



Analysis of Impacts of Modified Timing of School Impact Fee Payments

Submitted to:
Master Builders Association of King and Snohomish Counties

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Introduction

The Washington Center for Real Estate Research (WCRER), on behalf of the Master Builders Association of King and Snohomish Counties, has conducted an impartial evaluation of the impact on selected school districts if the collection of impact fees were delayed from the point of issuance of building permits to the point of sale or occupancy of the residential units. To complete this evaluation WCRER requested detailed financial information from three school districts: Kent, Issaquah and Lake Washington. WCRER requested any records reflecting the timing of collection and expenditure of impact fees from the last four fiscal years (fiscal years ending in 2007 through 2010). Researchers also sought any budgets, fiscal reports, and Capital Facilities Plans reflecting the use of impact fees from the designated time period. Kent and Lake Washington School Districts both required the submission of public records request prior to providing this information; Issaquah provided the information absent a formal request but the information provided may be less accurate and/or official as a result.

Authority for the Collection of Impact Fees

The Washington State Growth Management Act (GMA) provides the authority for the collection of impact fees in Washington.¹ The GMA imposes planning requirements on counties (and the cities within them) meeting size and population growth thresholds; counties may also opt to plan under the GMA by adopting a resolution indicating their intention to be bound by the GMA requirements. “Counties, cities, and towns that are required or choose to plan under RCW 36.70A.040 are authorized to impose impact fees on development activity as part of the financing for public facilities, provided that the financing for system improvements to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.”²

Each county and/or city seeking to collect impact fees, in addition to adopting a local ordinance by which the impact fees are imposed, must adopt a comprehensive plan in compliance with RCW 36.70A.070.³ Collecting jurisdictions must also approve a capital facilities plan, completed on a yearly basis, which demonstrates the need for impact fees to address increase demands on public facilities caused by new development and which explains how impact fees will be used to address these increased demands.⁴

In 2009 section 82.02.070 of the Revised Code of Washington was amended to extend the time limit for the expenditure of school impact fees from six years to ten years.⁵ The amendment requires that the Office of the Superintendent of Public Instruction (OSPI) develop criteria for extending the use of school impact fees from six to ten years. This extension must require an evaluation for each respective school board of the appropriateness of the extension.⁶ The local ordinances authorizing the collection of impact fees for all collecting jurisdictions within the examined school districts still state that school impact fees shall be expended or encumbered by the district for a permissible use within six years of receipt by the collecting jurisdiction.

Many collecting jurisdictions require the payment of fifty percent of an impact fee upon final plat approval and the other half when building permits are issued.⁷ If the fee was not paid during platting, the total fee is generally due upon issuance of the building permit.⁸ Of the ten jurisdictions that currently collect impact fees on behalf of the three studied school districts, six require an initial impact fee payment upon plat approval; King County, and the cities of Bellevue, Issaquah, Newcastle, Port Blakely (in Issaquah), and Sammamish. Two jurisdictions currently collect the entire impact fee upon issuance of a building permit; the cities of Kent and Renton.⁹ In Covington the collection schedule varies depending on the circumstances surrounding the plat set-up.¹⁰ In 2009, the city of Redmond amended their impact fee regulations to allow

¹ Wash. Rev. Code §§ 36.70A.010 - 36.70A.903 (1990).

² Wash. Rev. Code §§ 82.02.050 - 82.02.090 (2009); specifically § 82.02.050(2).

³ Id. at § 82.02.050.

⁴ Id. at § 82.02.050(4).

⁵ Id. at § 82.02.070(3). See Extension of Impact Fee Expenditure Deadline section for further discussion.

⁶ Wash. Rev. Code § 82.02.110 (2009).

⁷ See Bellevue City Code 22.18.050, Issaquah Municipal Code 3.63.100, King County Code 21A.43.050, Newcastle Municipal Code 16.10.050, and Sammamish Municipal Code 21A.105.060.

⁸ Id.

⁹ See Kent Municipal Code 12.13.100, and Renton Municipal Code 4.1.160.

¹⁰ See Covington City Code 18.120.050.

fees to be paid at the time of drywall inspection instead of building permit issuance.¹¹ The amendment has a two year sunset date; as of November 28, 2011 impact fee payments will again be required upon building permit issuance.¹²

Capital Facilities Plans

“Impact fee(s) shall be based on a capital facilities plan developed by the district and approved by the school board, and adopted by reference by the county as part of the capital facilities element of the comprehensive plan for the purpose of establishing the fee program.”¹³

Each school district that receives impact fees must submit a capital facilities plan to the collecting jurisdictions as well as to the School Technical Review Committee created pursuant to section 21A.28.154.¹⁴ Districts are also required to submit the following which are usually incorporated into the capital facilities plan:

- The district's enrollment projections over the next six years, its current enrollment and the district's enrollment projections and actual enrollment from the previous year.
- The district's standard of service.
- An inventory and evaluation of district facilities which address the district's standard of service.
- The district's overall capacity over the next six years, which shall be a function of the district's standard of service as measured by the number of students which can be housed in district facilities.¹⁵

Management of Impact Fees

School districts that receive impact fees are required to document the amount of impact fees received, and the interest earned from the fees, as well as the ultimate expenditure of the fees.¹⁶ “If an impact fee ordinance has been adopted on behalf of a school district, the district shall also submit an annual report to the City showing the capital improvements which were financed in whole or in part by the impact fees.”

Additional accounting requirements state that “[i]mpact fee receipts shall be earmarked specifically and retained in special interest-bearing accounts... All interest shall be retained in the account and expended for the purpose or purposes for which the impact fees were imposed...”¹⁷

Information Provided

Ralph Fortunato, the Financial Project Accountant for Kent School District, who is in charge of Capital Projects financial monitoring, requested that WCRER submit a formal public records request before he could provide specific information on impact fees. In response to WCRER's formal request, Mr. Fortunato provided financial records reflecting the monthly receipt of impact fees from each collecting jurisdiction, specific information on the timing of expenditure of impact fees, as well as budget information from the specified time period. In addition to the information provided by Mr. Fortunato, WCRER also obtained the last five Capital Facilities Plans produced by the school district (2006 through 2010) as well as the Budgets and Annual Financial Reports provided to the OSPI.

Martin Turney, Director of Finance for Issaquah School District, agreed to provide information without requiring a formal public records request. However, the information he provided seems less specific and/or official. He provided information on the annual receipt of impact fees as well as the annual spending of impact fees. He also provided information on the total costs of individual capital projects completed in the

¹¹ Redmond Community Development Guide 20D.60.10-030; Redmond, WA, Ordinance No. 2501. (2009). See Delayed Collection of Impact Fees by the City of Redmond section of this paper for further discussion.

¹² *Id.*

¹³ *Id.* at § 21A.43.020.

¹⁴ *Id.* at § 21A.28.152.

¹⁵ King County Code § 21A.28.152

¹⁶ Covington Municipal Code §18.75.110

¹⁷ Wash. Rev. Code § 82.02.070(1). See also CMC §18.75.110; “Impact fee receipts shall be earmarked specifically and retained in a special interest-bearing account established by the City solely for the district’s school impact fees. All interest shall be retained in the account and expended for the purpose or purposes identified in subsection (2) of this section.” See also KCC § 21A.43.090.

last four years. WCRER also obtained the last five Capital Facilities Plans produced by the school district (2006 through 2010).

Lynne Pyke, Budget Manager for Lake Washington School District, requested a formal public records request and referred the request to Kathryn M. Reith, Director of Communications for the district. In response to its request WCRER received spreadsheets reflecting the monthly collection of impact fees from 2007 to present and the annual collection for the years prior to 2007 as well as basic expenditure information. WCRER also received the last five Capital Facilities Plans produced by the school district (2006 through 2010) as well as the Capital Projects Fund Budget Summary from the last five years.¹⁸

To supplement the information provided in response to the requests of each school district, WCRER also obtained the Budgets and Annual Financial Reports provided by each district to the OSPI from the last four years.

Compliance with Regulations

The authority for collection of impact fees was granted to counties and cities along with strict requirements for the management and use of impact fees. Based on the information received from these three school districts, it appears that the school districts do comply with these regulations to the extent that they submit annual Capital Facilities Plans, maintain records of the fees and submit the mandatory reports to the collecting jurisdictions regarding the use of fees.¹⁹ However, it seems that the detail and precision in these reports does not always reach the level one would expect after reviewing the regulations. Throughout the process of reviewing the documents provided, WCRER discovered inconsistencies in numbers reported as well as some missing detail regarding the expenditure of impact fees. It seems that while the districts do see impact fees as very important in providing the necessary school facilities, management of the fees which equal a relatively small percentage of the overall capital projects budget, is not a priority focus.

Impact Fee Collection and Expenditure

The following section outlines the processes for collection and expenditure of impact fees, as well as the amount of impact fees collected and expended by each district. The process for receiving fees from each collecting jurisdiction is similar among the districts. The process and timing of the expenditure of impact fees, however, is quite different in each jurisdiction.

Kent School District

Impact Fees are collected on behalf of Kent School District by King County, the city of Kent, and the city of Covington. The fees are held by the collecting jurisdiction until the end of the month at which time they are transferred to an interest bearing holding account maintained by King County. King County maintains the fees in these accounts (separated by collecting jurisdiction) until the District has an expense for which it plans to use the fees. The district does not recognize the impact fees as revenue until they are transferred out of the holding accounts for expenditure, they do however keep an accounting of the timing of receipt and expenditure of impact fees.

Annual Impact Fee Collection and Expenditures Kent School District

	Receipts	Interest	Expenditures
FY 06-07	\$2,619,138.82	\$309,766.36	\$1,357,424.78
FY 07-08	\$2,541,024.61	\$144,743.61	\$3,864,358.89
FY 08-09	\$1,053,418.62	\$(72,032.67)*	\$5,123,914.55
FY 09-10	\$1,466,308.62	\$34,444.87	\$219,775.80
	\$7,679,890.67	\$416,922.17	\$10,565,474.02

**In 2008, a number of King County's investments lost value, the county spread these losses over all school districts in the county; the negative interest numbers reflect this action.*

Kent School District has been receiving impact fees from King County since 1993, from the city of Kent since 1996, and from the city of Covington since 1999. In the fiscal years 2006-2007 through 2009-2010 Kent School District received a total of \$7,679,890.67 in impact fees, has collected \$416,922.17 in interest and has

¹⁸ WCRER also received balance sheets from the Lake Washington School District accounts at King County which were indecipherable.

¹⁹ It is worth noting that WCRER submitted formal request for copies of the required jurisdictional reports from both Kent and Lake Washington School Districts; while both districts provided some of this information, Kent only provided one report per collecting jurisdiction (from inconsistent time periods). Lake Washington did provide several of these reports but was also unable to locate several of them.

spent a total of \$10,565,474.02 in impact fees. As of early October 2010, Kent reported an impact fee balance of \$1,681,354.40.

Of the districts contacted, Kent provided the most detailed information on impact fee collection and expenditure. The district provided WCRER spreadsheets that reflect the monthly receipt of impact fees and the monthly accrual of interest, as well as the actual spending of impact fees, or rather, the date the fees were requested from King County by the district for expenditure.

Kent School District Impact Fee Collection and Expenditure—By Collecting Jurisdiction

It would appear from an examination of the monthly collection and spending segregated by the collecting jurisdictions that the spending of impact fees by Kent School District is somewhat sporadic.²⁰ Of the fees collected and spent within King County between the 2006-2007 and 2009-2010 fiscal years, the majority of spending occurred between July 2007 and April 2008. The district did not spend any King County impact fees between February 2009 and August 2010. Impact fees collected by the city of Kent were spent in spurts with as long as nine months between expenditures. The district only made one withdrawal of impact fees from the city of Covington account during the four years examined (in April 2009; \$526,400.00).

