

ORDINANCE 1549

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, RELATING TO IMPACT FEES; ADOPTING A NEW PROJECT LIST AS REQUIRED BY GHMC SECTION 19.12.120 FOR THE CALCULATION OF TRANSPORTATION IMPACT FEES; AMENDING CHAPTER 19.12 OF THE GIG HARBOR MUNICIPAL CODE TO IMPLEMENT STATUTORY REDUCTIONS IN IMPACT FEES FOR ACCESSORY DWELLING UNITS; ADOPTING A NEW TRANSPORTATION IMPACT FEE RATE STUDY; AMENDING APPENDICES A-1 AND A-2 OF ORDINANCE NO. 1401; PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the city adopted a transportation impact fee program codified at chapter 19.12 of the Gig Harbor Municipal Code; and

WHEREAS, Section 19.12.120 of the GHMC requires that the city's Transportation Impact Fee Project List be updated on an annual basis; and

WHEREAS, an update to the city's Transportation Impact Fee Rate Study, Formula, and Project List results in the calculation of a new transportation impact fee; and

WHEREAS, changes to RCW 36.70A.681 as amended by Engrossed House Bill 1337 (2023), require jurisdictions to provide reduced transportation, school, and park impact fees for accessory dwelling units (ADUs) to provide an affordable housing alternative; and

WHEREAS, if an ADU granted a reduced impact fee is later converted to a short-term rental or other use per GHMC Section 17.14.020, the city reserves the right to assess the remaining balance of all applicable impact fees at the time of permit application or change of use, in accordance with GHMC Section 19.12.100; and

WHEREAS, the city council held a public hearing and first reading on this Ordinance during its regular city council meeting of September 8, 2025, and a second reading during its regular city council meeting of September 22, 2025;

NOW THEREFORE, The City Council of the City of Gig Harbor, Washington, do ordain as follows:

Section 1. Chapter 19.12 – Amended. Chapter 19.12 of the Gig Harbor Municipal Code is hereby amended as follows:

19.12.210 Reduction of impact fees for accessory dwelling units.

A. An “accessory dwelling unit” or “ADU” as defined in GHMC Section 17.04.015 shall be eligible for a fifty percent (50%) reduction of the impact fees otherwise applied to the principal unit as described in GHMC Section 19.12.070.

Section 2. The Project List attached hereto as Appendix A-1 is hereby adopted as the City Transportation Impact Fee Project List, which is a list of projects contained in the City’s Transportation Element of the City’s Comprehensive Plan, which are growth-related and that should be funded with forecast public moneys and the impact fees already paid. This Project List shall supersede the previous Transportation Impact Fee Project List, and all such previously-adopted transportation Project Lists are repealed.

Section 3. The formula included in the City’s 2025 Transportation Impact Fee Rate Study attached hereto as Appendix A-2 is hereby adopted as the City’s Transportation Impact Fee Formula, which incorporates the requirements of RCW 82.02.050 through 82.02.090 and all other applicable provisions of chapter 19.12 GHMC. All previously-adopted transportation impact fee formulas are repealed. The Gig Harbor City Council chose to set the impact fee at 75% of the maximum allowable impact fee rate, therefore setting the impact fee at \$8,639 per PM peak hour vehicle trip. This impact fee is inclusive of 2025 inflation adjustments per GHMC 19.12.070.B.2. An annual increase to the transportation impact fee will not be made for inflation on January 1, 2026. However, inflation adjustments will be made in subsequent years.

Section 4. Severability. If any section, sentence, clause or phrase of this Ordinance is held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, clause or phrase of this ordinance.

Section 3. Correction of Errors. The city clerk and codifiers of the ordinance are authorized to make necessary corrections to this ordinance including, but not limited to, the correction of scrivener/clerical errors, references, ordinance numbering, section/subsection numbers and any references thereto.

