



CITY OF BLACK DIAMOND
September 17, 2009 Workstudy Agenda
25510 Lawson St., Black Diamond, Washington

Workstudies are meetings for Council to review upcoming and pertinent business of the City. Public testimony is only accepted at the discretion of the Council.

6:00 P.M. – CALL TO ORDER, ROLL CALL

- 1.) General Discussion on Impact Fees – Ms. Miller, Mr. Nix, Mr. Boettcher, Mr. Combs
- 2.) Adjournment

communities.

(Emphasis in original.)

The [Senate Bill Report](#) indicates that this was an affordable housing issue ("Single wide mobile homes are an important source of affordable housing.") SSB 5524 became effective on June 12, 2008.

Planning & Community Development - Impact Fees

1. **Do other cities use fire impact fees for apparatus such as fire engines?**

Some jurisdictions have included fire engines and major apparatus in their capital facilities plans and define them as capital facilities in their plans or impact fee ordinances. If the city enacts an impact fee ordinance and wishes to define fire engines and other apparatus as capital facilities, then this should be specified in the ordinance establishing the fees and such apparatus should be included in the city's capital facilities plan as well. The following are links to code provisions addressing this issue:

- Issaquah Municipal Code, [§3.73.020](#) – "fire protection facilities"
- Olympia Municipal Code, [§15.04.130\(C\)](#)

The following capital facilities plans address fire apparatus:

- Auburn [Capital Facilities Plan, 2006-2011](#) (📎 929 KB) - See p. 9 and pp.52-55 of pdf document regarding fire apparatus
- Mount Vernon [Capital Improvements Plan, 2007-2012](#) (📎 2.63 MB) - See p. 8 regarding fire

2. **May the rate for impact fees authorized by the Growth Management Act (GMA) be equal to the full cost of new facilities needed to serve new growth and development?**

No. Impact fees cannot be used to cover the full cost of new facilities. The statute authorizing impact fees under GMA is [RCW 82.02.050](#), which provides as follows:

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 developments must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

So it is clear that a city or county cannot rely solely on the use of impact fees to finance public facilities for new development. There must be a balance between impact fees and other sources of public funds.

[RCW 82.02.060](#) provides that local governments are to adopt a schedule of impact fees for each type of development activity, specifying the amount of the impact fee to be imposed. The schedule is to be based on a formula or other method of calculating impact fees. In determining proportionate share, the formula for calculating impact fees must incorporate a list of factors that are set out in the statute, such as cost of the facility, availability of other public funds, and a list of other factors. The city must be able to demonstrate that the result is based on justifiable criteria.

For more information on this topic, see [MRSC's Web page on impact fees](#).

Another resource is the *AWC Tax and User Fee Survey for Land Use Fees*. This sets out some sample GMA impact fees from other cities for school facilities, parks, fire protection, and transportation.

3. **What are impact fees?**

Impact fees are charges assessed against newly-developing property that attempt to recover the cost incurred by a local government in providing the public facilities required to serve the new development.

4. **Who pays impact fees?**

The developer of a proposed development pays the impact fee, although the developer will, as a practical matter, pass the costs of these fees onto the purchases of the developed property.

The local government examines the proposed development, determines what facilities will be required to sustain the desired level of service, and charges the developer a fee to cover a portion of the cost of the needed system improvements.

5. Must a city charge impact fees?

No. Impact fees are strictly optional. The Growth Management Act requires that cities plan for future growth and provide the facilities necessary for accommodating that growth. Impact fees provide another way for cities and counties to pay for these facilities.

6. What means are available to Washington cities to insure that developers install and/or pay for public facilities necessitated by new development?

Washington municipalities impose development fees and exactions upon developers as a means of insuring the provision of public facilities necessitated by new development. The Growth Management Act authorizes those cities and counties that are planning under the Act to charge impact fees (RCW 82.02.050 - .090).

In addition, the following statutes provide authorization to impose development fees or to otherwise pay for the public facilities needed to accommodate growth:

- Subdivision Exactions-Ch. 58.17 RCW
- Water/Sewer Connection Fees-RCW 35.92.025
- Water/Sewer Latecomer Fees-RCW 35.91.020
- Street Latecomer Fees-Ch. 35.72 RCW
- Local Improvement Districts-Chs. 35.43 - 35.56 RCW and Ch. 35A.43 RCW
- State Environmental Policy Act (Mitigation Measures)-Ch. 43.21C RCW

7. What options are available to Washington cities for imposing traffic impact fees on new development?

Washington cities have a variety of options available for imposing traffic impact fees on new development. The following statutes provide the authorization to impose traffic impact fees:

State Environmental Policy Act (Mitigation Measures)-Ch. 43.21C RCW Voluntary Agreements-RCW 82.02.020
Transportation Benefit District Act-RCW 35.21.225 and Ch. 36.73 RCW Local Transportation Act-Ch. 39.92 RCW
Growth Management Act-Ch. 82.02 RCW

8. What can these different types of impact fees be used for?

Subdivision Exactions - Under Chapter 58.17 RCW, the state subdivision law, cities may apply a requirement that developers install, at their expense, the improvements necessary for a full range of urban services in new subdivisions. Such improvements usually include streets, curbs and gutters, sidewalks, water systems, fire hydrants, sewer and drainage lines, and in some instances, transit stops, parks and recreation facilities, and sites for schools. Installation of these improvements is usually required as a condition of subdivision approval. Also, a performance bond or similar obligation is required as assurance that improvements will be installed in accordance with city requirements. If a proposed plat does not make "appropriate provisions" for the public health, safety, and general welfare, including such needed improvements, the legislative body may deny the proposed plat. (See also the limitations under the Voluntary Agreement section.)

Water and Sewer Connection Fees - RCW 35.92.025 allows a city to charge a connection fee in addition to the actual cost of the connection. The legislative body of the city or town is to determine what the additional charge shall be so that property owners connecting to the system bear their equitable share of the cost of the system. Case law has made clear that this equitable share of the cost of the system is to be based on historical costs and not on future costs. This was the specific holding in the case *Boe v. Seattle*, 66 Wn.2d 152 (1965). The state supreme court concluded in that case that the city of Seattle could charge the property owner a reasonable fee for sewer connection that represents an equitable share of the cost of the sewer system. The court included a limitation that this cost should be based upon the historical costs of the system and not upon a replacement cost standard of what the system would cost to construct in present dollars. Therefore, it appears that the historical cost may not be adjusted for inflation.

Water and Sewer Latecomer Fees - RCW 35.91.020 authorizes contracts between a city and a developer for construction of water and sewer facilities, and it authorizes, for a 15-year period, reimbursement of a developer by other property owners who did not contribute to the original cost of the facilities and who subsequently tap into or use the facilities.

Street Latecomer Fees - Chapter 35.72 RCW authorizes cities and counties to contract with a developer for the construction or improvement of street projects, and it authorizes, for a 15-year period, reimbursement of the developer by other property owners who subsequently develop their property and who meet certain criteria.

Local Improvement Districts - Chapters 35.43 through 35.56 RCW and Chapter 35A.43 for code cities authorize and establish the mechanisms for cities to carry out a wide range of public improvements, including items such as streets, parking facilities, water and sewer systems, parks and recreational facilities, underground utilities, and transportation facilities, and to assess benefitted property owners the costs of such improvements.

SEPA - The Washington State Environmental Policy Act, Ch. 43.21C RCW, grants wide-ranging authority to impose mitigating conditions relating to a project's environmental impacts. Many cities have interpreted SEPA's authority to mitigate environmental impacts to include authority to impose impact fees to pay for the mitigation of adverse traffic impacts. We note, however, that a municipality pursuing this course must establish a proper foundation. Local SEPA policies authorizing the exercise of SEPA substantive authority must be adopted and fees imposed must be rationally related to impacts identified in threshold determination documents (primarily environmental checklists) or environmental impact statements. Fees collected under SEPA may not duplicate fees collected under other sources of authority.

Transportation Benefit District Act - Pursuant to RCW 35.21.225, cities are authorized to establish one or more transportation benefit districts to fund the capital improvement of city streets within the district. The improvements must be: (1) consistent with state, regional, and local transportation plans; (2) necessitated by congestion levels attributable to economic growth; and (3) partially funded by local government and/or private developer contributions. Transportation benefit districts are quasi-municipal corporations with independent taxing authority. RCW 36.73.040. Transportation benefit districts are given authority to levy a property tax (RCW 36.73.060), issue general obligation bonds (RCW 36.73.070), establish LIDs (RCW 36.73.080), and impose impact fees (RCW 36.73.120) to fund transportation improvements.

Local Transportation Act - Chapter 39.92 RCW, enacted in 1988, authorizes local governments to develop and adopt programs for the purpose of jointly funding, from public and private sources, transportation improvements necessitated in whole or in part by economic development and growth within their respective jurisdictions. Cities operating under this chapter are authorized to impose transportation impact fees on development to pay for "reasonable and necessary off-site transportation improvements to solve the cumulative impacts of planned growth and development in the plan area." RCW 39.92.030(4).