It is also apparent from this detailed information that Kent allows impact fees to accumulate before the district focuses their expenditure on a chosen project. Most of the expenditures in a given year are focused on one or two projects. For example, in the 2006-2007 fiscal year Kent spent a total of \$221,783.67 in impact fees collected by the city of Kent on two projects; \$103,492.74 on the Meadow Ridge Portable, and \$118,290.93 on the Neely-O'Brien portable.²¹ In the 2007-2008 fiscal year, all but \$100,000 of the impact fees expended by the district (those collected by the city of Kent as well as King County) were spent on the Kentlake Gym and Classroom Addition.

As of early October 2010, Kent School District reported an impact fee balance of 1,681,354.40; this amount is equal to more than the annual receipts for each of the last two years; arguably this balance would provide Kent with a buffer in the event the collection of impact fees is delayed.

Because the spending of impact fees in the Kent School District does not occur on a regular basis, with delays in spending of up to six months; a six month delay in the collection of impact fees might have very little effect on the spending practices of the school district. A delay of nine months or 12 months might have more of an impact. However, the district did not make a withdrawal from the Covington account for several years, and in other jurisdictional accounts there were periods of more than ten months between withdrawals; a delay of nine or 12 months might not have any significant impact on spending practices.

Issaquah School District

Along with King County, the following cities collect impact fees on behalf of Issaquah School District: Bellevue, Issaquah, Newcastle, Port Blakely, Renton and Sammamish. King County acts as Treasurer for Issaquah School District and therefore any impact fees collected by the County are transferred directly into the Capital Projects Fund. The other collecting jurisdictions typically hold the money in a trust for a few days before transferring it electronically to the district's accounts at the County. The District's Financial Director (Martin Turney), asserts that Issaquah School District uses impact fees almost as soon as they are received. The district usually has several ongoing projects for which they have existing/outstanding balances. Whatever amount the district receives in impact fees is promptly applied toward whatever vendor payment is due at the time the fees are received; the rest of the vendor payment is fulfilled with tax money, bond money, etc.

Mr. Turney provided WCRER detailed information on collection and expenditure of fees collected by King County. He also provided information on the yearly collection and spending of fees from the remaining jurisdictions. He originally provided the information on the yearly collection and spending by the remaining jurisdictions by the calendar year. Upon request, he also provided this information in a fiscal year form. Apparently providing the numbers in calendar year format had actually required a conversion of the numbers normally documented by fiscal year. Mr. Turney kindly made this conversion under the misassumption that the calendar year numbers were preferred.

²⁰ Please see Appendix A for monthly receipts and expenditure of impact fees.

²¹ See the Capital Projects section of this paper for an analysis of the percentage of total project expenditures funded by impact fees.

The fiscal year collection numbers showed an increase in impact fee collections by the city of Bellevue during the 2008-2009 fiscal year. This perplexing spike in impact fee collection prompted uncertainty about the accuracy of the numbers. A comparison of the calendar year and fiscal year figures revealed inconsistencies between the numbers provided. Mr. Turney concluded that an error had occurred in the process of converting the numbers from the fiscal year to the calendar year form. He provided corrected calendar year numbers and offered assurance that the fiscal year numbers were correct.²² Upon comparison of these new numbers, however, the difference between the calendar and fiscal years were in fact greater than before. However, the new calendar year numbers were more consistent with expectations based on real estate market trends; reflecting a general decrease in the collection of impact fees. The calendar year numbers have therefore been used for purposes of this analysis. Please see Appendix B for the fiscal year numbers.

Annual Impact Fee Collection and Expenditures*— Issaquah School District

All Jurisdictions—By Calendar Year

	<i>Receipts</i>	<i>Expenditures</i>
CY 2006	\$3,005,554.00	\$3,005,554.00
CY 2007	\$1,915,195.00	\$1,915,195.00
CY 2008	\$1,238,942.00	\$1,238,942.00
CY 2009	\$756,904.00	\$756,904.00
	\$6,916,595.00	\$6,916,595.00

**Information from annual collection/expenditures tables provided by the Issaquah School District – see discussion of impact fees collected by King County for comparison with detailed report.*

According to the District’s Financial Director, the district does not maintain records of interest collected from impact fees because the fees are spent before they can accrue significant interest. For the calendar years 2006-2007 through 2009-2010 Issaquah School District reported the receipt of a total of \$6,916,595.00 in impact fees and spent a total of \$6,916,595.00, resulting in a remaining balance of zero dollars (\$0.00) in impact fees.

Issaquah School District Impact Fee Collection and Expenditure—by Collecting Jurisdiction

King County

While Mr. Turney claims that the district spends impact fees as soon as they are received, it appears that occasionally a month or two passes between receipt and expenditure of the fees. The table below reflects this slight delay. However, it appears that the district does spend impact fees shortly after receipt. Please see Appendix C for detailed information on Issaquah School District’s collection and expenditure of impact fees collected by King County.

Annual Impact Fees Collected by King County

	From Detailed Report		From CY Table
	Collection	Expenditure	Collection/ Expenditure
CY 2006	\$616,200.71	\$616,200.71	\$613,565.00
CY 2007	\$646,961.15	\$619,283.77	\$510,873.00
CY 2008	\$300,796.90	\$326,066.92	\$299,853.00
CY 2009	\$72,266.29	\$74,673.65	\$72,215.00
	\$1,636,225.05	\$1,636,225.05	\$1,496,506.00

The numbers in the annual collection/expenditure tables provided by the district and the numbers in the detailed spreadsheet on the use of impact fees collected by King County reflect a difference of \$139,719.05 in the four year totals which suggests that the tables provided by Martin Turney may not be precise.

Other Collecting Jurisdictions

Because the numbers provided by Mr. Turney for impact fee collection and spending in all other collecting jurisdictions were the same, the numbers below represent both collection and expenditure.

Annual Impact Fee Collection and Expenditures—By Calendar Year

	Bellevue	Issaquah	New Castle	Port Blakely	Renton	Sammamish	Total
CY 06	\$141,171.00	\$372,344.00	\$490,358.00	\$686,282.00	\$245,272.00	\$456,562.00	\$2,391,989.00
CY 07	\$29,601.00	\$297,178.00	\$228,031.00	\$261,222.00	\$313,295.00	\$274,995.00	\$1,404,322.00
CY 08	\$84,294.00	\$290,667.00	\$41,610.00	\$43,964.00	\$119,537.00	\$359,017.00	\$939,089.00
CY 09	\$177,929.00	\$46,761.00	\$6,136.00	\$47,818.00	\$28,501.00	\$377,544.00	\$684,689.00
CY Total	\$432,995.00	\$1,006,950.00	\$766,135.00	\$1,039,286.00	\$706,605.00	\$1,468,118.00	

²² Mr. Turney attributed the increase in Bellevue impact fees to a planned development for which a large number of building permits were obtained.

Because the monthly collection and spending numbers reflected in the detailed King County report did not match exactly, the fact that the numbers from other collecting jurisdictions do match exactly may indicate that this information is overly general. However, as with those fees collected by King County, it is apparent that the school district does spend these fees shortly after their collection.

Lake Washington School District

According to Lynne Pyke, impact fees are collected on behalf of Lake Washington School District by King County, the city of Redmond, and the city of Sammamish. Impact fees collected by Sammamish and Redmond are held by the individual jurisdictions until the end of the collecting month at which time the jurisdictions send a check to the school district which is deposited into the interest bearing accounts maintained by the school district. Impact fees collected by King County are held in interest bearing accounts maintained by King County until the district has a use for them.

According to Lynne Pyke, before the district undertakes a capital project budget they determine the amount of impact fees available to fund capital projects. The projects are then front-funded with bond money. At the completion of the project the district transfers the budgeted funds from the impact fee account to reimburse bonds that were spent. This “journal entry process” simplifies the necessary reporting of impact fee usage by reducing the number of required entries; rather than transferring small amounts on a monthly basis they only have to transfer one lump sum. The reports provided to WCRER by the district depict this transfer of fees by providing the date the fees were “reclassified.”

Perhaps because of this simplified process, the reports provided by the district reflect very general information on the expenditure of impact fees. While the information provided technically answered the request for information on the spending of impact fees, some of the information was not tied to a specific year and/or was somewhat ambiguous.²³ The district also provided some of the reports the district is required to file with the collecting jurisdictions reporting the annual expenditure of impact fees, but several of these reports were unavailable.

Lake Washington School District has received impact fees through King County since 1993, from the city of Sammamish since 1999, and from the city of Redmond since 2006. For calendar years 2006 through 2010 Lake Washington School District has received a total of \$1,814,070.52 in impact fees, and has spent a total of \$8,355,789.92. At the end of August 2010, the Ending Fund Balance from all three collecting jurisdictions was \$566,964.73.

Lake Washington School District Impact Fee Collection and Expenditure—by Collecting Jurisdiction

King County

As of August 2010, the ending fund balance for impact fees collected by King County was \$87,845.63. This amount is considerably less than the amount of fees collected in 2006 through 2008, more than the amount collected in 2009 and almost equal to amount collected so far in 2010.

The 2008 expenditures on the report provided to WCRER (\$1,986,617.21) did not match the amount reported to King County as part of the District’s annual reporting requirement (\$829,445.62). After WCRER discussed the discrepancy with John Love, the Capital Projects Fund Analyst for Lake Washington School District, Mr. Love

Annual Impact Fee Collection and Expenditures

Lake Washington School District		
	Receipts	Expenditures*
2006 CY	\$626,173.80	\$5,085,624.48
2007 CY	\$542,818.26	\$2,691,650.48
2008 CY	\$464,924.25	\$343,033.35
2009 CY	\$180,154.21	\$235,481.61
	\$1,814,070.52	\$8,355,789.92

**For purposes of tracking annual spending, the expenditure attributed to '2006/2007' was divided equally between the two years.*

Annual Impact Fee Collection and Expenditures Impact Fees Collected by King County

	Total IF Revenue*	Expenditures
2006 CY	\$406,167.14	\$5,383,300.95
2007 CY	\$225,583.83	
2008 CY	\$126,779.67	-
2009 CY	\$54,034.40	-
	\$812,565.04	\$5,383,300.95
2010 CY**	\$84,944.68	\$437,640.83
	\$2,884,126.93	\$5,820,941.78

**King County tracks the interest but the district only receives a report of the total revenue.*

***Numbers for the 2010 Calendar year only represent fees collected through August 2010.*

²³One of the incidents where funds were “reclassified” was attributed to a two year period (2006/2007); another reclassification occurred over “various” time periods.

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reported that an accounting error was responsible for the discrepancy. The \$1,986,617.21 on the report provided to WCRER was the correct amount. Mr. Love explained that this error was not critical because providing the reports to the collecting jurisdictions is merely a formality and does not have any effect on the actual transfer of funds.

Because this high amount of impact fees seemed excessive for collection in 2008, when one would expect a decrease in the collection of impact fees, WCRER sought additional explanation from Lynne Pyke, Budget Manager for the district. Ms. Pyke explained that the \$1,986,617.21 actually represented the value of land provided to the school district by a contractor in lieu of impact fee payments for a new development. Because this number does not actually represent the receipt or expenditure of impact fees, the number has been excluded from both values for purposes of this evaluation. Because John Love reported that the \$829,445.62 expenditure reported to the district was the result of an accounting error and the number does not factor into the balance sheet provided to WCRER by the district, this number has also been excluded from this evaluation.

