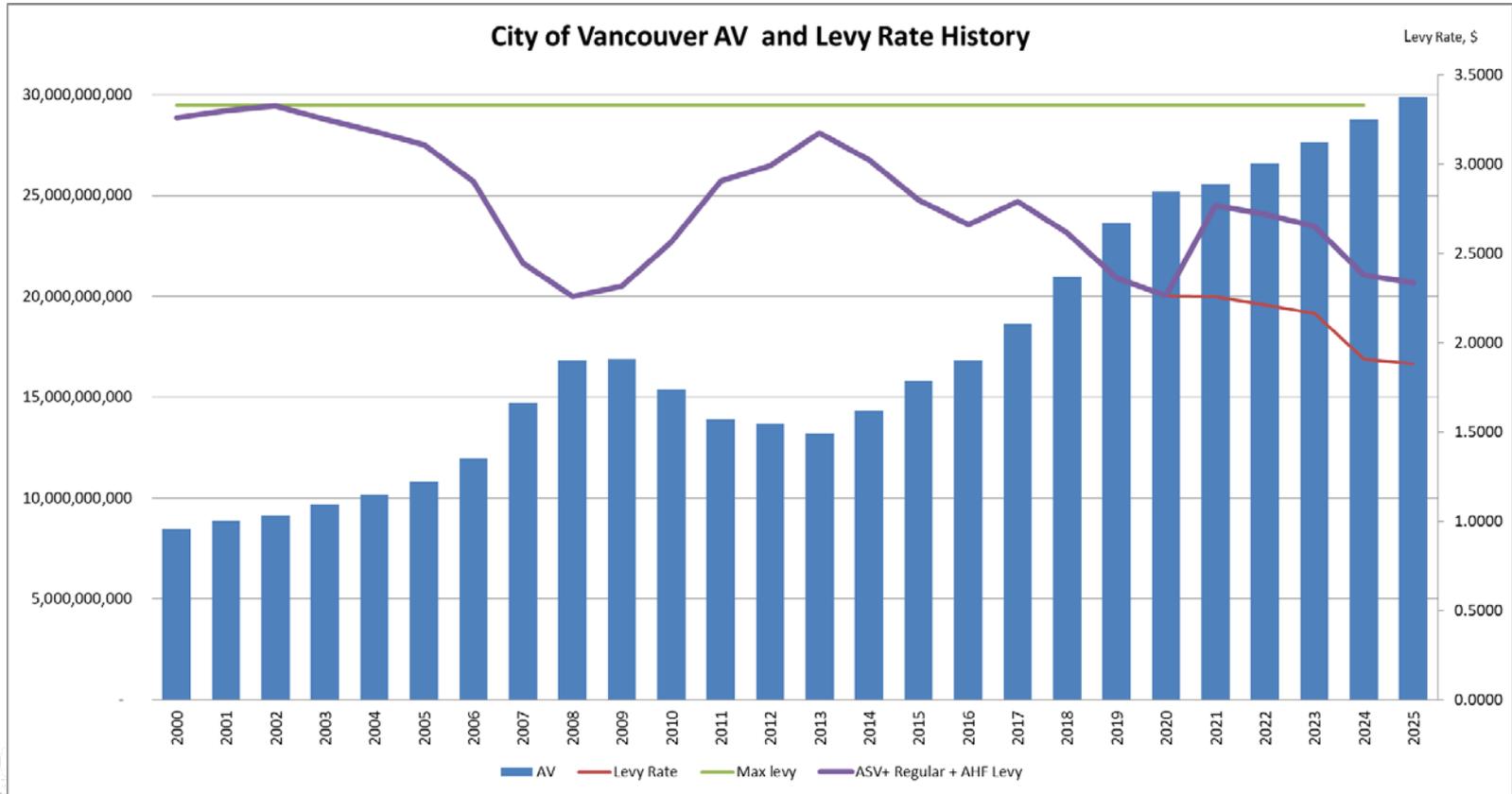


Property Tax – Ballot Resolution

- Will contain the list of capital projects and the estimated dollar amounts by project
- Operating funding by program
- Will include a “not to exceed 10% difference by project and/or program” without Council approval/ realignment
- Will include an expectation of dashboards and an annual report of progress and deliverables for capital and operating programs.