The Act specifies various requirements for transportation programs. The authorized programs must be based on an adopted transportation plan and the fee must be calculated from a specified list of capital projects. Traffic impact fees cannot exceed an amount that the city can demonstrate is reasonably necessary as a direct result of the proposed development.

Voluntary Agreements - This statute prohibits fees on development collected as part of a voluntary agreement between the developer and the permitting agency unless they are in lieu of a dedication of land or they mitigate a direct impact that has been identified as a consequence of a proposed development. The permitting agency must be able to establish that an impact fee collected pursuant to a voluntary agreement is "reasonably necessary as a direct result of the proposed development or plat." Funds collected under voluntary agreements must be held in a reserve account and expended on agreed upon capital improvements. Fees must also be expended within five years or be refunded with interest.

Growth Management Act - With the passage of the state Growth Management Act, cities have an additional source of authority for imposing impact fees. The Act authorizes cities choosing or required to plan under the Act to impose impact fees on development activity in order to finance certain public facility improvements which are addressed by a capital facilities plan element of a comprehensive land use plan. Impact fees are specifically authorized only for: "(1) public streets and roads; (2) publicly owned parks, open space, and recreation facilities; (3) school facilities; and (4) fire protection facilities in jurisdictions that are not part of a fire district." RCW 82.02.090(7).

9. May impact fees for water and sewer be imposed under the Growth Management Act?

GMA-authorized impact fees do not provide for water and sewer facilities. (See above question.)

10. Is it possible to use impact fees to fund transit improvements?

Reviewing RCW 82.02.060(3), 82.02.050(4), and 82.02.090, it is clear that public facilities

must be included in a capital facilities plan element of a comprehensive plan before they can be paid for with the Growth Management Act. The Growth Management Act states that impact fees can be used for public facilities, including public streets and roads. Streets and roads can easily be interpreted to include HOV lanes and other physical improvements to the roadway which may facilitate public transit use. It may be more of a stretch to cover programs such as van pool, ride-share, other transit facilities and similar programs. Our attorneys feel that the case could possibly be made, particularly since transportation planning is moving toward non-structural solutions. However, it remains a gray area which could be contested in court.

11. If, under RCW 82.02.060(4), a city adjusts impact fees downward in certain unusual circumstances, must it make up for the adjustment with public funds?

The city is not required to make up for, with public funds, an adjustment from the standard impact fee for which the city must allow in order to ensure fairness in the imposition of such fees. Unlike RCW 82.02.060(2), in which the city provides an exemption for low-income housing or for "other development activity with broad public purposes," the city is not required by RCW 82.02.060(4) to use public funds to cover the fees that are "lost" by an adjustment.

The same logic does not operate for adjustments as for exemptions. An adjustment to ensure fairness should be made where the impact for a project is, for some documented reason (see RCW 82.02.060(5)), less than it would be for other similar projects and, thus, application of the standard fee would be excessive. For instance, it may be possible to demonstrate that residents living near a rapid transit station will generate less vehicle traffic than the standard development. In theory, the lower impact would require fewer improvements. A city would allow an exemption for low-income housing for public policy reasons and not because the fee would be disproportionate to the impact. Thus, where an exemption is allowed, the impact would not be mitigated unless the fees are made up from some other source (other than the developer).

12. What is the effect of impact fees on affordable housing?

Although impact fees do not alter total costs, they do affect the distribution of costs, or who pays for the facilities. Each community will need to make a policy decision about whether the cost of new infrastructure is charged directly to the new users or spread, via higher taxes, across the community. Infrastructure costs in areas where there is little current development can be substantial. The developer is likely to pass these costs on to the home buyer. Most local governments levying impact fees do not levy the full cost of new infrastructure. In fact, the Growth Management Act requires that part of the cost of financing infrastructure for new developments should come from other funds.

13. What is the effect of impact fees on general business activity?

All things being equal, businesses may choose to locate in a community without impact fees in preference to one that has impact fees. However, there are many other factors in a location decision. For instance, some cities attribute their success in attracting major new employers to the quality of services and amenities which they offer, such as an open space system. Some companies choose to locate in an area with these extra amenities in spite of greater incentives, tax breaks, and lower fees offered by competing cities.