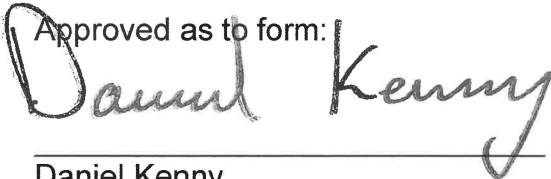
Section 5. Effective Date. This ordinance shall take effect and be in full force five (5) days after passage and publication of a summary consisting of the title; provided, however, that the revisions to the city’s Transportation Impact Fee Project List (Appendix A-1) and the city’s Transportation Impact Fee Formula (Appendix A-2) shall take effect on December 1, 2025.

ADOPTED by the City Council of the City of Gig Harbor at a regular meeting thereof, held this 29th day of September, 2025.



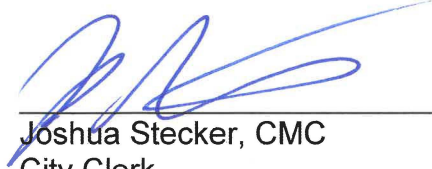
Mary K. Barber
Mayor

Approved as to form:



Daniel Kenny
City Attorney

Attest:



Joshua Stecker, CMC
City Clerk

Appendix A-1

TIF Project List

Washington State law (RCW 82.02.050) specifies that transportation impact fees are to be spent on "transportation system improvements." Transportation system improvements can include physical or operational changes to existing transportation facilities, as well as new transportation connections that are built in one location to benefit projected needs at another location. Projects on the TIF list must add new multimodal capacity, which can include "complete streets" facilities that are typically included in the roadway right-of-way and/or documented on roadway standard plans, including travel lanes, bike lanes, planting strips, sidewalks, crosswalks, midblock crossings, multipurpose paths running immediately adjacent to the roadway, cycle tracks, traffic signals, roundabouts, overhead signage, lighting, bicycle parking, transit seating, etc.

As part of the City's 2024 Transportation Element Update and 2025 TIP Update, the City identified projects needed to maintain the adopted Level of Service (LOS) standards and support planned growth. Fehr & Peers worked with the City to develop the TIF project list by removing projects that were not eligible for TIF funding. Removed projects did not add multimodal capacity, addressed only maintenance or safety, or addressed only existing deficiencies.

The resulting project list, shown in **Table 1**, includes 25 projects with a total cost of \$98.6M. These projects are also shown in **Figure 2**.

Table 1: TIF Project List

ID	Name	Extents	Description	Cost Estimate
1	38th Avenue Complete Street Improvements Phase 2	56th Street to Hunt Street	This project will complete the design and construction of a two- to three-lane section with left turn pockets, bicycle lanes, curbs and gutters as necessary, a landscaped planter strip or swale, a sidewalk on the east side of the roadway, and storm sewer improvements.	\$7,188,000
2	Wollochet Drive/SR-16 Westbound Right Turn Lane		This project will construct a right turn slip lane on the westbound SR-16 on-ramp to relieve congestion on the Pioneer/Wollochet overpass. This project is included in a system of coordinated signals between Hunt Street and Kimball Drive along Wollochet Drive.	\$1,106,000
3	Wollochet Drive/SR-16 Eastbound Right Turn Lane		This project will construct a right turn lane on the SR-16 eastbound off-ramp approaching the signal. This project is included in a system of coordinated signals between Hunt Street and Kimball Drive along Wollochet Drive.	\$1,590,000