Annual Impact Fee Expenditure—From Report Provided to King County

Expenditures	
2006 CY	Report unavailable
2007 CY	Report unavailable
2008 CY	\$829,445.62
2009 CY	\$430,738.86
	\$1,260,184.48

After several discussions with John Love and Lynne Pyke of LWSD who could not provide much clarity as to why the numbers in the report provided to WCRER did not match the numbers reported to the collecting jurisdictions, it became apparent that the documentation of impact fee expenditure is not exactly at the top of the Lake Washington School District Budget Office list of priorities.

City of Sammamish

At the end of August 2010, the ending fund balance of the city of Sammamish impact fee account was \$176,232.00. This number surpasses the amount of impact fees collected in 07-09 but is close to the amount collected so far this year. However, it appears that as of December 2009 the district had committed all impact fees collected up to that point; the ending balance reflects only the impact fees collected in 2010.

**Annual Impact Fee Collection and Expenditures
Impact Fees Collected by the City of Sammamish**

	Receipts	Interest	Total Revenue	Expenditures*
2006 CY	\$218,508.50	\$1,498.16	\$220,006.66	\$2,393,974.00
2007 CY	\$107,788.00	\$8,122.11	\$115,910.11	-
2008 CY	\$124,877.50	\$3,029.51	\$127,907.01	\$343,033.35
2009 CY	\$32,988.78	\$28,974.11	\$61,972.89	-
	\$484,162.78	\$41,623.89	\$525,796.67	\$2,737,007.35
2010 CY*	\$175,726.78	\$506.00	\$176,232.00	\$67,697.82
	\$659,889.56	\$42,129.89	\$702,028.67	\$2,804,705.17

**Numbers for the 2010 Calendar year only represent fees collected through August 2010.*

The report provided by the district on the spending of impact fees collected by the city of Sammamish was somewhat ambiguous as to the date of expenditure of some impact fees. The amount attributed to 2006 expenditure in the accompanying table was listed under “various” for the reclassified (expenditure) date in the report provided by the district. Because this amount was listed as an anticipated expenditure in the Capital Facilities Plan prepared in June 2006 and the same amount was listed as expended prior to August 31, 2006 in the Capital Projects Budget, assuming the reports were correct, WCRER determined that this money was spent between June 26, 2006 and August 31, 2006. The amount attributed to the 2010 expenditure within the accompanying table was listed by the district as spent on the Carson Portables without a date of expenditure. While the Carson Portables were completed in fall 2008, for purpose of this analysis, this amount was listed under 2010 expenditures because the impact fees necessary for this expenditure had not been collected until December 2009.

The school district was unable to provide any copies of the annual spending reports the district was required to submit to the city of Sammamish. WCRER did not endeavor to obtain the reports directly from the city.

City of Redmond

At the end of August 2010 the ending fund balance for impact fees collected by the city of Redmond was \$302,887.10; which is more than has been collected on behalf of the district in any single year.

The report provided to WCRER reflecting the receipt and expenditure of impact fees collected by the city of Redmond only reflected the reclassification of fees on two occasions; \$73,739.31 on Einstein Elementary, and \$173,831.48 on Redmond Elementary, for a total of \$247,570.79. The report did not reflect the date the funds were reclassified. The district's only report to the city of Redmond which reflected the expenditure of impact fees stated that \$235,481.61 was spent in 2009. Assuming the two reports refer to the same expenditures, it is not clear why these numbers do not match. Neither John Love nor Lynne Pyke could explain the difference.

It appears from the vagueness of the records provided that the district's record keeping process for impact fees is not particularly precise. Also, they apparently do not maintain a detailed record of impact fee spending reports as several were missing from their response to the public records request. Considering the lack of detailed information provided in response to a very detailed records request one might assume that impact fees are afforded little attention within the financial offices of the district; perhaps a delay in collection would not warrant much notice.²⁴

As previously stated, Lake Washington School District front funds capital projects with bond proceeds and waits to apply impact fees until a project is completed; at which time they reimburse the bond fund with the budgeted impact fees. This may indicate some flexibility on the district's part as to when they need access to impact fees. Because they have access to enough bond money to front-fund capital projects for reimbursement at a later date it may not be much of a hardship if that reimbursement were delayed; especially if, as Mr. Love indicated, the transfer of impact fees (from King County at least) is already a slow unpredictable process.

Capital Projects Fund

Per the OSPI *Accounting Manual for Public School Districts*, impact fees are reflected within the Capital Projects Fund.²⁵ The Capital Projects Fund provides "financial resources to be used for the acquisition or construction of major capital facilities."²⁶ "The Capital Projects Fund can be used for the acquisition of land or existing facilities, construction of buildings, purchase of equipment, conducting energy audits, making capital improvements, which are cost effective as determined by energy audits, and implementing technology systems."²⁷ The Capital Projects Fund is generally financed from the proceeds of the sale of bonds, state matching revenues and special levies (impact fees make up a very minor portion of the fund revenues). Developer Impact/Mitigation fees are restricted to growth projects specified in the Capital Facilities Plan.

²⁴ However, it is likely the district maintains records with more specific information about impact fee spending and they decided not to provide WCRER with this information.
²⁵ School Apportionment and Financial Services, State of Washington Office of Superintendent of Public Instruction, *The Accounting Manual for Public School Districts in the State of Washington*, 9-17. (2009).
²⁶ Neither *The Accounting Manual for Public School Districts in the State of Washington* nor the *Administrative Budgeting and Financial Reporting Handbook* available through the OSPI website appear to provide a specific definition of a "major capital facility."
²⁷ *The Accounting Manual for Public School Districts in the State of Washington*, at 9-16.

Annual Impact Fee Collection and Expenditures Impact Fees Collected by the City of Redmond

	Receipts	Interest	Total Revenue	Expenditures
2006 CY	-	-	-	-
2007 CY	\$197,260.00	\$4,064.32	\$201,324.32	-
2008 CY	\$208,025.94	\$2,211.63	\$210,237.57	-
2009 CY	\$57,521.54	\$6,625.38	\$64,146.92	\$235,481.61
	\$462,807.48	\$12,901.33	\$475,708.81	\$247,570.79
2010 CY	\$72,753.22	\$1,995.86	\$74,749.08	?
	\$535,560.70	\$14,897.19	\$550,457.89	\$247,570.79

**Numbers for the 2010 Calendar year only represent fees collected through August 2010.*

Annual Impact Fees—From Report Provided to City of Redmond

	Collection/Expenditure
2006 CY	-
2007 CY	Report Unavailable
2008 CY	-
2009 CY	\$235,481.61
	\$235,481.61
2010 CY	?
	\$235,481.61

Analysis of Impacts of Modified Timing of School Impact Fee Payments

Impact fees, under the Growth Management Act, are also restricted to specific schools impacted by the development.²⁸

WCRER obtained information on the capital project revenues and expenditures of each of the three districts through the Annual Financial Statements (AFS) available on the OSPI website.²⁹ These statements present the annual revenues, expenditures, and changes in fund balance for each fund as well as a comparison of the budgeted expenditures and actual expenditures by each district. WCRER extracted numbers from the Capital Projects Fund section of these statements for comparison with the impact fee collection and expenditure numbers provided by the school districts. The tables below reflect the actual expenditure numbers for each of the last four years as well as the budgeted numbers for the 2009-2010 fiscal year.³⁰

Kent School District

In 2006 the district received voter approval for a \$106 million bond issue; the district’s annual use of bonds is reflected in the accompanying table under the “Total Other Financing Sources” heading.³¹ Impact fees are included under the “Total Revenues” heading in the accompanying table. At the end of the 2009-2010 fiscal year the district reported a Capital Projects Fund ending total fund balance of \$26,713,159.87. The impact fees collected on behalf of Kent School District in 2009-2010 are equal to 5.49 percent of this ending fund balance. The impact fees expended in the 2009-2010 fiscal year are equal to 0.82 percent of this ending fund balance. The total Capital Projects Fund expenditures in the 2009-2010 fiscal year are equal to 50.19 percent of this ending fund balance.

Kent School District Capital Projects Revenues and Expenditures—As Reported to OSPI

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10
Total Revenues (Taxes, IFs, Etc.)	\$8,129,067.70	\$11,124,669.62	\$14,837,249.20	\$6,656,599.00	\$11,861,358.41
Total Other Financing Sources (Bonds)	\$35,076,749.95	\$16,828,004.45	\$24,877,920.27	\$15,000,000.00	\$(223,638.29)
Total Revenues & Other Financing Sources*	\$43,328,014.65	\$28,063,627.82	\$40,037,441.80	\$21,656,599.00	\$11,861,358.41
Sites/Building Capital Outlay	\$19,171,480.93	\$25,672,864.32	\$32,920,964.94	\$32,452,356.00	\$10,076,304.05
Total Expenditures	\$25,271,295.96	\$33,048,177.50	\$38,557,378.64	\$40,401,754.00	\$13,406,650.00

*These numbers were directly transcribed from the line in the Annual Financial Statement entitled “Total Revenues and Other Financing Sources.” It is unclear why these numbers do not consistently equal the sum of the numbers in the “Total Revenues” and the “Total Other Financing Sources” lines.

WCRER compared the information provided by the school district regarding the amount of impact fees collected and expended annually with the Capital Projects Fund numbers reported to the OSPI.

Kent School District - Percentage of Revenues and Expenditures Comprised of Impact Fees

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10	Four Years
Percentage of Total Revenues Comprised of Impact Fee Receipts	32.22%	22.84%	7.10%	22.03%	12.36%	16.71%
Percentage of Total Revenues & Other Financing Sources Comprised of Impact Fee Receipts	6.04%	9.05%	2.63%	6.77%	12.36%	6.23%
Percentage of Total Expenditures Comprised of Impact Fee Expenditures	5.37%	11.69%	13.29%	0.54%	1.64%	9.58%

* these figures are calculated assuming agreement between the figures provided to WCRER by Kent School District and those figures provided to the OSPI

The percentage of total expenditures comprised of impact fees has varied over the past four years, but was at its lowest in the 2009-2010 fiscal year when the district had budgeted spending \$40,401,754.00 from the capital projects fund but instead spent only \$13,406,650.00. The sum of impact fees collected over the four year period is equal to 6.23 percent of the sum of the four ‘Total Revenues & Other Financing Sources’ numbers from the same period. The sum of impact fee expenditures over the four years was equal to 9.58 percent of the sum of the ‘Total Expenditure’ numbers.

²⁸ The Accounting Manual for Public School Districts in the State of Washington, at 9-17.

²⁹ <http://www.k12.wa.us/safs/reports.asp>

³⁰ The 2009-2010 Annual Financial Statements were published on the OSPI website on December 8, 2010.

³¹ Kent School District Capital Facilities Plan (2009).

Issaquah School District

In 2006 voters passed a \$241.87 million bond in February 2006 to fund new construction and school expansion. The district's annual use of bonds is reflected in the accompanying table under the "Total Other Financing Sources" heading.³² Impact fees are included under the "Total Revenues" heading in the accompanying table. At the end of the 2009-2010 fiscal year, the district reported a Capital Projects Fund ending total fund balance of \$96,052,503.40. The impact fees collected and expended in the 2009 calendar year are equal to 0.79 percent of this ending fund balance. The Total Capital Projects Fund Expenditures in the 2009 calendar year are equal to 98.67 percent of this ending fund balance.