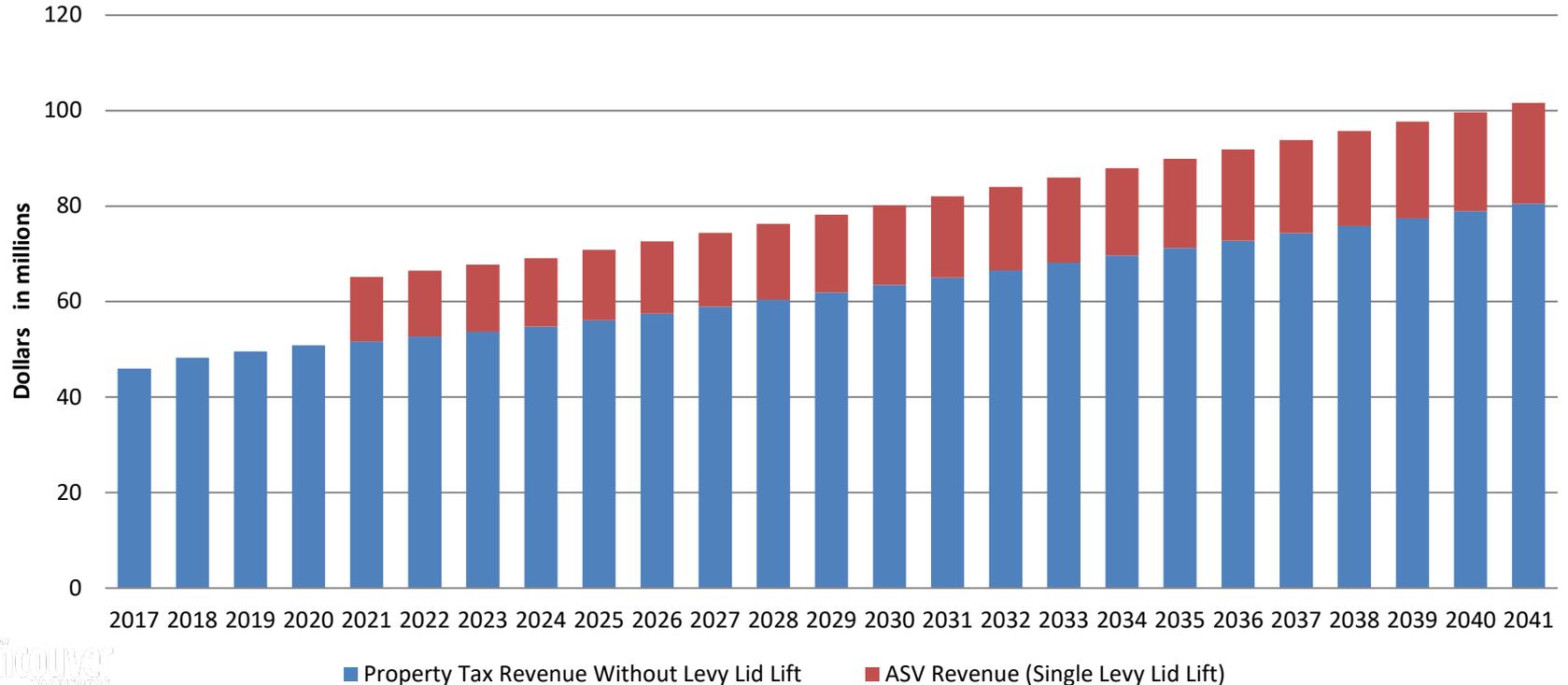


Property Tax: Levy Rate Adjusted for ASV



Property Tax: Single-Year Permanent LLL

Property Tax Revenue With Single Levy Lid Lift (\$0.52/\$1,000 AV)