4	Olympic Drive/Point Fosdick Right Turn Lane Extension		This project will extend the right turn lane approximately 225 feet approaching Point Fosdick, traveling eastbound on Olympic Drive.	\$510,000
5	Peacock Hill Avenue Complete Street Improvements	300 feet north of Ringold to about 150 feet north of 105th Street Court	The project will construct half-street improvements along the west side of Peacock Hill, from 300 feet north of Ringold to 150 feet north of 105th Street Cour. It will add sidewalks where none exist, bridging a critical sidewalk gap. The project will also include illumination and other pedestrian, bicycle, and roadway improvements.	\$3,230,000
6	38th Avenue Complete Street Improvements Phase 1B	Briarwood Lane to 50th Street	This project will complete the design and construction of a two- to three-lane section with turn pockets, bicycle lanes, curbs and gutters on one or both sides as necessary, landscaped planter strips or swales, sidewalks, storm sewer improvements, and provisions for future lighting.	\$2,500,000
7	38th Avenue Complete Street Improvements Phase 1C	50th Street to 56th Street	This project will complete the design and construction of a two- to three-lane section with turn pockets, bicycle lanes, curbs and gutters on one or both sides as necessary, landscaped planter strips or swales, sidewalks, storm sewer improvements, and provisions for future lighting. Improvements will likely focus on the east side of the street and connect schools as well as the future Hunt Street Overpass.	\$2,800,000
8	Harborview Drive/Pioneer Way Intersection Improvements		This project will explore improvements to this intersection to improve operations, safety, and legibility for all modes of travel.	\$140,000
9	Hunt Street/38th Avenue Intersection Improvements		This project will design and construct intersection improvements. The intersection is currently planned as a roundabout.	\$2,000,000
10	50th Street Court Complete Street Improvements	Olympic Drive to 38th Street	This project will construct a new two-lane roadway with curbs, gutters, and sidewalks on one or both sides, along with street illumination, on-street parking, and associated stormwater and/or Low Impact Development (LID) improvements.	\$2,000,000
11	Burnham Drive Complete Street Improvements Phase 1B	North Harborview Drive to Eagle's Club	This project will construct a sidewalk or shared use path along Burnham Drive.	\$2,900,000



12	Burnham Drive Complete Street Improvements Phase 2	Harbor Hill Drive Extension to SR-16 Interchange	This project will reconstruct the roadway, including minor widening, turn lanes, curbs, gutters, sidewalks, storm sewer improvements, landscaped planter strips, and lighting.	\$5,400,000
13	Grandview Street Improvements	Soundview Drive to McDonald Avenue	This project will include road improvements (including sidewalks), stormwater improvements, and lighting improvements.	\$2,600,000
14	Grandview Street Improvements	McDonald Avenue to Stinson Avenue	This project will include road improvements (including sidewalks), stormwater improvements, and lighting improvements.	\$2,100,000
15	Skansie Avenue Complete Street Improvements	Rosedale Street to Hunt Street	This project will construct curbs and gutters as necessary, a landscaped planter strip or swale, storm sewer improvements, bicycle lanes, and sidewalks on both sides of the street. It will also include provisions for a future lighting project as the budget allows.	\$800,000
16	Vernhardson Street Complete Street Improvements	Peacock Hill Avenue to City Limits	This project will include pavement restoration and/or overlay, storm sewer improvements, and the construction of curbs, gutters, sidewalks, and bicycle lanes. It is possible to phase the project into two sections: one between Peacock Hill Avenue and North Harborview Drive, and the other between North Harborview Drive and the city limits.	\$700,000
17	38th Avenue/56th Street Roundabout		This project will design and construct intersection improvements. The intersection is currently planned as a roundabout.	\$2,000,000
18	Austin Street/Harborview Drive Roundabout		This project will construct a roundabout at the intersection of Austin Street and Harborview Drive.	\$3,100,000
19	Burnham Drive Improvements Phase 1A	Eagles to 96th Street	This project will add a shared use path on Burnham Drive between the Eagles Club and 96th Street. The project includes half street improvements and a new bridge at 96th Street for fish passable culvert improvement.	\$5,395,000
20	Rosedale Street/Schoolhouse Road Intersection Improvements		This project will evaluate the feasibility of converting the existing signalized intersection to a roundabout and will construct ADA-compliant pedestrian facilities at the intersection.	\$3,800,000
21	Harborview/Soundview Intersection Improvements		This project will update the intersection of Harborview Drive and Soundview Drive and add an ADA-compliant crosswalk.	\$1,200,000