Issaquah School District Capital Projects Revenues and Expenditures—As Reported to OSPI

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10
Total Revenues (Taxes, IFs, Etc.)	\$8,650,669.11	\$8,762,494.21	\$10,088,378.18	\$9,136,518.00	\$14,806,665.02
Total Other Financing Sources (Bonds)	\$75,083,375.00	\$60,181,050.25	\$30,205,525.00	\$29,870,000.00	\$30,113,018.10
Total Revenues & Other Financing Sources*	\$83,734,044.11	\$68,943,544.46	\$40,293,903.18	\$39,006,518.00	\$44,919,683.12
Sites/Building Capital Outlay	\$7,874,354.68	\$11,730,606.81	\$54,928,739.30	\$121,550,000.00	\$83,902,645.73
Total Expenditures	\$13,256,403.32	\$15,808,063.77	\$58,918,578.82	\$138,200,000.00	\$94,772,188.84

**These numbers were directly transcribed from the line in the Annual Financial Statement entitled "Total Revenues and Other Financing Sources." In the statements provided by Issaquah School District these numbers do consistently equal the sum of the numbers in the "Total Revenues" and the "Total Other Financing Sources" lines.*

WCRER compared the information provided by the school district regarding the amount of impact fees collected and expended annually with the Capital Projects Fund numbers reported to the OSPI.

Issaquah School District—Percentage of Revenues and Expenditures Comprised of Impact Fees

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10	Four Years
Percentage of Total Revenues Comprised of Impact Fee Receipts	34.74%	21.86%	12.28%	8.28%	5.11%	16.35%
Percentage of Total Revenues & Other Financing Sources Comprised of Impact Fee Receipts	3.59%	2.78%	3.07%	1.94%	1.69%	2.91%
Percentage of Total Expenditures Comprised of Impact Fee Expenditures	22.67%	12.12%	2.10%	0.55%	0.80%	3.78%

**This Table reflects a Comparison of Revenues and Total Expenditures during Fiscal Year with Receipts and Expenditure of Impact Fees from Calendar Years*

** These figures are calculated assuming agreement between the figures provided to WCRER by Issaquah School District and those figures provided to the OSPI*

The percentage of total expenditures comprised of impact fees decreased consistently over the past four years, but was at its lowest in the 2009-2010 fiscal year when the district actually spent the most on capital projects in the subject four year period. The sum of impact fees collected over the four year period is equal to 2.91percent of the sum of the four 'Total Revenues & Other Financing Sources' numbers from the same period. The sum of impact fee expenditures over the four years was equal to 3.78 percent of the sum of the 'Total Expenditure' numbers.

Lake Washington School District

In 2006 voters approved a bond issue to fund the modernization of 10 schools throughout the school district.³³ In February 2010, voters rejected a \$234 million bond issue. The district's annual use of bonds is reflected in the accompanying table under the "Total Other Financing Sources" heading. Impact fees are included under the "Total Revenues" heading in the accompanying table.

³² Issaquah School District, 2009 Capital Facilities Plan.

³³ 2009 Lake Washington School District Capital Facilities Plan

Analysis of Impacts of Modified Timing of School Impact Fee Payments

At the end of the 2009-2010 fiscal year, the district reported a Capital Projects Fund ending total fund balance of \$183,995,410.03. The impact fees collected on behalf of Lake Washington School District in 2009-2010 are equal to 0.10 percent of this ending fund balance. The impact fees expended in the 2009-2010 fiscal year are equal to 0.13 percent of this ending fund balance. The total Capital Projects Fund expenditures in the 2009-2010 fiscal year are equal to 37.33 percent of this ending fund balance.

Lake Washington School District Capital Projects Revenues and Expenditures—As Reported to OSPI

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10
Total Revenues (Taxes, IFs, Etc.)	\$24,201,077.92	\$20,744,658.38	\$19,769,260.73	\$20,941,120.00	\$19,045,152.32
Total Other Financing Sources (Bonds)	\$81,159,325.01	\$81,378,883.71	\$76,639,564.61	\$100,000,000.00	\$40,204,378.95
Total Revenues & Other Financing Sources*	\$105,360,929.95	\$102,123,542.09	\$100,425,350.73	\$120,941,120.00	\$59,279,648.27
Sites/Building Capital Outlay	\$18,929,248.04	\$36,020,112.49	\$46,950,192.82	\$83,635,039.00	\$57,051,351.39
Total Expenditures	\$27,410,374.51	\$44,856,871.25	\$57,923,703.73	\$95,670,433.00	\$68,679,641.78

*These numbers were directly transcribed from the line in the Annual Financial Statement entitled "Total Revenues and Other Financing Sources." It is unclear why these numbers do not consistently equal the sum of the numbers in the "Total Revenues" and the "Total Other Financing Sources" lines.

WCRRER compared the information provided by the school district regarding the amount of impact fees collected and expended annually with the Capital Projects Fund numbers reported to the OSPI.

Lake Washington School District -Percentage of Revenues and Expenditures Comprised of Impact Fees

	FY 06-07	FY 07-08	FY 08-09	FY 09-10 (Budget)	FY 09-10	Four Years
Percentage of Total Revenues Comprised of Impact Fee Receipts	2.59%	2.62%	2.35%	0.86%	0.95%	2.17%
Percentage of Total Revenues & Other Financing Sources Comprised of Impact Fee Receipts	0.59%	0.53%	0.46%	0.15%	0.30%	0.49%
Percentage of Total Expenditures Comprised of Impact Fee Expenditures	18.55%	6.00%	0.59%	0.25%	0.34%	4.20%

*This Table reflects a Comparison of Revenues and Total Expenditures during Fiscal Year with Receipts and Expenditure of Impact Fees from Calendar Years

**Expenditure amounts from 2006 & 2007 reflect equal division of amount provided by district as reclassified in 2006/2007.

* These figures are calculated assuming agreement between the figures provided to WCRRER by Lake Washington School District and those figures provided to the OSPI

The percentage of total expenditures comprised of impact fees has significantly decreased over the past four years and was at its lowest in the 2009-2010 fiscal year when the district actually spent the most on capital projects in the subject four year period. The sum of impact fees collected over the four year period is equal to 0.49percent of the sum of the four 'Total Revenues & Other Financing Sources' numbers from the same period. The sum of impact fee expenditures over the four years was equal to 4.20 percent of the sum of the 'Total Expenditure' numbers.

Capital Projects

"Impact fees for the district's system improvements shall be expended by the district for capital improvements including but not limited to school planning, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, relocatable facilities, capital equipment pertaining to educational facilities, and any other expenses which could be capitalized, and which are consistent with the school district's capital facilities plan."³⁴

Districts are required to develop Capital Facilities Plans which reflect the district's enrollment and capacity projections over the next six years, an evaluation of existing facilities, and the district's plans to increase capacity over the next six years. The collection and spending of impact fees is to be based on these plans. Impact fees may only be spent to increase capacity of schools. It is apparent from the impact fee spending information provided the districts studied, as well as the information presented in the district's capital

³⁴ Covington Municipal Code § 18.120.090(2)

facilities plans that impact fee spending is generally focused on large scale capacity projects such as the purchase/construction of relocatable classrooms, funding additions to schools and the construction/replacement of schools.

It takes approximately three months to move a relocatable classroom (from the point when the permit for the move is obtained until the point when the district has completed the electrical hookup). The process for obtaining a new relocatable (which the district has not done in a few years) takes approximately two to three months. The construction of a new school takes approximately two and one-half years (from design to completion).³⁵

Kent School District

WCRER was able to sort the detailed expenditure reports provided by Kent School District by the capital project on which the impact fees were spent. WCRER compared the project-specific expenditures with the total cost of the capital project (as anticipated in the Capital Facilities Plan published just before the date of expenditure).

Kent Projects Funded in-part by Impact Fees

	IF Contribution	Total Cost*	% Funded by IFs	Date of Expenditure
Meadow Ridge Portable	\$103,492.74	\$106,700.00	96.99%	9/2006-11/2006
Neely-O'Brien Portable	\$118,290.93	\$106,700.00	110.86%	9/2006-1/2007
Panther Lake Property Purchase	\$900,000.00	\$4,485,013.00	20.07%	7/2007
Kent Phoenix Academy Parking Lot	\$100,000.00	\$1,650,000.00	6.06%	11/2007
Kentlake Gym and Classroom Add.	\$4,000,000.00	\$5,700,000.00	70.18%	8/2007-4/2008
Panther Lake Replacement	\$3,904,550.62	\$26,700,000.00	14.62%	2/2009-
Kent-Meridian Aux. Gym Addition	\$1,439,139.73	\$2,500,000.00	57.57%	11/2008-4/2010
	\$10,565,474.02	\$41,248,413.00	25.61%	

**Numbers reflect anticipated cost as presented in CFPs*

Most of the capital projects that were funded in part by impact fees were relatively small projects such as portable/relocatable classrooms or additions to existing schools, therefore, impact fees were responsible for funding a relatively significant percentage of these projects. It does not appear that the district undertook any additional capital projects during the subject four year period.³⁶

Issaquah School District

From Issaquah WCRER only received detailed monthly spending information on impact fees collected by King County. The district also provided the total expenditure of the capital projects undertaken from 2006 to present. The accompanying table reflects the amount of impact fees collected through King County during the subject four year period that were applied toward the total cost of these capital projects.³⁷ WCRER compared the numbers provided by the district for the yearly collection and expenditure of impact fees from all collecting jurisdictions with the total amount spent on impact fees in the four year period and found that the impact fees expenditures equated to 3.85 percent of the total cost of the four capital projects completed in the four year period. Because the district has only used impact fees to fund larger scale projects, impact fees were equal to a relatively low percentage of capital projects expenditures.

³⁵ Facilities Construction Department at Kent School District.

³⁶ Please also see Appendix E for capacity and enrollment comparisons which reflect the changes in district capacity over the four year period.

³⁷ Between December 2009 and August 2010, the district collected and expended an additional \$62,858.04 in impact fees collected by King County; the 2010 expenditures are included in the calculations in the table at Appendix C.

Issaquah Projects Funded In-part By Impact Fees Collected By King County

Project	KC - IF Spent	Total Spent	% Funded by KC IFs	Date of Expenditure
Grand Ridge Elementary (E-14)	\$845,23.55	\$21,611,111.00	3.91%	01/2006-05/2007
Issaquah High School	\$571,567.12	\$88,356,144.00	0.65%	04/2007-05/2009
Creekside Elementary (E-15)	\$16,462.79	\$22,667,284.00	0.07%	12/2008-03/2009
Skyline High School	\$202,671.59	\$47,160,975.00	0.43%	07/2007-11/2009
	\$1,636,225.05	\$179,795,514.00	0.91%	

While the district anticipated expenditures for the expansion of Maywood Middle School beginning in the 2007 Capital Facilities Plan the expansion of Liberty High School in the 2008 Capital Facilities Plan, and in each of the following plans (including the 2010 plan), the district has yet to report any expenditures for those improvements.³⁸

Lake Washington School District

While some of the expenditure information provided by the Lake Washington School District was somewhat ambiguous, the reports provided did indicate the projects funded by the impact fees expenditures. WCRER compared these reported impact fee expenditures with the total cost of the capital project (as anticipated in the Capital Facilities Plan published just before the date of the expenditure).