14. May a city require impact fees for development in the urban growth area?

The city does not have authority to require impact fees outside the city limits but within the urban growth area, as it does not have the necessary regulatory and governmental jurisdiction. The GMA, however, does contemplate that regulation within urban growth areas be exercised jointly by the city and county by agreement. In fact, the GMA mandates that the county and the cities within it enact county-wide planning policies which must provide for "policies for joint county and city planning within urban growth areas." RCW 36.70A.210(3)(f). Thus, any collection and use of impact fees within the urban growth area for city facilities to serve development within the urban growth area can only come about through agreement between the city and the county, unless the developer agrees to such fees as a condition of the city's provision of utilities. These impact fees must be spent for system improvements that "will reasonably benefit" this development within the urban growth area. Furthermore, public facilities addressed by a capital facilities plan element of the city's comprehensive plan should relate to development within the urban growth area, as impact fees may be collected and spent only for such public facilities. Vancouver/Clark County is an example of an area where

the city and county have adopted an interlocal agreement for a coordinated impact fee program.

15. May a city reduce impact fees below the amount needed to cover projected transportation system needs for new development?

Yes. First of all, a city may not require new development to pay for correction of existing deficiencies. A city may only charge new development for the portion of facilities that are needed as a result of new development.

A city is not required to impose impact fees and the council may choose to set impact fees below the level necessary to fully cover transportation system improvements for new development. A city may want to do so because of affordable housing concerns or a variety of other public purposes. A city must still show what other source of public funds will be used to cover the gap between the amount funded by impact fees and the total amount needed.

A city may not, in fact, finance these public facilities solely with impact fees. RCW 82.02.050(a)(2) states that ". . . the financing for system improvements to serve new development must provide for a balance between impact fees and other sources and cannot rely solely on impact fees."

If a city wishes to reduce projected costs of facilities to serve new development (making it easier to reduce impact fees) the city may want to reconsider plan assumptions and level of service standards. If projected costs are based on "Cadillac" level standards, lower standards may be an acceptable tradeoff for lower costs.

16. May transportation impact fees be used to fund pedestrian and bicycle facilities?

The Growth Management Act states that impact fees can be used for public facilities, including public streets and roads (RCW 82.02.050(4) and RCW 82.02.090(7)). MRSC has stated that it is likely that "streets and roads" could be interpreted to include wide shoulders, bicycle lanes, sidewalks and other physical improvements to the roadway that may facilitate pedestrian and bicycle circulation. It may be more of a stretch to use impact fees to fund bike paths or pedestrian ways that are not within the street right-of-way. We feel that the case could possibly be made, particularly since transportation planning is moving toward non-structural solutions. A local jurisdiction would certainly need to make a strong case that the facilities serve transportation rather than primarily recreational needs. Also, impact fees may only be imposed for "system improvements that are reasonably related to the new development" (RCW 82.02.050(4)). However, the use of transportation impact fees for pedestrian and bicycle facilities remains a gray area that could be contested in court. (Note that a GMA city or county is also authorized to adopt impact fees to fund publicly owned parks, open space and recreation facilities. Again, the improvements and impact fees charged must be reasonably related to the demand created by the new development).

17. May transportation impact fees be used to fund pedestrian and bicycle facilities?

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18. May impact fees be used to fund a community center or a library?

A community center would fall within the definition of "recreation facilities" in RCW 82.02.090 (7) and would thus be a public facility for which impact fees could be collected and spent.

Impact fees are collected only for new development that takes place following the adoption of the impact fee ordinance, and impact fees may be collected only for public facilities included in the jurisdiction's capital facilities element ([RCW 82.02.050\(4\)](#)).

As a practical matter, it may be difficult to collect a substantial amount of impact fees for the community center. This is because impact fees may only be imposed for "system improvements that are reasonably related to the new development" ([RCW 82.02.050\(3\)\(a\)](#)). Further, the impact fees "shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development" ([RCW 82.02.050\(3\)\(b\)](#)), and "shall be used for system improvements that will reasonably benefit the new development" ([RCW 82.02.050\(3\)\(c\)](#)). Since a community center is for the benefit of the entire community, one development's impact fee contribution to that facility will be but a small part of the cost of the facility.

GMA impact fees cannot be used to fund a new library, since library facilities are not authorized as a proper expenditure for impact fees under [RCW 82.02.090\(7\)](#). Impact fees are specifically authorized only for: "(1) public streets and roads; (2) publicly owned parks, open space, and recreation facilities; (3) school facilities; and (4) fire protection facilities in jurisdictions that are not part of a fire district."

For more information, see MRSC's [Impact Fees](#) Web page.