22	Rosedale Street/Skansie Avenue Intersection Improvements	This project will widen the intersection of Rosedale Street and Skansie Avenue to provide a left-turn lane on the east leg or, alternatively, design and construct a roundabout.	\$2,200,000
23	Hunt Street/Skansie Avenue Intersection Improvements	This project will construct a roundabout, signal, or other intersection improvement at the intersection of Hunt Street and Skansie Avenue.	\$1,930,000
24	Soundview Drive/Hunt Street Intersection Improvements	This project will construct new intersection control, currently conceptualized as a traffic signal, with associated non-motorized improvements to address poor sight distance and grade issues and improve operations.	\$1,500,000
25	Hunt Street Overcrossing	This project will construct an extension of Hunt Street over SR-16. It will add a critical east-west connection over SR-16, reduce congestion at nearby interchanges, and provide new pedestrian and bicycle facilities. The Hunt Street extension will tie into a new roundabout at Kimball Drive on the east side of SR-16.	\$40,000,000
Total Cost			\$98,689,000

Source: Fehr & Peers, 2025.



Appendix A-2

Transportation Impact Fee Formula

Cost Allocation Results

The TIF project list has a total cost estimate of \$98,689,400 and includes 25 projects. After applying the existing deficiency calculation and multiplying by the percentage of growth within the city for the remaining projects on the TIF list, the total eligible impact fee program cost comes to \$40,834,996. The cost allocation for each project is shown in **Table 3**.

Table 3: Eligible Impact Fee Cost Allocations

ID	Name	Description	Cost Estimate	Percent of Growth in Gig Harbor	Existing Deficiency	Eligible Impact Fee Cost
1	38th Avenue Complete Street Improvements Phase 2	This project will complete the design and construction of a two- to three-lane section with left turn pockets, bicycle lanes, curbs and gutters as necessary, a landscaped planter strip or swale, a sidewalk on the east side of the roadway, and storm sewer improvements.	\$7,188,000	66%	0%	\$3,545,424
2	Wollochet Drive/SR-16 Westbound Right Turn Lane	This project will construct a right turn slip lane on the westbound SR-16 on-ramp to relieve congestion on the Pioneer/Wollochet overpass. This project is included in a system of coordinated signals between Hunt Street and Kimball Drive along Wollochet Drive.	\$1,106,000	54%	0%	\$1,750,530
3	Wollochet Drive/SR-16 Eastbound Right Turn Lane	This project will construct a right turn lane on the SR-16 eastbound off-ramp approaching the signal. This project is included in a system of coordinated signals between Hunt Street and Kimball Drive along Wollochet Drive.	\$1,590,000	34%	0%	\$235,010
4	Olympic Drive/Point Fosdick Right Turn Lane Extension	This project will extend the right turn lane approximately 225 feet approaching Point Fosdick, traveling eastbound on Olympic Drive.	\$510,000	80%	0%	\$4,289,189



5	Peacock Hill Avenue Complete Street Improvements	The project will construct half-street improvements along the west side of Peacock Hill, from 300 feet north of Ringold to 150 feet north of 105th Street Cour. It will add sidewalks where none exist, bridging a critical sidewalk gap. The project will also include illumination and other pedestrian, bicycle, and roadway improvements.	\$3,230,000	75%	0%	\$2,175,000
6	38th Avenue Complete Street Improvements Phase 1B	This project will complete the design and construction of a two- to three-lane section with turn pockets, bicycle lanes, curbs and gutters on one or both sides as necessary, landscaped planter strips or swales, sidewalks, storm sewer improvements, and provisions for future lighting.	\$2,500,000	79%	0%	\$2,453,495
7	38th Avenue Complete Street Improvements Phase 1C	This project will complete the design and construction of a two- to three-lane section with turn pockets, bicycle lanes, curbs and gutters on one or both sides as necessary, landscaped planter strips or swales, sidewalks, storm sewer improvements, and provisions for future lighting. Improvements will likely focus on the east side of the street and connect schools as well as the future Hunt Street Overpass.	\$2,800,000	46%	0%	\$1,760,303
8	Harborview Drive/Pioneer Way Intersection Improvements	This project will explore improvements to this intersection to improve operations, safety, and legibility for all modes of travel.	\$140,000	56%	0%	\$1,237,876
9	Hunt Street/38th Avenue Intersection Improvements	This project will design and construct intersection improvements. The intersection is currently planned as a roundabout.	\$2,000,000	73%	0%	\$102,766
10	50th Street Court Complete Street Improvements	This project will construct a new two-lane roadway with curbs, gutters, and sidewalks on one or both sides, along with street illumination, on-street parking, and associated stormwater and/or Low Impact Development (LID) improvements.	\$2,000,000	74%	0%	\$883,229