Lake Washington Projects Funded in-part by Impact Fees

IF Source	Project	IF Contribution**	Total Cost*	% Funded by LW IFs	Date of Expenditure
King Co.	Rosa Parks	\$5,383,300.95	\$18,137,316.00	29.68%	2006/2007
	Parks Portables	\$437,640.83	\$500,000.00	87.53%	2009
Sammamish	77 Inglewood	\$2,393,974.00	\$7,625,000.00	31.40%	Various (2006)
	Carson Elem.	\$343,033.35	\$24,600,000.00	1.39%	10/31/2008
	Carson Portables	\$67,697.82	\$500,000.00	13.54%	2009/2010?
Redmond	Einstein	\$73,739.31	Not Available	-	2009
	Redmond Elem.	\$173,831.48	Not Available	-	2009

*Numbers reflect anticipated cost as presented in CFPs

**Impact fees spent to date – incomplete projects may receive additional impact fee funds in the future.

WCRER was unable to find any reference to Einstein or Redmond Elementary in the 2008 or 2009 Capital Facilities Plans. For the five projects on which the total cost information was available, the total impact fee contribution was equal to 16.79 percent.³⁹

Interest Earned Through Impact Fee Accounts

The districts are required to maintain impact fees in special interest-bearing accounts and to spend the interest according to the same restrictions that apply to the spending of impact fees.⁴⁰ Both Kent and Lake Washington School Districts maintain records of interest earned through the impact fee accounts. According to Issaquah School District's Director of Finance, the district does not maintain records of interest collected from impact fees because the fees are spent before they can accrue significant interest.⁴¹

The reported monthly interest accrued on impact fees within Kent and Lake Washington School Districts reflect negative numbers for July, August and September of 2008. According to the Capital Projects Fund Analyst for Lake Washington School District, "In 2008 King County had a number of their investments which lost a lot of their value when the economy had a downturn. They spread out their loss over all school districts in the county. Each of our interest accounts took a hit during that three month period (July, August,

³⁸ Please also see Appendix E for capacity and enrollment comparisons which reflect the changes in district capacity over the four year period.

³⁹ Please also see Appendix E for capacity and enrollment comparisons which reflect the changes in district capacity over the four year period.

⁴⁰ Wash. Rev. Code § 82.02.070(1).

⁴¹ Despite this claim, the impact fees collected on behalf of the district are not spent immediately and arguably should be maintained in interest-bearing accounts.

September, 2008) including Levy, Bond, and Impact Fee accounts. It is not only the Impact Fees accounts which were in the negative for that period but all interest accounts.”⁴²

Kent School District

Kent School District provided the most detailed record of impact fee management.⁴³ It is apparent from these records that Kent carefully tracks the interest earned from the impact fee accounts.

While the amount of interest collected by Kent School District is relatively paltry in comparison with the overall capital projects budget, the amount of interest accrued over the four fiscal years is roughly enough to fund four relocatable classrooms.

Kent Impact Fee Receipts and Interest—All Collection Jurisdictions

	Receipts	Interest
FY 06-07	\$2,619,138.82	\$309,766.36
FY 07-08	\$2,541,024.61	\$144,743.61
FY 08-09	\$1,053,418.62	\$(72,032.67)
FY 09-10	\$1,466,308.62	\$34,444.87
	\$7,679,890.67	\$416,922.17

Lake Washington School District

The accompanying tables only reflect interest from impact fees collected by Sammamish and Redmond on behalf of the district. King County maintains the impact fee account for fees collected on behalf of Lake Washington School District within the county. King County tracks the interest but the district only receives a report reflecting the total revenue. The interest on King County receipts would be more substantial because King County collects the most impact fees on behalf of the district.

LWSD Impact Fee Receipts and Interest—Sammamish

	Receipts	Interest
2006 CY	\$218,508.50	\$1,498.16
2007 CY	\$107,788.00	\$8,122.11
2008 CY	\$124,877.50	\$3,029.51
2009 CY	\$32,988.78	\$3,230.61
	\$484,162.78	\$15,880.39

The monthly report of receipts and interest of impact fees collected by the city of Sammamish shows an interest amount of \$25,743.50 for 12/31/2009 with the total interest for the year equal to \$28,974.11. The origin of this number is unclear, it may be the result of the correction of an accounting error, or may itself be an error, but for purposes of this evaluation this number has been excluded.

LWSD Impact Fee Receipts and Interest—Redmond

	Receipts	Interest
2006 CY	-	-
2007 CY	\$197,260.00	\$4,064.32
2008 CY	\$208,025.94	\$2,211.63
2009 CY	\$57,521.54	\$6,625.38
	\$462,807.48	\$12,901.33

Because Lake Washington has only received a total of \$1,814,070.52 in impact fees in the last four years the amount of interest collected on impact fees is relatively insubstantial.

Arguably, a potential harm suffered by the school districts, in the event of a delay in collection of impact fees, may lie in the loss of interest to be accrued on the fees before they are spent. In school districts such as Issaquah where impact fees are spent as soon as they are received and do not earn interest, this potential harm would not apply; they would not suffer a loss of this additional revenue as a result of the delayed collection. An important consideration, however, is the fact that the district cannot collect interest on impact fees if there is no construction to prompt payment of the fees. Furthermore, the degree of harm is magnified when interest rates are relatively high, but interest rates throughout the study period have been quite low, further minimizing potential harm to the districts.

Delayed Collection of Impact Fees by the City of Redmond

In 2009 the city of Redmond amended their impact fee regulations to allow such fees to be paid at the time of drywall inspection instead of building permit issuance. The city of Redmond adopted interim amendments in June of 2009 and made those amendments “permanent” in November 2009 (with a two year sunset date of November 28, 2011; at which time payment of impact fees will again be required upon building permit issuance).⁴⁴ “The intent of the interim amendments was to provide some immediate level of relief to developers and builders who were facing and continue to face severe economic consequences from the downturn in the local housing market and overall decline of the economy.”⁴⁵

⁴² Email from John Love, Capital Projects Fund Analyst for Lake Washington School District, to Kimberly Anderson, Research Associate, Washington Center for Real Estate Research (Nov. 10, 2010).

⁴³ Please see Appendix D for detailed information on interest accrued on Impact Fees in the Kent School District accounts.

⁴⁴ Redmond Community Development Guide 20D.60.10-030; Redmond, WA, Ordinance No. 2501. (2009).

⁴⁵ *Id.*

To determine the effect of the collection delay in the city of Redmond, WCRER compared the amount of impact fees collected on behalf of the Lake Washington School District by the city of Redmond, the city of Sammamish and by King County. The accompanying table represents the comparison of the impact fees collected each year with the sum of impact fees collected in the 2007 through 2009 calendar years by all three jurisdictions, as well as a comparison of impact fees collected in 2009 with those collected in 2008.⁴⁶ The numbers collected by Redmond, in general, reflect conformity with the impact fee collection trends in King County and the city of Sammamish; numbers from all three jurisdictions decreased in 2009.

Redmond Impact Fee Comparison

	Redmond	King County	Sammamish
IF collected in 2007 compared with the sum of IF collected in 2007 through 2009	42.62%	55.51%	40.57%
IF collected in 2008 compared with the sum of IF collected in 2007 through 2009	44.95%	31.20%	47.01%
IF collected in 2009 compared with the sum of IF collected in 2007 through 2009	12.43%	13.30%	12.42%
IF collected in 2009 compared with IF Collected in 2008	27.65%	42.62%	26.42%

The City of Redmond Planning Commission recommended adopting the amendment because in addition to allowing the local building and development community “additional time to weather the current economic downturn,” the amendment would not result in “any adverse impacts to the City’s finances or provision of facilities and services to the public.”⁴⁷ In a recent phone conversation with Dennis Lisk, the Associate Planner for the City of Redmond, Mr. Lisk stated that he had not heard of any significant negative financial impacts resultant from the delayed collection, nor had he heard of any significant difficulties in actually collecting the impact fees at the later date.

Extension of Impact Fee Expenditure Deadline

As previously mentioned, in 2009 the Revised Code of Washington was amended to extend the time limit for the expenditure of school impact fees from six years to ten years.⁴⁸ The amendment requires the OSPI to develop criteria for extending the deadline and none of the local ordinances for the examined school districts reflect a deadline change, therefore, there is little evidence yet of the amendment’s impact on the school districts studied. However, The public testimony given prior to the amendment provides some understanding of the motivation for the change as well as insight into attitudes about potential changes to the timing of impact fee collection.

According to testimony before the Senate in support of the extension, “[t]he idea behind the bill is to give school districts a longer period of time to use growth management fees before they have to return them to parties who paid them. School districts say it takes ten years to plan and build a high school. If fees have to be turned back in six years or be lost, schools tend to invest more in portables and they would rather invest in more substantive buildings. Building schools takes a long time; more flexibility will allow schools to better plan facilities and use the fees more effectively.”⁴⁹

During public testimony before the House, supporters asserted that the change will “enable school districts to use impact fees more efficiently.”⁵⁰ Opposition claimed the period for expenditure was too long and that “[t]he bill should be amended to allow impact fees to be collected at the time of occupancy, rather than at the time of development approval.”⁵¹ Those testifying in support of the bill argued that “[t]he Legislature has chosen not to tell cities and counties when to collect impact fees. The time of collection is an important issue and it should not be modified. Difficulties have arisen when local governments have tried to collect impact fees at a later date. . . . These local governments take the “heat” for collecting fees for other entities.”⁵²

⁴⁶ WCRER did not receive complete numbers the 2010 calendar year, therefore the 2010 numbers were not included in this calculation.

⁴⁷ AM No. 09-248 (C6). November 17, 2009. (Memo to Redmond City Council recommending adoption of amendments to sections 20D.60.10-030, and 20D.210.10-130(1) of the Redmond Community Development Guide).

⁴⁸ Wash. Rev. Code § 82.02.070(3).

⁴⁹ Senate Bill Report, SB 5580, Staff Summary of Public Testimony. (As Passed Senate, March 6, 2009).

⁵⁰ House Bill Report, SB 5580, Staff Summary of Public Testimony. (As Passed House - Amended: April 14, 2009).

⁵¹ *Id.* Persons Testifying in support of the extension included: Senator Fraser, co-sponsor; Ron Zier, Office of Superintendent of Public Instruction, School Facilities; Sandi Swarthout, Puget Sound School Coalition; Mitch Denning, Alliance of Education Association, Association of Maintenance and Operations Administrators, School Business Officials, School Nutrition Association; Marcia Fromhold, Evergreen School District. No opposition testimony was presented.

⁵² *Id.* Persons Testifying in support of the extension included: Senator Pridemore, prime sponsor; Bill Adamo, Puget Sound School Coalition; and Mitch Denning, Alliance of Education Association. Opposition testimony was provided by Timothy Harris, Building Industry Association of Washington.

Despite the arguments made in support of the extension, which indicated opposition to delayed collection, the decision to extend the expenditure deadline as well as the argument that school districts need more time to accumulate impact fees and to plan for their most efficient use seem to indicate that a delay in the collection of impact fees would not harm school districts so long as they could begin planning for the use of impact fees prior to their collection.

Anticipated Length of Impact Fee Collection Delay

It is difficult to determine the average time between the issuance of a building permit and the sale of a new home because in the current economic climate, multiple variables exist which could greatly skew this average. While a large percentage of new construction is pre-sold and would reflect short time periods between ground-breaking and occupancy, lack of funding has led some builders to hold building permits for years before they begin construction. To approximate the time between the issuance of a building permit and the sale or occupancy of a new home, WCRER contacted two homebuilders that build in the King County area; Gary Young of Polygon Northwest Company, and Mike Miller of Murray Franklin Homes.