19. **Can transportation impact fees be used to fund the transportation impact fee study update for the same area?**

Transportation impact fee money cannot be used for a study update. [RCW 82.02.050\(4\)](#) states that impact fees may be "spent only for the public facilities as defined in [RCW 82.02.090](#) which are addressed by a capital facilities plan element" The definition of "public facilities" in [RCW 82.02.090\(7\)](#) is:





"Public facilities" means the following capital facilities owned or operated by government entities: (a) Public streets and roads; (b) publicly owned parks, open space, and recreation facilities; (c) school facilities; and (d) fire protection facilities in jurisdictions that are not part of a fire district.

A fee study is not a public facility.

Planning & Community Development - Land Use Studies

1. Request for information on the impacts of tribal resort and casino gambling facilities on neighboring communities.

I don't know that we can make any broad generalizations positive or negative about the impacts of casino gambling facilities since we really haven't done a comprehensive review of this subject. Fortunately, given the rate of growth of tribal casinos across the country, there are plenty of others who have taken up this question. Here is a sampling of some of the reports we have found on this subject:

- " [National Gambling Impact Study Commission Final Report](#) ," June 1999. See especially Ch. 7, " [Gambling's Impacts on People and Places](#) " ( 181 KB)
- " [Social and Economic Analysis of Tribal Government Gaming in Oklahoma](#) " ( 366 KB), The Harvard Project on American Indian Economic Development, John F. Kennedy School of Government, Harvard University
- " [The Regional Economic Impacts of Casino Gambling: Assessment of the Literature and Establishment of a Research Agenda](#) " ( 139 KB), by Adam Rose and Associates, 501 Toftrees Avenue, State College, PA 16803 Prepared for National Gambling Impact Study Commission
- " [The Socioeconomic Impacts of a Native American Casino](#) ," Amy Lake and Steven Deller, Staff Paper No. 403, December 1996, Department of Agricultural and Applied Economics, University of Wisconsin-Madison
- " [The Economic Impacts of a Proposed Casino Development: Allegan County, Michigan](#) ," Anderson Economic Group
- " [Market and Economic Impacts of a Tribal Casino in Wayland Township, Michigan](#) " ( 3.01 MB), Anderson Economic Group, Prepared for: Grand Rapids Area Chamber of Commerce

Impact Fees by Type/Unit (2008 AWC Tax and User Fee Survey)

City	2008 Population	Fire protection						Single family
		Single family	Per unit	Multi-family	Per unit	Non-residential	Per unit	
Aberdeen	16,460							
Airway Heights	5,240							\$2,775.00
Algona	2,740	N/A	N/A	N/A	N/A	N/A	N/A	\$1,000.00
Anacortes	16,640		\$1.00 per sq. ft. above the third floor		\$1.00 per sq.ft. above the third floor		\$1.00 per sq. ft. above the third floor	\$615.00
Arlington	17,050	N/A						\$484.00
Auburn	67,005							\$3,500.00
Bainbridge Island	23,180							
Battle Ground	16,710							
Beaux Arts Village	310							
Bellingham	75,750							\$4,808.35
Bingen	680							
Black Diamond	4,155							
Blaine	4,665							\$1,000.00
Bonney Lake	16,220							\$2,974.00
Bothell	32,860							
Buckley	4,560							
Bucoda	660							
Burien	31,540							
Burlington	8,460	\$150.00	Unit	\$256.00	Unit	\$227.00	1000 sq. ft./bldg	\$500.00
Camas	16,700							
Carnation	1,905							

Castle Rock	2,145							
Centralia	15,540							
Chehalis	7,215							
Chelan	3,995							
Cheney	10,180							
Chewelah	2,420							
Clarkston	7,260							
Clyde Hill	2,805							
Colfax	2,905							
College Place	8,935							
Colton	420							
Concrete	845							
Connell	3,255							
Cosmopolis	1,650							
Coulee City	600							
Coulee Dam	1,025							
Coupeville	1,915							
Covington	17,360							
Cusick	205							
Darrington	1,500							
Davenport	1,745							
Dayton	2,730							
Deer Park	3,345							
DuPont	7,390							
Duvall	5,925							\$1,832.00
East Wenatchee	11,570							
Eatonville	2,375							\$400.00
Edgewood	9,595							\$2,939.00
Edmonds	40,760							
Elma	980							
Elmer City	240							