11	Burnham Drive Complete Street Improvements Phase 1B	This project will construct a sidewalk or shared use path along Burnham Drive.	\$2,900,000	49%	0%	\$388,864
12	Burnham Drive Complete Street Improvements Phase 2	This project will reconstruct the roadway, including minor widening, turn lanes, curbs, gutters, sidewalks, storm sewer improvements, landscaped planter strips, and lighting.	\$5,400,000	71%	0%	\$1,500,879
13	Grandview Street Improvements	This project will include road improvements (including sidewalks), stormwater improvements, and lighting improvements.	\$2,600,000	77%	0%	\$2,010,932
14	Grandview Street Improvements	This project will include road improvements (including sidewalks), stormwater improvements, and lighting improvements.	\$2,100,000	43%	0%	\$480,898
15	Skansie Avenue Complete Street Improvements	This project will construct curbs and gutters as necessary, a landscaped planter strip or swale, storm sewer improvements, bicycle lanes, and sidewalks on both sides of the street. It will also include provisions for a future lighting project as the budget allows.	\$800,000	38%	0%	\$606,791
16	Vernhardson Street Complete Street Improvements	This project will include pavement restoration and/or overlay, storm sewer improvements, and the construction of curbs, gutters, sidewalks, and bicycle lanes. It is possible to phase the project into two sections: one between Peacock Hill Avenue and North Harborview Drive, and the other between North Harborview Drive and the city limits.	\$700,000	55%	0%	\$1,060,395
17	38th Avenue/56th Street Roundabout	This project will design and construct intersection improvements. The intersection is currently planned as a roundabout.	\$2,000,000	72%	0%	\$1,436,846
18	Austin Street/Harborview Drive Roundabout	This project will construct a roundabout at the intersection of Austin Street and Harborview Drive.	\$3,100,000	70%	29%	\$753,850
19	Burnham Drive Improvements Phase 1A	This project will add a shared use path on Burnham Drive between the Eagles Club and 96th Street. The project includes half street improvements and a new bridge at 96th Street for fish passable culvert improvement.	\$5,395,000	74%	0%	\$5,329,779



20	Rosedale Street/Schoolhouse Road Intersection Improvements	This project will evaluate the feasibility of converting the existing signalized intersection to a roundabout and will construct ADA-compliant pedestrian facilities at the intersection.	\$3,800,000	51%	0%	\$1,018,398
21	Harborview/Soundview Intersection Improvements	This project will update the intersection of Harborview Drive and Soundview Drive and add an ADA-compliant crosswalk.	\$1,200,000	51%	0%	\$1,432,008
22	Rosedale Street/Skansie Avenue Intersection Improvements	This project will widen the intersection of Rosedale Street and Skansie Avenue to provide a left-turn lane on the east leg or, alternatively, design and construct a roundabout.	\$2,200,000	48%	0%	\$950,755
23	Hunt Street/Skansie Avenue Intersection Improvements	This project will construct a roundabout, signal, or other intersection improvement at the intersection of Hunt Street and Skansie Avenue.	\$1,930,000	56%	0%	\$284,982
24	Soundview Drive/Hunt Street Intersection Improvements	This project will construct new intersection control, currently conceptualized as a traffic signal, with associated non-motorized improvements to address poor sight distance and grade issues and improve operations.	\$1,500,000	46%	0%	\$1,146,798
25	Hunt Street Overcrossing	This project will construct an extension of Hunt Street over SR-16. It will add a critical east-west connection over SR-16, reduce congestion at nearby interchanges, and provide new pedestrian and bicycle facilities. The Hunt Street extension will tie into a new roundabout at Kimball Drive on the east side of SR-16.	\$40,000,000	65%	0%	\$4,000,000*
Total Eligible Impact Fee Cost \$40,834,996						

* Eligible impact fee cost limited to 10% cost of the Hunt Street Crossing in recognition that this project would be funded by external sources.