Mr. Young estimated that it takes five to six months from the time when the developer pulls the building permit until closing on the sale of an average size home; for homes over 3,000 square feet in size, this time frame would be closer to six to nine months.

Mr. Miller explained that he is generally required to pay half of the school impact fee upon recording of the plat and the remaining half upon the issuance of building permit. Mr. Miller generally pulls four to five building permits right after the plat recording and begins construction shortly thereafter; once those houses sell, he then pulls permits to construct additional houses to replace those that sold. Mr. Miller estimated that, assuming builders start construction as soon as they pull the building permit, it should take approximately six to eight months from the time the builder pulls the building permit to closing on the sale of a new home; four to five months for construction and two to three months for the sale. Mr. Miller also confirmed that pre-sold homes would skew any average times. He also explained that with recent changes in building codes, many builders pulled permits early to circumvent the new requirements and this would also skew any average. No estimates were available on the degree to which permits are pulled early.

Based on the information provided by Mr. Young and Mr. Miller, the time between the issuance of a building permit and the sale of a new home could vary from five to nine months. The delay between platting and the ultimate sale of a new home could range from five to nine months for the first four to five homes, to 10 to 18 months for the next four to five homes; the length of delay for each round of new homes to be constructed would be influenced by the delay period for homes previously constructed within the same plat, as well as the total number of homes to be built in the platted area.

Conclusions and Recommendations

Impact Fee Collection and Expenditure

The process for receiving fees from each collecting jurisdiction is similar among the districts. The process and timing of the expenditure of impact fees, however, is quite different in each jurisdiction. In Kent the frequency of spending is somewhat sporadic; the district allows fees to accumulate for several months before spending. As of early October 2010, Kent reported an impact fee balance of \$1,681,354.40. The Issaquah School District spends impact fees shortly after they are received and reports an ending fund balance of zero dollars; the district also does not maintain records of interest collected from impact fees because the fees are allegedly spent before they can accrue significant interest. The Lake Washington School District front funds capital projects with proceeds from the sale of bonds and reimburses these expenditures with the budgeted amount of impact fees once the project is complete. At the end of August 2010, the district had an impact fee account balance of \$566,964.73.

In the event impact fee payments were delayed by five to nine months school districts like Kent and Lake Washington, which allow impact fees to accumulate prior to expenditure, would likely notice very little change in their ability to spend impact fees when necessary. Longer delays might have slightly more impact but changes would likely be manageable with minor adjustments in spending practices.

Because Issaquah School District's current practice is to spend impact fees as soon as they receive them, the district might notice some strain in the first few months after an initiation of delayed collection. However, it seems the district uses the impact fees in such a manner to ensure they use the impact fees within the time limits rather than out of any real necessity to spend the fees immediately. Overall, it appears that with minor adjustments in spending practices, school districts could adapt to a delay in collection of impact fees without experiencing any significant harm.

Capital Projects Fund

Impact fees make up a relatively small percentage of the Capital Projects Fund; over the subject four year period, the sum of impact fees collected on behalf of Kent School District was equal to 6.23 percent of the district's 'Total Revenues & Other Financing Sources'; impact fees collected on behalf of Issaquah School District equaled 2.91 percent, and impact fees collected on behalf of Lake Washington School District equaled only 0.49 percent. The majority of the funding for capital projects comes from the sale of bonds. Each of the three examined districts received voter approval for bond issues to fund major capital projects in 2006. The availability of bond funds already allows the districts to proceed with capital projects despite the lack of significant impact fee funds. To defray any potential inconvenience caused by the delayed collection of impact fees, school districts could adopt practices similar to that of Lake Washington School District where such funds could be reimbursed with the budgeted amount of impact fees once the project is complete and once the impact fees have been received. Because impact fees make up a relatively small percentage of each district's capital projects fund, it is unlikely that the delayed collection of impact fees would cause any unavoidable or significant obstacles to the district's ability to fund capital projects.

Capital Projects

Kent School District has spent most of its impact fees on relatively small projects including portable/relocatable classrooms and additions to existing schools. Impact fees were also spent to fund the replacement of Panther Lake Elementary. The total of impact fees expended in the last four years was equal to 25.61 percent of all capital projects funded over this same period.

Issaquah School District has collected and expended impact fees to fund 3.85 percent of capital projects in the last four years. Issaquah has not purchased any relocatable classrooms in the last four years. Instead impact fees have been spent on relatively large scale projects.

Lake Washington School District front funds capital projects and later reimburses the funding bond accounts with the budgeted amount of impact fees. For the five projects on which the total cost information was available, the total of impact fee contribution was equal to 16.79 percent.

The collection and spending of impact fees is currently based on the six year projections in the districts' capital facilities plans. Because districts are required to anticipate and plan for increased enrollment six years in advance, and because impact fees are generally spent on larger scale capacity projects which, by necessity, must be planned far in advance, districts should be easily able to plan and spend in conformity with impact fee collection delays.

Supporters of the amendment of section 82.02.070 of the Revised Code of Washington, which extended the impact fee spending deadline, argued that it is more desirable for schools to allow impact fees to accumulate so they may be expended on substantive buildings rather than on relocatable classrooms. Apparently under the six year time limit, school districts were forced to spend impact fees on relocatable classrooms rather than risk losing the impact fees for failure to spend them within the time limit. If, given this extra time, districts do focus more spending on permanent buildings, the additional time required for planning and construction will also allow additional time for collection of impact fees.

Interest

School districts might notice a slight decline in the interest accrued on impact fees if the collection of the fees were delayed. In school districts like Issaquah where impact fees are spent as soon as they are received and therefore do not earn interest, this potential harm would not apply. Districts like Kent and Lake Washington which do receive interest on impact fees might claim harm as a result of the delay. However, the interest accrued on impact fees amounts to a small, relatively insignificant percentage of each district's capital project funds. As demonstrated in July, August, and September of 2008 when King County pulled from the districts' accumulated interest to make up for investment losses, interest is already an unreliable

source of funds. Further, in light of the decline in new home construction and resulting substantial decrease in impact fees collected, as well as the general decline in interest rates, the districts have already seen a decline in the interest accrued on impact fees. The districts cannot collect interest on impact fees if there is no construction to trigger payment of the fees.

Delayed Collection of Impact Fees by the City of Redmond

The city of Redmond implemented delayed impact fee collection in 2009 with the intent of providing relief to developers and builders. Through this plan the city collects impact fees at the time of drywall inspection rather than upon building permit issuance. The impact fee numbers collected by Redmond reflected trends similar to those in other jurisdictions. The City of Redmond Planning Commission recommended allowing the delayed collection based on a presumption that the delay would not result in “any adverse impacts to the City’s finances or provision of facilities and services to the public.”⁵³ According to Dennis Lisk, the Associate Planner for the City of Redmond, the city has not seen any significant negative financial impacts resultant from the delayed collection, nor experienced significant difficulties collecting the impact fees at the later date.

Length of Collection Delay

Based on the information provided by Mr. Young and Mr. Miller, the time between the issuance of a building permit and the sale of a new home can vary from five to nine months. A five to nine month delay in the receipt of impact fees should be easily manageable by school districts.

The longer delays between plat recording and the ultimate sale of a new home can be somewhat more unpredictable and might be more noticeable by school districts. However, in jurisdictions where half of an impact fee is collected upon plat approval there are already unpredictable delays between the plat recording and the issuance of building permits for homes built later in the development process. Further, not all collecting jurisdictions require impact fee payments upon plat recording, and those that do, only require payment of one-half of the impact fee. It is also important to note that longer delays between the plat recording and occupancy of a new home also mean longer delays before any actual increase in enrollment; school districts can plan for additional capacity as it becomes necessary.

Recommendations

A major concern of opponents of the delayed collection of impact fees is that the promised impact fees will never be collected. Pierce County, Washington experimented with a delayed collection schedule in the 1990s through which a lien was placed on the property but the payment trigger was not specified. A 20 percent noncompliance rate prompted officials to abandon the delayed payment program. A successful delayed payment plan will need to address collection difficulties.

Dennis Lisk, Associate Planner for the City of Redmond, indicated that the city opted to delay its collection of impact fees until the time of drywall inspection because through this trigger, builders were allowed additional time to obtain funds to pay impact fees but the city still retained the leverage to require payment from builders. While Redmond’s collection of impact fees upon drywall inspection is preferred over collection upon plat or building permit issuance, WCRER recommends delaying collection until a time closer to the sale of the home.

To address concerns about difficulties collecting impact fees, the Master Builders Association of King and Snohomish Counties has suggested and WCRER encourages a program in which any delayed payment of impact fees would be recorded as a lien against a home to be built.⁵⁴ With this lien in place, the payment of impact fees could be delayed until the issuance of a certificate of occupancy without any undue burden on the collecting jurisdictions.

⁵³ AM No. 09-248 (C6), November 17, 2009. (Memo to Redmond City Council recommending adoption of amendments to sections 20D.60.10-030, and 20D.210.10-130(1) of the Redmond Community Development Guide).

⁵⁴ The Master Builders Association might consider including a concession to the school districts which would require builders who pull a specified number of building permits simultaneously to pay a portion of the impact fee upon issuance of the bulk permits, with the remainder due upon issuance of the certificate of occupancy.

Conclusion

Based on the information provided by the three school districts studied, it appears impact fees play a relatively small role in the overall funding of capital projects. While the process for spending impact fees varies among those school districts, it appears that all three school districts could make minor adjustments in spending practices to adapt to delayed impact fee collection without experiencing any significant harm. Further, the delayed collection of impact fees would likely have little impact on the districts' ability to fund large scale projects which require long planning and construction periods. There is no evidence to suggest that a delay in the collection of impact fees would impact the school districts' ability to plan for or to accommodate additional students. In sum, the evidence does not indicate that a delay in collection of impact fees until the issuance of a certificate of occupancy would materially disadvantage the three school districts studied.