Endicott	329							
Entiat	1,160							
Enumclaw	11,470							\$400.00
Ephrata	7,065							5%
Everett	102,300		We do not collect a fee, but developers are required to provide all infrastructure required for their project					none
Everson	2,170							\$1,200.00
Fairfield	603							
Federal Way	88,040							
Fife	7,525							
Fircrest	6,315							
Friday Harbor	2,240							
George	545							
Gig Harbor	6,910							
Gold Bar	2,210							\$866.00
Grand Coulee	935							
Grandview	9,335							
Hamilton	325							
Harrah	630							
Hatton	105							
Hoquiam	8,795							
Hunts Point	475							
Ilwaco	1,070							
Index	160							
Issaquah	26,320	\$622.25	Unit	\$853.42	Unit	\$0.22 - \$10.68	Sq. ft.	\$3,147.00

Kalama	2,475							
Kelso	11,900							
Kenmore	20,220							\$2,329.26
Kennewick	65,860							
Kent	86,980							
Kirkland	48,410							\$3,621
Kittitas	1,145							
La Center	2,510							
La Conner	885							
Lacey	38,040							
Lake Forest Park	12,810							
Lakewood	58,780							
Lamont	90							
Langley	1,080							
Latah	194							
Leavenworth	2,295							
Liberty Lake	6,980							
Longview	35,880							
Lyman	445							
Lynden	11,350	\$360.00	SFU	\$212.00	MFU	\$0.20	Sq. ft.	\$936.00
Lynnwood	35,680							
Malden	215							
Maple Valley	20,480							Varies
Marcus	167							
Marysville	37,060							\$1,201.00
McCleary	1,555							
Medical Lake	4,810	\$104.00	Residence	\$39.68	Unit	\$0.05	Sq. ft.	\$316.00
Medina	2,955							
Mercer Island	22,650							
Mesa	440							

Metaline	170							
Metaline Falls	285							
Mill Creek	17,770							
Millwood	1,665							
Milton	6,535							
Monroe	16,550							4,632.35
Montesano	3,565							
Mossyrock	485							
Mount Vernon	30,150							
Mountlake Terrace	20,930							\$2,026.00
Moxee	2,415							
Naches	756							
Napavine	1,610							
Nespelem	205							
Nooksack	1,090							
Normandy Park	6,425							
North Bonneville	877							
Oak Harbor	22,980	\$200.00 (not collected on all)	Unit	N/A	Unit	N/A		\$430.00 (Neighborhood); \$1243.00 (Community)
Oakesdale	420							
Oakville	720							
Ocean Shores	4,805							
Odessa	960							
Olympia	44,800	0.159	Sq. ft. floor area	\$0.159	Sq. ft. floor area	\$0.159	Sq. ft. floor area	\$2,896.00

Omak	4,750							
Orting	6,075							
Othello	6,495							
Pacific	6,225	\$493.00	Unit	\$493.00	Unit	\$0.50	Sq. ft	\$468.00
Palouse	1,025							
Pasco	52,290							
Pateros	620							
Pe Ell	670							
Pomeroy	1,525							
Port Angeles	19,170							
Port Orchard	8,420							
Port Townsend	8,925							
Poulsbo	7,840	N/A	N/A	N/A	N/A	N/A	N/A	\$500.00
Pullman	27,150							
Quincy	5,700					Large scale retail triggers this and ordinance was just adopted- have not used it yet.		\$250.00 - developer volunteered for park improvements per comp plan
Raymond	3,005							
Reardan	630							
Redmond	51,320	\$114.00	Dwelling	\$161.00	Dwelling	\$101.33	1000 sq. ft. of gross floor area	\$2,812
Renton	78,780	\$488.00	Dwelling unit	\$388.00	Unit	\$0.52	Building sq. ft.	\$530.76
Republic	1,000							
Richland	46,080							\$663.00
Ridgefield	4,015	N/A						\$1,933.09
Ritzville	1,740							
Roslyn	1,015							
Royal City	1,900							

SeaTac	25,720							
Seattle	592,800							
Sedro-Woolley	10,030	\$0.19	Sq. ft.	\$0.19	Sq. ft.	\$0.20	Sq. ft.	\$1,000.00
Sequim	5,610							
Shelton	8,980							
Shoreline	53,440							
Skykomish	210							
Snohomish	9,020							
Soap Lake	1,765							
South Bend	1,770							
South Cle Elum	580							
South Prairie	440							
Spokane Valley	88,920							
Sprague	490							
Springdale	275							
St. John	554							
Stanwood	5,445	\$200.00	Unit	\$150.00	Unit	\$0.25	Sq. ft.	\$640.00
Steilacoom	6,255							
Sumas	1,264							
Sumner	9,060							
Tacoma	202,700							
Tenino	1,525							
Toledo	690							
Tonasket	1,000							
Toppenish	9,140							
Tumwater	13,780	\$0.10	Sq. ft. / GFA	\$0.10	Sq. ft. / GFA	\$0.10	Sq. ft./GFA	Varies by type
Twisp	985							
Union Gap	5,745							
Uniontown	345							
Vader	625							