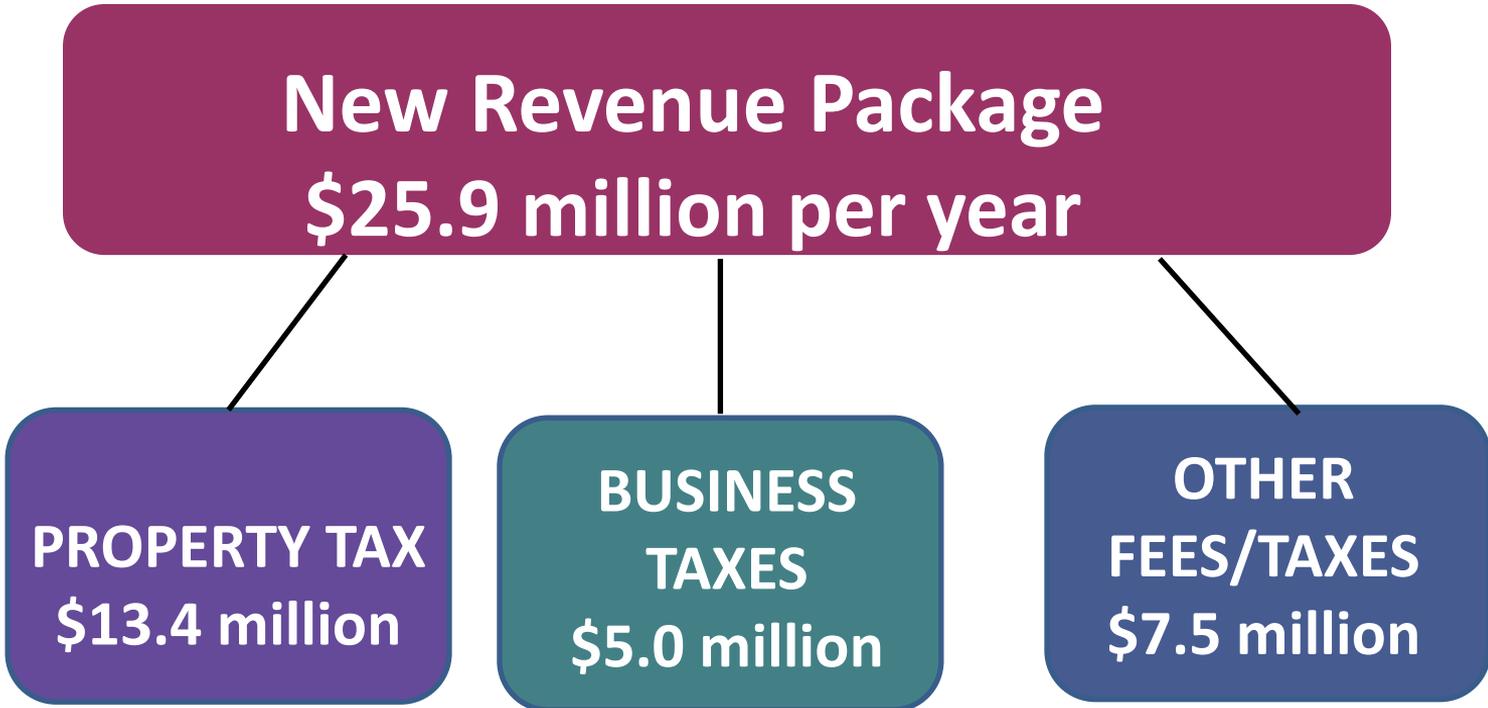
Property Tax - Timing

Election Date	Considerations
August 2020 Primary	<ul style="list-style-type: none">• Results will be known in time for budget adoption• Council's Opportunity to re-prioritize/determine logical next steps• Higher certainty on the initiatives• Shorter time for campaign• Slightly lower turnout
November 2020 General	<ul style="list-style-type: none">• Highest possible voter turnout• Longer time for campaign/education• More partisan turnout• Results will not be known in time for budget adoption• Delays in implementation
February 2021 Special	<ul style="list-style-type: none">• Fewer items on ballot• Longer time for campaign/education• Less partisan turnout• Results will not be known in time for budget adoption• Delays in implementation• Other potential measures (school or library)• City Council election year

Council Consideration: Impact - update

Revenue Tool	Rate	Small Manufacturing	Retail	Professional Service	Large Manufacturing	Single-Family Household	Multi-Family Household
<i>Gross Receipts</i>		\$7,500,000	\$2,000,000	\$1,000,000	\$110,141,625		
<i>Employees (FTEs)</i>		37	20	8	750		
<i>SF Occupied</i>		37,000	10,000	4,000	750,000		
<i>Property Assessed Value</i>		\$3,700,000	\$1,500,000	\$600,000	\$60,700,000	\$350,000	\$75,000
Impact with a 20. yr Capital Levy + Operating							
Levy Lid Lift	\$0.52	\$1,924	\$780	\$312	\$31,564	\$182	\$39
BLS/ FTE	\$100	\$3,700	\$2,000	\$800	\$75,000	\$0	\$0
Admissions Tax	5%	\$0	\$0	\$0	\$0	\$3	\$3
Utility tax	3.25%	\$455	\$137	\$46	\$43,225	\$66	\$53
Total Annual Impact		\$6,079	\$2,917	\$1,158	\$149,789	\$251	\$95
Total Monthly Impact		\$507	\$243	\$96	\$12,482	\$21	\$8