Appendix A

Kent School District—King County Monthly Receipts and Expenditures

FY 06-07	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-06	35,848.50	10,230.84	-
Oct-06	219,353.42	11,065.92	-
Nov-06	33,682.64	11,570.97	-
Dec-06	127,992.86	12,316.96	-
Jan-07	29,468.50	12,576.97	-
Feb-07	44,140.59	11,879.62	-
Mar-07	400,722.49	14,614.79	-
Apr-07	48,897.40	14,654.20	-
May-07	79,771.50	15,443.71	-
Jun-07	114,602.61	15,520.04	-
Jul-07	54,946.00	16,232.60	900,000.00
Aug-07	26,969.31	11,830.34	235,641.11
	1,216,395.82	157,936.96	1,135,641.11

FY 07-08	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-07	363,945.50	11,253.21	555,643.31
Oct-07	249,897.00	9,510.83	527,085.68
Nov-07	106,871.00	7,647.92	885,953.15
Dec-07	25,589.50	6,415.81	-
Jan-08	21,692.50	5,716.92	-
Feb-08	25,618.50	4,769.63	213,171.43
Mar-08	221,222.00	3,799.57	469,052.70
Apr-08	54,394.50	3,152.65	113,452.62
May-08	35,410.50	3,000.36	-
Jun-08	51,155.00	2,822.81	-
Jul-08	29,331.61	(29,048.88)	-
Aug-08	13,120.00	(13,290.05)	-
	1,198,247.61	15,750.78	2,764,358.89

FY 08-09	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-08	65,121.54	(94,426.97)	-
Oct-08	12,411.00	2,775.07	-
Nov-08	16,113.00	2,847.30	-
Dec-08	10,801.50	7,311.22	-
Jan-09	8,101.54	2,684.70	-
Feb-09	5,789.74	2,774.47	1,025,668.78
Mar-09	26,454.28	1,667.14	-
Apr-09	(52,685.43)	971.79	-
May-09	32,870.00	995.10	-
Jun-09	42,196.26	581.97	-
Jul-09	29,860.00	642.29	-
Aug-09	35,115.19	752.62	-
	232,148.62	(70,423.30)	1,025,668.78

FY 09-10	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-09	36,024.50	735.03	-
Oct-09	37,409.09	666.12	-
Nov-09	42,691.34	486.57	-
Dec-09	31,151.00	631.24	-
Jan-10	26,974.74	8,175.34	-
Feb-10	50,038.30	737.32	-
Mar-10	44,352.00	752.50	-
Apr-10	23,108.00	1,103.79	-
May-10	15,160.00	726.54	-
Jun-10	15,250.24	518.65	-
Jul-10	12,545.41	648.22	-
Aug-10	18,180.00	706.47	-
	352,884.62	15,887.79	-

2,999,676.67	119,152.23	4,925,668.78
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Kent School District – Kent Monthly Receipts and Expenditures

FY 06-07	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-06	90,725.00	9,448.60	187,652.97
Oct-06	74,688.00	8,714.80	-
Nov-06	47,031.00	9,192.12	4,582.66
Dec-06	38,200.00	9,434.95	11,236.08
Jan-07	76,553.00	9,929.53	18,311.96
Feb-07	136,760.00	10,384.38	-
Mar-07	92,102.00	10,009.47	-
Apr-07	80,916.00	10,942.50	-
May-07	158,093.00	11,457.22	-
Jun-07	68,839.00	12,557.61	-
Jul-07	202,048.00	12,352.80	-
Aug-07	116,131.00	13,935.02	-
	1,182,086.00	128,359.00	221,783.67

FY 07-08	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-07	118,119.00	14,125.52	-
Oct-07	63,911.00	14,155.03	-
Nov-07	73,920.00	13,943.12	100,000.00
Dec-07	49,280.00	13,740.69	-
Jan-08	69,864.00	13,392.38	556,108.71
Feb-08	74,466.00	11,477.15	443,891.29
Mar-08	91,070.00	9,459.75	-
Apr-08	152,572.00	9,323.40	-
May-08	96,052.00	8,386.15	-
Jun-08	107,310.00	7,871.18	-
Jul-08	127,750.00	(4,284.06)	-
Aug-08	45,990.00	(6,863.35)	-
	1,070,304.00	104,726.96	1,100,000.00

FY 08-09	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-08	15,330.00	(67,506.99)	-
Oct-08	20,076.00	7,743.72	-
Nov-08	5,292.00	8,021.56	497,410.60
Dec-08	28,314.00	13,340.94	-
Jan-09	66,430.00	6,777.77	535,951.91
Feb-09	52,846.00	5,763.64	118,359.83
Mar-09	47,542.00	5,084.06	1,362,287.04
Apr-09	157,562.00	3,687.41	1,057,836.39
May-09	21,216.00	1,919.28	-
Jun-09	127,296.00	564.27	-
Jul-09	169,728.00	870.87	-
Aug-09	47,736.00	947.30	-
	759,368.00	(12,786.17)	3,571,845.77

FY 09-10	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-09	63,648.00	968.70	-
Oct-09	84,864.00	1,230.24	-
Nov-09	15,912.00	945.85	138,289.19
Dec-09	21,410.00	844.26	-
Jan-10	48,366.00	914.29	-
Feb-10	50,162.00	951.82	-
Mar-10	172,698.00	950.90	-
Apr-10	113,274.00	1,467.19	81,486.61
May-10	139,392.00	893.93	-
Jun-10	102,486.00	716.04	-
Jul-10	91,698.00	1,222.84	-
Aug-10	59,334.00	747.10	-
	963,244.00	11,853.16	219,775.80

3,975,002.00	232,152.95	5,113,405.24
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Kent School District—Covington Monthly Receipts and Expenditures

FY 06-07	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-06	4,147.00	1,520.92	-
Oct-06	14,423.50	1,603.60	-
Nov-06	4,147.00	1,708.81	-
Dec-06	22,808.50	1,731.04	-
Jan-07	12,441.00	1,808.26	-
Feb-07	18,661.50	1,824.20	-
Mar-07	58,476.00	1,809.63	-
Apr-07	6,220.50	2,056.87	-
May-07	2,073.50	2,109.90	-
Jun-07	51,986.00	2,407.20	-
Jul-07	12,441.00	2,374.10	-
Aug-07	12,831.50	2,515.87	-
	220,657.00	23,470.40	-

FY 07-08	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-07	43,422.50	2,712.52	-
Oct-07	12,320.00	2,683.50	-
Nov-07	7,001.50	2,663.61	-
Dec-07	21,004.50	2,651.55	-
Jan-08	35,688.50	2,673.59	-
Feb-08	4,928.00	2,615.87	-
Mar-08	5,110.00	2,495.00	-
Apr-08	51,200.00	2,558.52	-
May-08	20,440.00	2,246.21	-
Jun-08	20,440.00	2,146.71	-
Jul-08	40,698.00	(347.84)	-
Aug-08	10,220.00	(833.37)	-
	272,473.00	24,265.87	-

FY 08-09	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-08	-	(12,940.32)	-
Oct-08	5,110.00	2,151.01	-
Nov-08	-	2,194.91	-
Dec-08	-	3,319.36	-
Jan-09	-	2,116.03	-
Feb-09	41,074.00	7,066.53	-
Mar-09	5,110.00	1,857.38	-
Apr-09	-	1,941.23	526,400.00
May-09	-	1,356.50	-
Jun-09	-	684.36	-
Jul-09	5,304.00	689.93	-
Aug-09	5,304.00	739.88	-
	61,902.00	11,176.80	526,400.00

FY 09-10	Receipts (\$)	Interest (\$)	Expend (\$)
Sep-09	7,665.00	695.15	-
Oct-09	5,110.00	688.52	-
Nov-09	0.00	608.66	-
Dec-09	0.00	514.76	-
Jan-10	0.00	564.43	-
Feb-10	2,555.00	575.37	-
Mar-10	10,788.00	533.54	-
Apr-10	2,697.00	619.60	-
May-10	2,697.00	481.48	-
Jun-10	26,970.00	388.83	-
Jul-10	37,758.00	504.87	-
Aug-10	53,940.00	528.71	-
	150,180.00	6,703.92	-

705,212.00	65,616.99	526,400.00
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Appendix B

Issaquah School District Collection and Expenditures By Fiscal Year

Annual Impact Fee Collection and Expenditures—Fiscal Year

Impact Fees Collected by King County

	Collection	Expenditure
FY 06-07	\$558,008.76	\$505,216.58
FY 07-08	\$422,668.17	\$362,909.96
FY 08-09	\$58,795.92	\$171,346.31
FY 09-10	\$94,647.19	\$94,647.19
	\$1,134,120.04	\$1,134,120.04

Annual Impact Fee Collection and Expenditure—By Fiscal Year

	Bellevue	Issaquah	Newcastle	Port Blakely	Renton	Sammamish	FY Totals
2006-07	\$64,385.22	\$188,209.04	\$71,151.00	\$308,894.00	\$122,058.00	\$251,202.00	\$1,005,899.26
2007-08	\$60,325.00	\$430,406.25	\$198,489.00	\$95,700.00	\$306,685.00	\$331,864.50	\$1,423,469.75
2008-09	\$203,197.50	\$46,299.71	\$6,136.00	\$12,491.00	\$27,497.00	\$162,574.00	\$458,195.21
2009-10	\$55,719.00	\$109,264.98	\$36,816.00	\$46,068.00	\$47,646.10	\$508,381.50	\$803,895.58
FY Totals	\$383,626.72	\$774,179.98	\$312,592.00	\$463,153.00	\$503,886.10	\$1,254,022.00	

Issaquah School District—Percentage of Revenues and Expenditures Comprised of Impact Fees

	FY 06-07	FY 07-08	FY 08-08	FY 09-10*
Percentage of Total Revenues Comprised of Impact Fee <i>Receipts</i>	16.51%	21.05%	5.12%	9.83%
Percentage of Total Revenue & Other Financing Sources Comprised of Impact Fee <i>Receipts</i>	1.71%	2.68%	1.28%	2.30%
Percentage of Total Expenditures Comprised of Impact Fee <i>Expenditures</i>	6.78%	11.67%	0.88%	0.65%

Issaquah Projects Funded in-part by Impact Fees

Project	KC - IF Spent	Total Spent	% Funded by KC IFs	Date of Expenditure
Grand Ridge Elementary (E-14)	\$845,523.55	\$21,611,111.00	3.91%	01/2006-05/2007
Issaquah High School	\$595,819.58	\$88,356,144.00	0.67%	04/2007-05/2010
Creekside Elementary (E-15)	\$17,872.82	\$22,667,284.00	0.08%	12/2008-06/2010
Skyline High School	\$239,867.14	\$47,160,975.00	0.51%	07/2007-07/2010

Appendix C

Issaquah School District - King County Receipts and Expenditures

	Amount Collected (\$)	Date of Expenditure	Project
Jan-06	144,711.71	2/1/2006	Grand Ridge Elem.
Feb-06	37,855.56	2/15/2006	Grand Ridge Elem.
Mar-06	79,547.70	3/22/2006	Grand Ridge Elem.
Apr-06	66,930.14	4/26/2006	Grand Ridge Elem.
May-06	65,186.58	5/17/2006	Grand Ridge Elem.
Jun-06	60,310.68	6/21/2006	Grand Ridge Elem.
Jul-06	32,827.10	7/19/2006	Grand Ridge Elem.
Aug-06	77,593.58	8/30/2006	Grand Ridge Elem.
Sep-06	5,330.38		Grand Ridge Elem.
Oct-06	28,041.01	10/4/2006	Grand Ridge Elem.
Nov-06	5,178.83	10/18/2006	Grand Ridge Elem.
Dec-06	12,687.44	12/6/2006	Grand Ridge Elem.
Total Collected in CY 2006: \$616,200.71			

	Amount Collected (\$)	Date of Expenditure	Project
Jan-07	59,204.01	2/8/2007	Elementary 14
Feb-07	122,109.33	3/29/2007	Elementary 14
Mar-07	-		
Apr-07	55,589.09	5/17/2007	IHS Predesign
May-07	48,009.50	7/19/2007	Elementary 14
Jun-07	134,367.32	7/5/2007	IHS Predesign
Jul-07	34,699.67	8/30/2007	Skyline Add./Mod.
Aug-07	52,792.18	9/27/2007	Skyline Add./Mod.
Sep-07	31,122.87	10/25/2007	Skyline Add./Mod.
Oct-07	7,620.91	11/29/2007	Skyline Add./Mod.
Nov-07	73,768.89	11/29/2007	IHS Predesign
Dec-07	27,677.38	1/10/2008	IHS Predesign
Total Collected in CY 2007: \$646,961.15			

