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Traffic impact fees stretch resources

Puyallup City Council held vote this week that could delay fee requirements

NEIL PIERSON/OF THE HERALD

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Shaun Brobak is not about to give up on his new business plan in downtown Puyallup, despite spending two years and about \$100,000 on the project, he says.

"I'm fully committed," said Brobak, who plans to open Crockett's Public House along East Stewart Avenue in October. "I'm at the point where there's no turning back."

Nearly one-fifth of the total costs to build the 4,500-square-foot restaurant, which Brobak envisions as "a bar with fantastic food," came from traffic impact fees charged through the city of Puyallup. The city charges \$4,500 for each expected new vehicle trip during peak traffic hours of 4 to 6 p.m.

Brobak says he understands new development brings increased traffic flow to an area. But he also questions the necessity of an \$18,405 fee for his project, equating to more than four new peak-hour vehicle trips.

The city previously tacked on a traffic impact fee of \$3,000 per additional trip for any new development, whether it was residential, commercial or industrial in nature. The fee was changed in November 2007 to generate \$18 million for four arterial projects: A new signal at 23rd Street and 39th Avenue Southeast and widening or extension efforts along Shaw Road, 39th Avenue Southeast and Ninth Street Southwest.

Future money generated by traffic impact fees are designed to pay for improvements listed on the city's capital improvement plan, which include numerous water, sewer and road projects. The money can't be used to fix existing problems on items that serve existing developments.

Brobak's original estimate for a traffic impact fee, generated by a private engineer, was \$80,000. That amount dropped to \$40,000 after a meeting with Jon Walls, the city's development services director, and eventually to an agreed upon price of \$18,405.

Walls said that Brobak's project was able to take advantage of its proximity to the Sound Transit train station. That drastically reduced the average trip length a customer might have to reach his restaurant.

However, Brobak thinks the city's traffic impact fee requirements might scare away many prospective business owners who might otherwise settle in Puyallup.

"I have been able to negotiate my way through this but I think that I'm probably the exception to the rule," he said.

Neighboring jurisdictions vary in their approach to traffic impact fees. Lakewood and Tacoma don't have them. Some municipal governments charge the same rates for residential, commercial and industrial developments, while others use a formula based on location or square footage. Discounts are sometimes given based on the fees already paid by a building's previous occupants.

In Sumner, for example, the developer of a new 4,500-square-foot restaurant could expect to pay \$8,725. That number skyrockets to \$84,700 in Olympia and \$47,600 in South Hill.

The Puyallup City Council was scheduled to address the issue of impact fees at its July 13 meeting, results that came too late for publication.

Walls said a proposed ordinance, if approved, would delay payments for several impact and system development fees. Puyallup currently charges fees for developments that impact sewer, stormwater and water systems, parks, roads and schools.

Changing the law would mean multi-family residential, commercial and industrial developers wouldn't pay the fees until their buildings were occupied, Walls said. Impact fees for single-family homes and system development fees for stormwater projects would also be collected up front.

Mayor Kathy Turner said she is sympathetic to the plight of many business owners and indicated she would vote to make the fees a post-occupancy requirement.

"Traffic impact fees are very difficult because we all know we have traffic impact," Turner said. "On the other hand we want to make the business environment as friendly as possible."

Councilmember Rick Hansen also favored the changes, saying Puyallup would get the money it needs for infrastructure improvements but at a time that's more convenient for an entrepreneur's wallet.

"A good example would be looking at a hotel," Hansen said. "If they could delay paying (the fees) until they start having rooms that are available to rent, just think how much easier it would be."

Doug Harbaugh owns several buildings, including the ones that Brobak's restaurants will be located in. He said delaying the impact fees wouldn't be that helpful.

"Many of my buildings have been empty for years," Harbaugh said. "Nobody can afford to pay those types of fees."

Brobak opened Trackside Pizza on North Meridian in 2006. He says about 6 percent of his profits go to the city for various taxes and fees and expects Crockett's Public House won't be any different. He wonders why the city is charging for traffic impact when he sees many empty buildings.

Puyallup's latest estimates show that sales tax revenues are expected to drop by about \$2.3 million from what was originally budgeted for 2010.

"Isn't the tax revenue that I'm generating good for the city?" Brobak asked. "They want the money now and they want the money later."

Brobak isn't the only downtown entrepreneur concerned about Puyallup's approach to business.

Chris Johnston, who owns Sparks Firehouse Deli, said traffic impact fees were part of an \$18,000 bill for his building permit. Prior to the deli's construction in 2009, the property was the site of a small grocery store, so the increased burden on roads was minimal, he said.

While traffic impact fees weren't much of a concern for Johnston, he criticized the "unnecessary red tape" that caused his business to open several months late.

Specifically, he cited the thousands of dollars he spent for oven vents in the roof when it appeared many other restaurants didn't have them.

Johnston said Walls, Mayor Kathy Turner and Councilmember Rick Hansen helped get his project up and running but felt other city employees he encountered weren't as accommodating.

"Bottom line, they got it done," Johnston said. "It was just much harder than I ever thought it would be."

Steve Samples opened The Station U-Brew on West Stewart this spring. A first-time business owner, he paid about \$8,200 in traffic impact fees, which was an improvement upon an initial \$18,000 estimate. But his margin for start-up costs largely evaporated, he said.

"It made it pretty difficult here the first couple months, having \$8,000 taken away," Samples said.

Samples' business is also located close to the train station, which led him to believe he was alleviating traffic problems by getting people off the road in the late afternoon.

"(The city) wanted to get some of the people when they get off the train to come to the businesses," Samples said. "My business is exactly the type that would attract that type of people."



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