Council Consideration: Revenue Package



Future Consideration in next decade

- Metropolitan Parks District (2021)
- I-976/Replacement Street Funding (2021)
- Proposition 1 Sunset - Affordable Housing and Homelessness (2023-4)
- Police resourcing (unknown)



Accountability measures

- Council project list resolution
- Requirement for Public-Private collaboration on certain projects
- Visual dashboards
- Equity benchmarks
- ESC Oversight
- Ongoing community engagement
- Annual reporting

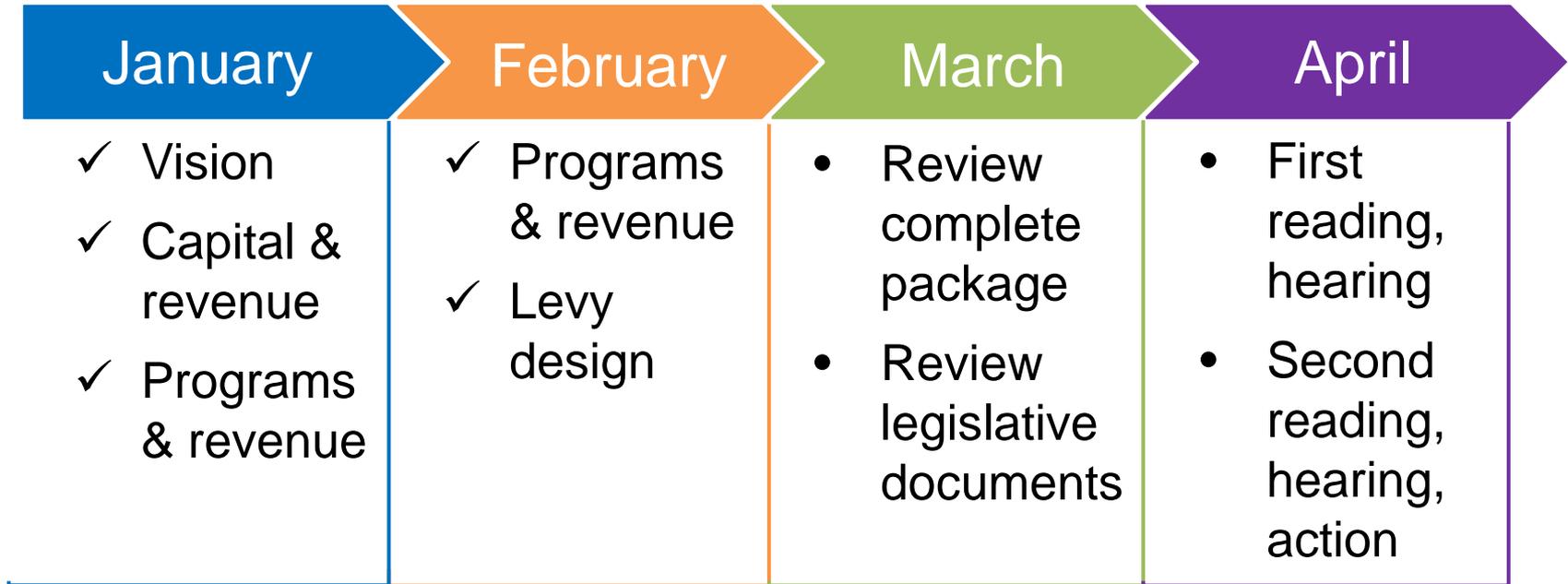


ASV Ordinances Packet

- Direction to put on the ballot a Voted Single Levy Lid Lift, Permanent
- Business License Surcharge increase
- Admissions Tax – new chapter in VMC
- Utility Tax increase and the accompanying Utility Rates increase to generate the tax
- Park Impact Fee ordinance, including adjustment to vesting provisions
- REET Ordinance



Next Steps



Discussion