	Amount Collected (\$)	Date of Expenditure	Project
Jan-08	18,150.90	2/7/2008	IHS Predesign
Feb-08	19,835.77	2/28/2008	IHS Predesign
Mar-08	14,334.73	4/24/2008	IHS Predesign
Apr-08	36,200.98	5/15/2008	IHS Predesign
May-08	14,399.59	5/22/2008	Skyline Add./Mod.
Jun-08	46,264.25	6/26/2008	IHS Predesign
Jul-08	20,741.51	8/28/2008	IHS Predesign
Aug-08	112,550.39	10/16/2008	IHS Rebuild
Sep-08	5,852.97	10/30/2008	Skyline Add./Mod.
Oct-08	10,058.45	11/26/2008	Skyline Add./Mod.
Nov-08	2,407.36		
Dec-08	-		
Total Collected in CY 2008: \$300,796.90			

	Amount Collected (\$)	Date of Expenditure	Project
Jan-09	5,001.52	1/29/2009	Creekside Design
Feb-09	-		
Mar-09	9,053.91	4/23/2009	Creekside Design
Apr-09	-		
May-09	12,085.91	6/18/2009	IHS Design
Jun-09	-		
Jul-09	14,335.80	7/28/2009	Skyline Add./Mod.
Aug-09	-		
Sep-09	-		
Oct-09	-		
Nov-09	31,789.15	11/23/2009	Skyline Add./Mod.
Dec-09	-		
Total Collected in CY 2009: \$72,266.29			

Total Collected in Calendar Years 2006-2009: \$1,636,225.05

	Amount Collected (\$)	Date of Expenditure	Project
Jan-10	-		
Feb-10	8,872.53	3/2/2010	Skyline Add./Mod.
Mar-10	-		
Apr-10	21,629.18	4/29/2010	Skyline Add./Mod.
May-10	24,252.46	5/25/2010	IHS Design Services
Jun-10	1,410.03	6/30/2010	Creekside Design
Jul-10	6,693.84	8/6/2010	Skyline Add./Mod.
Aug-10	-		
Total Collected in CY 2010: \$62,858.04			

Total Collected in Calendar Years 2006-2010: \$1,699,083.09

Appendix D

Kent School District Accrued Interest—By Collecting Jurisdiction

	King County (\$)	Kent (\$)	Covington (\$)
Sep-06	10,230.84	9,448.60	1,520.92
Oct-06	11,065.92	8,714.80	1,603.60
Nov-06	11,570.97	9,192.12	1,708.81
Dec-06	12,316.96	9,434.95	1,731.04
Jan-07	12,576.97	9,929.53	1,808.26
Feb-07	11,879.62	10,384.38	1,824.20
Mar-07	14,614.79	10,009.47	1,809.63
Apr-07	14,654.20	10,942.50	2,056.87
May-07	15,443.71	11,457.22	2,109.90
Jun-07	15,520.04	12,557.61	2,407.20
Jul-07	16,232.60	12,352.80	2,374.10
Aug-07	11,830.34	13,935.02	2,515.87
	157,936.96	128,359.00	23,470.40
	Total interest in FY 06-07 \$309,766.36		

	King County (\$)	Kent (\$)	Covington (\$)
Sep-07	11,253.21	14,125.52	2,712.52
Oct-07	9,510.83	14,155.03	2,683.50
Nov-07	7,647.92	13,943.12	2,663.61
Dec-07	6,415.81	13,740.69	2,651.55
Jan-08	5,716.92	13,392.38	2,673.59
Feb-08	4,769.63	11,477.15	2,615.87
Mar-08	3,799.57	9,459.75	2,495.00
Apr-08	3,152.65	9,323.40	2,558.52
May-08	3,000.36	8,386.15	2,246.21
Jun-08	2,822.81	7,871.18	2,146.71
Jul-08	(29,048.88)	(4,284.06)	(347.84)
Aug-08	(13,290.05)	(6,863.35)	(833.37)
	15,750.78	104,726.96	24,265.87
	Total interest in FY 07-08 \$144,743.61		

	King County (\$)	Kent (\$)	Covington (\$)
Sep-08	(94,426.97)	(67,506.99)	(12,940.32)
Oct-08	2,775.07	7,743.72	2,151.01
Nov-08	2,847.30	8,021.56	2,194.91
Dec-08	7,311.22	13,340.94	3,319.36
Jan-09	2,684.70	6,777.77	2,116.03
Feb-09	2,774.47	5,763.64	7,066.53
Mar-09	1,667.14	5,084.06	1,857.38
Apr-09	971.79	3,687.41	1,941.23
May-09	995.10	1,919.28	1,356.50
Jun-09	581.97	564.27	684.36
Jul-09	642.29	870.87	689.93
Aug-09	752.62	947.30	739.88
	(70,423.30)	(12,786.17)	11,176.80
	Total interest in FY 08-09 (72,032.67)		

	King County (\$)	Kent (\$)	Covington (\$)
Sep-09	735.03	968.70	695.15
Oct-09	666.12	1,230.24	688.52
Nov-09	486.57	945.85	608.66
Dec-09	631.24	844.26	514.76
Jan-10	8,175.34	914.29	564.43
Feb-10	737.32	951.82	575.37
Mar-10	752.50	950.90	533.54
Apr-10	1,103.79	1,467.19	619.60
May-10	726.54	893.93	481.48
Jun-10	518.65	716.04	388.83
Jul-10	648.22	1,222.84	504.87
Aug-10	706.47	747.10	528.71
	15,887.79	11,853.16	6,703.92
	Total interest in FY 09-10 34,444.87		

Appendix E

Capacity and Enrollment Comparisons

Kent School District

Kent School District—Capacity and Enrollment Comparison

	2006	2007	2008	2009
Permanent Capacity to House Students	27824	27598	27150	27321
Relocatable Capacity*	1345	1412	1470	1552
Total Permanent and Relocatable Capacity	29169	29010	28620	28873
Actual Enrollment (from next CFP)	25864	25745	25828	25778
Surplus Capacity	3305	3265	2792	3095

* From Inventory and Capacity of Existing Schools section of the Capital Facilities Plan

Kent School District Capacity and Enrollment in 2009-2010 School Year*

	Capacity**	Enrollment	Surplus
Grade School	13570	13239	331
Middle School	5196	4283	913
Senior High School	8765	8256	509
	27531	25778	1753

* Actual counts at end of 2009-2010 (from 2010 CFP)

** Capacity numbers reflect relocatable capacity required, but not actual available relocatable capacity

Issaquah School District

Issaquah School District—Capacity and Enrollment Comparison

	2006	2007	2008	2009
Permanent Capacity to House Students	14808	14068	14068	14068
Relocatable Capacity*	2228	2280	2280	2280
Total Permanent and Relocatable Capacity	17036	16348	16348	16348
Enrollment*	15153	15340	15480	15807
Surplus Capacity	1883	1008	868	541

* From the Inventory and Evaluation of Current Facilities section of the Capital Facilities Plan

Issaquah School District Capacity and Enrollment in 2009-2010 School Year*

	Capacity**	Enrollment	Surplus
Grade School	8224	7191	1033
Middle School	3852	3840	12
Senior High School	5344	4776	568
	17420	15807	1613

* Actual counts at end of 2009-2010 (from 2010 CFP)

Lake Washington School District

Lake Washington School District—Capacity and Enrollment Comparison

	2006	2007	2008	2009
Permanent Capacity to House Students	22062	22573	22505	22916
Relocatable Capacity*	3152	2846	2993	3219
Total Permanent and Relocatable Capacity	25214	25419	25498	26135
Enrollment*	23173	23040	22965	23483
Surplus Capacity	2041	2379	2533	2652

** From the Inventory and Evaluation of Current Facilities section of the Capital Facilities Plan*

Lake Washington School District Capacity and Enrollment in 2009-2010 School Year*

	Capacity**	Enrollment	Surplus
Grade School	13484	13355	129
Middle School	6204	5389	815
Senior High School	5941	5038	903
	25629	23782	1847

** Actual counts at end of 2009-2010 (from 2010 CFP)*

Appendix F

Kent School District Impact Fee Expenditure—Detailed Report

City of Kent

VOUCHER DATE	VENDOR	ITEM(S) FUNDED	AMOUNT
9/14/2006	Fox Electric	Meadow Ridge Portable	3,206.95
9/14/2006	Fox Electric	NO Portable	7,039.36
9/14/2006	Williams Scotsman Inc	MR Portable	88,703.33
9/14/2006	Williams Scotsman Inc	NO Portable	88,703.33
11/16/2006	Powercom, Inc	MR Portable	4,582.66
12/14/2006	Powercom, Inc	NO Portable	11,236.08
10/19/2006	Fox Electric	Meadow Ridge Portable	2,727.00
1/11/2007	Williams Scotsman Inc	NO Portable	4,272.80
1/11/2007	Williams Scotsman Inc	MR Portable	4,272.80
1/11/2007	Fox Electric	NO Portable	7,039.36
11/26/2007	R.W. Scott Construction CO.	KPA Parking Lot	100,000.00
12/20/2007	Shinstine Associates	KL Gym and Clrm. Add.	25,627.12
12/20/2007	Shinstine Associates	KL Gym and Clrm. Add.	530,481.59
2/8/2008	Shinstine Associates	KL Gym and Clrm. Add.	20,455.81
2/8/2008	Shinstine Associates	KL Gym and Clrm. Add.	423,435.48
11/13/2008	Serpanok Construction, Inc	KM Aux. Gym Addition	474,593.60
11/13/2008	Serpanok Construction, Inc	KM Aux. Gym Addition	22,817.00
1/5/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	210,974.40
1/5/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	10,143.00
1/22/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	300,392.56
1/22/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	14,441.95
2/19/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	112,930.48
2/19/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	5,429.35
3/12/2009	BNCC-Inc	Panther Lake Replacement	1,235,258.04
3/12/2009	BNCC-Inc	Panther Lake Replacement	59,387.41
3/26/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	64,538.76
3/26/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	3,102.83
4/17/2009	BNCC-Inc	Panther Lake Replacement	1,009,311.79
4/17/2009	BNCC-Inc	Panther Lake Replacement	48,524.60
11/5/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	131,974.61
11/5/2009	Serpanok Construction, Inc	KM Aux. Gym Addition	6,314.58
4/8/2010	Serpanok Construction, Inc	KM Aux. Gym Addition	70,696.14
4/8/2010	Serpanok Construction, Inc	KM Aux. Gym Addition	7,069.61
4/8/2010	Serpanok Construction, Inc	KM Aux. Gym Addition	3,720.86
			5,113,405.24

City of Covington

VOUCHER DATE	VENDOR	ITEM(S) FUNDED	AMOUNT
4/17/2009	BNCC-Inc	Panther Lake Replacement	502,253.21
4/17/2009	BNCC-Inc	Panther Lake Replacement	24,146.79
			526,400.00

King County

VOUCHER DATE	VENDOR	ITEM(S) FUNDED	AMOUNT
7/27/2007	King County Superior Court	PL Property Purchase	900,000.00
8/2/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	10,859.04
8/2/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	224,782.07
9/13/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	25,605.68
9/13/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	530,037.63
10/11/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	24,289.66
10/11/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	502,796.02
11/8/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	21,978.40
11/8/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	454,952.90
12/13/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	18,848.93
12/13/2007	Shinstine Associates LLC	KL Gym and Clsrm. Add.	390,172.92
2/7/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	9,823.58
2/7/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	203,347.85
3/6/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	21,615.33
3/6/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	447,437.37
4/3/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	5,228.23
4/3/2008	Shinstine Associates LLC	KL Gym and Clsrm. Add.	108,224.39
2/19/2009	BNCC-Inc	Panther Lake Replacement	978,619.75
2/19/2009	BNCC-Inc	Panther Lake Replacement	47,049.03
			4,925,668.78