Vancouver	162,400							\$2084.00 avg.
Waitsburg	1,230							
Waterville	1,175							
Wenatchee	30,810							
West Richland	11,180							\$860.00
Westport	2,355							
White Salmon	2,205							
Wilbur	900							
Wilson Creek	250							
Winlock	1,360							
Winthrop	400							
Woodway	1,180							
Yacolt	1,470							\$1,800.00
Yarrow Point	970							
Yelm	5,150	\$0.32	Sq. ft.	\$0.32	Sq. ft.	\$0.32	Sq. ft.	
Zillah	2,720							

Park/Open space						
Per unit	Multi-family	Per unit	Non-residential	Per unit	Single family	Per unit
SFD	\$1,700.00	Dwelling unit				
Dwelling unit	\$1,000.00	Dwelling unit	N/A	N/A	N/A	N/A
Per single family						
Dwelling unit	\$436.00	Dwelling unit			\$5,342.00	Unit
Dwelling unit	\$3,500.00	Dwelling unit	N/A		\$4,463.00	Unit
					\$4,390.00	
	\$4,808.35		\$3,523.53	\$3,523.53	\$1,211.00	
	\$1,000.00		\$1,000.00			
Dwelling unit	\$2,974.00	Per residential unit	N/A	N/A		
Dwelling unit	\$500.00	Dwelling unit	\$400.00	1000 sq. ft./bldg.	\$5,796.00	Unit
					\$4,547.00	Dwelling unit

					\$5,110.00	Dwelling unit
	\$1,832.00				\$4,547.00	
SFD	\$400.00	MF unit			\$2,780.00	SF Unit

Assessed value	5%	Assessed value				
We do not collect a fee. Developers of residential uses are required to provide open space.						Calculated by the district and are based on number of students expected by size of dwelling (2 bedroom is less than 3 or more bedrooms), and may vary by which part of the district the project is located in and whether or not there is adequate capacity for the schools serving the development.
Dwelling unit	\$960.00	Dwelling unit				
Dwelling unit	\$589.00	Dwelling unit			\$1,673.00	Per unit
Dwelling unit	\$2,189.00	Dwelling unit	N/A	N/A	\$6,021.00	Per unit

Dwelling unit	\$1,522.98	Dwelling unit	N/A			
					\$5,110.00	Unit
Dwelling unit	\$2,368.00	Dwelling unit				
SFD	\$546.00	MFU	\$234.00	1000 sq. ft./bldg.		
						Dwelling
					\$5,052.00	Dwelling
1	\$848.00	1			\$8,434.00	1
Dwelling unit	\$175.00	Dwelling unit			\$268.00	Residence

					\$3,629.00	
Dwelling unit	\$3,911.76	Dwelling unit			\$5,581.00	Dwelling
Per net new residential unit plus adm fee \$344.00/project	\$2,026.00	per net new residential unit plus adm fee \$344.00/project	Only in Town Center: office \$773.00; retail: \$603.00 plus adm fee \$344.00/project	Office or retail - per 1,000 sq. ft. or fraction thereof		
Dwelling unit	Neighborhood \$354.00/ community \$990.00	Per permit	N/A		N/A	N/A
Dwelling unit	\$1,752.00	Dwelling unit			\$5,042.00	Unit

Dwelling unit	\$468.00	Dwelling unit	\$127.00	Employee		
Dwelling unit	\$500.00	Dwelling unit	\$88.00	Per 10 employees	N/A	N/A
Lot			Large scale retail triggers this and ordinance was just adopted- have not used it yet.			
Dwelling unit	\$2,261	Dwelling unit	\$597.33	1000 sq. ft. of gross floor area	\$2,750.00	Dwelling
Dwelling unit	354.51	Dwelling unit			\$5,110.00	Dwelling
Dwelling unit	\$445.00	Dwelling unit				
Dwelling unit	\$1,533.14	Dwelling unit	N/A		\$3,819.72	Dwelling

Dwelling unit	\$1,000	Dwelling unit			\$2,010.00	Unit
Dwelling unit	\$453.90	Dwelling unit		Unit		
					\$5,717.00	House
Dwelling unit	Varies by type	Dwelling unit	N/A	N/A	\$3,903.00	Unit

[illegible]

