



PLANNING AND ECONOMIC DEVELOPMENT

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MEMO

To: Mayor and City Council
From: Nikole Coleman, AICP, Planning Manager
Subject: Impact Fee Workshop #2 – Rate Study Overview (Parks, Transportation, and Fire)
Date: April 29, 2026

The purpose of this workshop is to build on the April 15, 2026, [Impact Fee Overview](#), by providing Council with an introduction to the updated impact fee rate studies for parks and transportation, and a new rate study for fire protection facilities. This discussion is intended to familiarize Council with how the proposed rates are calculated, highlight key changes from the City's current impact fee programs, and support Council's policy direction on implementation options, including phasing, exemptions, and timing, in advance of potential ordinance adoption in June.

Legal Framework and Background

Impact fees are one of the primary tools available to cities under the Growth Management Act ([RCW 36.70A](#)) to ensure that infrastructure keeps pace with planned growth. At their core, impact fees are designed to ensure that new development contributes its proportionate share toward the cost of capital facilities needed to serve that development. Without impact fees, the cost of growth is shifted to existing residents, either through increased taxes or declining levels of service. As Poulsbo continues to grow under the adopted Comprehensive Plan, maintaining this balance between growth and infrastructure investment becomes increasingly important. Impact fees in Washington are authorized under [RCW 82.02.050](#) through .090, as well as [WAC 365-196-850](#), which allow jurisdictions to impose fees on new development for specific categories of public facilities, including transportation, parks and recreation, schools, and fire protection, while also establishing clear limitations on how those fees may be calculated and used.

State law requires that impact fees be used only for system improvements, meaning capital facilities that serve the broader community rather than project-specific improvements or ongoing operations and maintenance. Fees must be proportionate to the impact of development, requiring a clear relationship between the fee charged and the demand created by new growth, and must be based on transparent methodologies that distinguish between growth-related costs and existing deficiencies. Recent legislative updates have further strengthened these requirements. In 2023, [Engrossed Substitute Senate Bill 5258](#), which amended [RCW 82.02.060](#) to require that residential impact fees be structured to reflect differences in housing unit size and scale, resulting in lower fees for smaller units. This represents a shift away from flat fee structures toward more refined, proportional fee schedules that better align costs with actual development impacts.

This workshop builds on that foundation by focusing specifically on the technical rate studies that support the proposed updates to the City's impact fee programs.

Overview of Rate Studies

Each of the three rate studies follows a consistent methodology shaped by state law and industry practice. The updated studies reflect revised growth projections, updated capital project costs, and changes in state law related to proportionality, and in the case of fire, introduce a new impact fee program where none currently exists. The process begins with identifying anticipated growth based on the Comprehensive Plan, including population, housing, and employment projections through 2044. The City then applies adopted level of service (LOS) standards to determine the amount of infrastructure needed to serve that growth. Capital projects identified in the [Capital Facilities Plan \(Chapter 13\)](#) are used to establish total system costs, and adjustments are made to remove costs that are not eligible for impact fee funding, such as existing deficiencies or maintenance activities.

The remaining growth-related costs are then reduced by anticipated public funding contributions, ensuring that impact fees represent only a portion of total capital costs. Finally, those costs are allocated across projected development using a demand-based metric specific to each system. Parks are based on population, transportation is based on vehicle trips, and fire is based on emergency response demand.

Park Impact Fee - Updated

The updated Parks Impact Fee reflects the cost of acquiring and developing park land needed to serve projected population growth through 2044, consistent with the City's adopted LOS. The analysis identifies approximately 25.96 acres of net new park land needed to serve growth, after accounting for existing capacity and adjustments for private open space.

The total cost to meet this demand is estimated at approximately \$26.99 million. After accounting for approximately \$8.5 million in anticipated public funding, the remaining \$18.5 million is allocated to new development. This results in a base park impact fee of approximately \$9,578 per residential unit prior to adjustments for unit size.

A key change in the updated program is the move from a flat fee structure to a scaled fee based on unit size. This approach reflects recent state requirements and ensures that smaller housing units pay a lower fee consistent with their reduced impact on the park system. The study also incorporates credit for private neighborhood open space and includes options for phased implementation to reduce the immediate impact of fee increases on development.