Source: Fehr & Peers, 2025.

The City has chosen to include only 10% of the total cost for the Hunt Street Overcrossing project in the impact fee program. While a larger percentage of the project is eligible for impact fee funds, it is also eligible for many other external funding sources and grants. And, given the high capital cost, if the full amount was included in the impact fee program, the maximum allowable impact fee rate would be much higher than desired by Gig Harbor City Council. Therefore, to balance the desire to keep the maximum allowable impact fee reasonable and provide flexibility of including the Hunt Street Overcrossing on the list, only 10% of the project cost is included as an eligible impact fee cost.



The total eligible impact fee cost comes to \$40,834,996. This eligible cost is then divided by the growth in vehicle trips from 2022 to 2044 to reach the maximum allowable cost per PM peak hour vehicle trip.

$$\text{Maximum Allowable Cost per PM Peak Hour Vehicle Trip} = \frac{\text{Impact Fee Eligible Costs}}{\text{Growth in Vehicle Trips 2022 to 2044}}$$

Table 4 summarizes the impact fee eligible costs, and maximum allowable cost per person trip.

Table 4: Impact Fee Costs	
Total Impact Fee Project Cost	\$98,689,400
Total Eligible Impact Fee Cost	\$40,834,996
Growth in Vehicle Trip Ends	3,545
Maximum Allowable Cost per Vehicle Trip	\$11,519

It is important to note that the \$11,519 cost per PM peak hour vehicle trip represents the maximum TIF amount that can be charged based on legal and technical requirements. When taking all the above calculations into consideration, the TIF program could contribute up to 41 percent of the total \$98.6 million capital cost of the improvement projects. City matching funds, new grants, separate developer contributions, and other sources would provide the remaining 59 percent of the total project costs. However, the TIF rate can be set at a lower rate for many reasons:

- **Larger Share of External Funding:** If Gig Harbor is more successful at securing external funding, the TIF can be reduced.
- **Implementation of Fewer Projects:** The project list is based on the City's vision for the transportation system over the next 20 years. Depending on growth pressures, changing travel preferences, funding availability, and many other reasons, the City may choose to implement fewer system expansion projects, which would lower the TIF rate.
- **Balancing the Cost to Developers:** While Gig Harbor seeks to have "growth pay for growth," there are economic realities that must be considered when setting the TIF rate including what costs can reasonably be borne by developers. Many cities elect to adopt a lower rate than the legal maximum to ensure TIF rates are in-line with neighboring jurisdictions while continuing to have developers pay a reasonable share of expanding the transportation system.

Gig Harbor City Council has decided they will set the transportation impact fee rate at **\$8,639 per PM peak hour vehicle trip**, which is 75% of the maximum allowable impact fee rate.

It should be noted that Gig Harbor's TIF program includes a single citywide rate, rather than rates that vary by area of the city. This decision was based on Gig Harbor's relatively small geographic area – the



City's land area totals under six square miles; relatively uniform travel patterns – most uses are reliant on SR 16 and Downtown, meaning that travel patterns do not vary substantially by area of the city.

Annual Adjustments to Cost per Trip Rate

The above section demonstrates the justification for Gig Harbor in setting a cost per PM peak hour trip rate of \$8,639 per trip, as calculated in spring 2025. This cost per trip rate may be reviewed and adjusted annually in accordance with a five-year rolling average of the Construction Cost Index ("CCI"). Gig Harbor references the CCI from the [National Highway Construction Cost Index](#). This rolling average considers changes in the CCI over the past five calendar years, allowing Gig Harbor's transportation impact fee rate to more closely track fluctuations in construction costs measured around the state.