Overall, the updated park impact fee more accurately reflects the cost of providing park system capacity for new growth and improves proportionality across housing types.

Transportation Impact Fee - Updated

The Transportation Impact Fee continues to use a cost-per-trip methodology that ties fees directly to the demand new development places on the City's transportation system. The updated study is based on the City's [2024 Comprehensive Plan](#) and [Transportation Comprehensive Plan](#), which identify the improvements needed to maintain the adopted level of service as growth occurs. The analysis is designed to maintain the City's adopted LOS standard (LOS E) as growth occurs.

The total transportation improvement program is estimated at approximately \$90.4 million, of which \$50.5 million is eligible for impact fee funding. After accounting for approximately \$20.8 million in anticipated public funding, the remaining \$29.8 million is allocated to new development. When divided by the projected 52,925 net new daily trips, this results in an updated rate of approximately \$562 per trip.

This updated rate is slightly lower than the current rate, reflecting updated cost assumptions and growth projections. The methodology continues to include standard adjustments such as pass-by trips and internal capture and remains consistent with established practice in Washington. The transportation impact fee also continues to function alongside other regulatory tools, including frontage improvements, SEPA mitigation, and concurrency requirements, which collectively ensure that development impacts are appropriately addressed.

Fire Impact Fee - New

The Fire Impact Fee is a new program proposed for the City and is intended to fund capital facilities needed to maintain emergency response service levels as the community grows. Fire protection services are provided by Kitsap County Fire District No. 18, and the rate study establishes the framework for the City to collect impact fees on behalf of the District. As growth continues, maintaining emergency response times requires additional stations, apparatus, and system capacity, which forms the basis for the proposed fire impact fee program.

The analysis focuses on growth-related capital projects within a six-year planning period, totaling approximately \$12.72 million. Based on projected growth, approximately 27.4 percent of these costs are attributable to new development, resulting in approximately \$3.49 million in impact fee-eligible costs.

Unlike parks and transportation, the fire impact fee is based on actual emergency response data. Historical incident data is used to allocate costs between residential and commercial development types, ensuring that fees reflect the relative demand each type of development places on the fire system. The resulting rates are approximately \$0.28 per square foot for single-family residential development, \$0.23 per square foot for multi-family development, and \$0.75 per square foot for commercial development.

The program also incorporates proportionality adjustments based on unit size, consistent with state requirements, and includes potential policy options such as exemptions for low-income housing, reductions for fire sprinkler installation, and deferral of payment until certificate of occupancy.

Agenda Packet

The agenda packet for this workshop includes the following materials (included via weblinks):

- [May 13, 2026, Staff Presentation](#)
- [Draft Transportation Impact Fees Technical Document](#) and [Calculation](#)
- [Draft Parks Impact Fee Rate Study](#)
- [Draft Fire Impact Fee Rate Study](#)

The following links may also provide additional context, as needed:

- [Current PMC 3.84, Park Impact Fees](#)
- [Current PMC 3.86, Transportation Impact Fees](#)
- [April 10, 2026, Impact Fee Overview Staff Presentation](#)
- [Chapter 4: Transportation](#)
- [Chapter 6: Capital Facilities](#)
- [Chapter 8: Parks, Recreation, and Open Space](#)
- [Section 2: Capital Facilities Plan/Chapter 13](#)
- [Appendix B.4a: 2024 Transportation Comprehensive Plan](#)
- [Appendix B.5: 2021 Parks, Recreation, and Open Space Plan](#)
- [Appendix B.8: Poulsbo Fire Department 2024-2044 Capital Facility Plan](#)

Next Steps

Staff will incorporate Council feedback and direction and prepare draft ordinance amendments for consideration. Council direction from this workshop will guide key policy decisions, including phasing, exemptions, and implementation timing. This will include updates to the existing parks and transportation impact fee programs and the establishment of a new fire impact fee program. Council is currently scheduled to consider ordinance adoption on June 3, 2026, although an additional workshop may be scheduled if further discussion or direction is needed.