Schools				Transportation				
Multi-family	Per unit	Non-residential	Per unit	Single family	Per unit	Multi-family	Per unit	Non-residential
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
				\$900.00	Single family	\$900.00	Unit	Fees based on use of building per Appendix C of the transportation ordinance
\$3,866.00	Unit			\$3,355.00	P.M. peak trip	Same		Same
\$1,314.70	Unit	N/A		\$3,137.90	Unit	\$455.02	Unit	Varies by type
\$1,170.00	Unit	N/A						
\$1,211.00		\$721.00		\$1,894.00		\$1,894.00		\$1,875.00
				\$770.10	Per peak trip \$755.00		Percentage/unit x trip	\$755.00
				\$4,035.00	Per new home	\$2,477.00	Unit	Depends on type of use
\$5,532.00	Unit	N/A	N/A	\$3,834.00	P.M. peak hour trip & ITE factor	\$3,834.00	P.M. peak hour trip & ITE factor	\$3,834.00
\$1,540.00	Dwelling unit			\$2,570.00	Dwelling unit	\$1,542.00	Dwelling unit	\$257.00

\$3,146.00	Dwelling Unit	N/A	N/A		Dwelling unit			
				\$350.00	Parking space	\$350.00	Parking space	\$250.00
\$1,539.00				\$4,820.73	P.M. peak trip	Multi-family mutiplier varies		\$4,773.00
\$1,465.00	MF unit							
				\$4,661.00				

				\$1,200.00				
					Per trip in the p.m. peak hour			
\$1,221.00	Unit			\$624.70	\$65.08/trip	\$423.02	\$65.08/trip	
\$948.00	Unit	N/A	N/A	\$2,443.83	Unit	\$1,500.18	Unit	\$0.52-\$51.99

				\$2,602.42	Unit	\$1,685.48	Unit	Per peak hour trip per use
\$3,146.00	Unit							
				\$3,432.00	Unit	\$2,012.00	Unit	\$3,398.00
				\$1,986.00	SFU	\$1,219.00	MFU	\$1,967.00
\$1,325.00	Dwelling			\$6,272.00	1.01	Various		\$6,272.00
\$6,880.00	2			\$6,300.00	1	\$3,906.50	1	\$2,000.00
\$68.00	Unit							

\$1,172.00	Unit			\$2,389.00		\$2,389.00	Unit	
\$3,637.00	Unit			\$2,043.00	Dwelling unit	\$1,161.00	Unit	
				\$1,071.00	Per new peak hour trip plus adm. fee \$344.00/project	\$1,071.00	Per new peak hour trip plus adm fee \$344.00/project	\$1,071.00 plus \$210.00 additional per new peak hour trip plus adm. fee \$344.00/project
N/A	N/A	N/A	N/A	\$907.00	Unit	\$907.00	Unit	\$589.00
\$1,833.00	Unit			\$2,228.00	Unit	\$183.00	Unit	Varies by use

N/A	N/A	N/A	N/A	\$400.00	Trip	\$400.00	Trip	\$400.00
								Large scale retail triggers this and ordinance was just adopted- have not used it yet.
\$280.00	Dwelling			\$6,900.00	Dwelling	\$4,236.00	Dwelling	\$20.59 (avg)
\$3,146.00	Unit			\$75.00	Per each new average daily trip	\$75.00	Per each new average daily trip	\$75.00
				\$916.00	Dwelling unit	\$614.00	Dwelling unit	\$916.00
\$1,077.12	Dwelling	N/A		\$1,943.00	Dwelling	\$203.00	Per A.D.T.	\$203.00

[illegible]

\$1,421.00	MF unit			\$1506.69 avg.	Trip	\$1506.69 avg.	Trip	\$1506.69 avg.
				\$2,050.00				
				\$1,288.76	Unit	\$765.60	Unit	\$1,276.00

Per unit
N/A
Per peak trip
Per p.m. peak hour trip
P.M. peak hour trip & ITE factor
ADT

Parking space
Per peak p.m. trip

[illegible]

Trip end
Peak hour trip
P.M. peak hour trip
PMPHT

Per peak p.m. hour trip charge
New peak hour trip
Per peak hour trip
Varies by use

Trip
Sq. ft. gross floor area
Per each new average daily trip
P.M. peak hr trip
Per A.D.T.

Calculated trips
Per A.D.T.
Varies by type

Trip
P.M. peak trip

COMPARISON OF ISSAQUAH IMPACT & MITIGATION FEES WITH NATIONAL AVERAGE
(National Average from Duncan Associates 2007 Survey of 283 Jurisdictions)

IMPACT FEE ¹	USE									
	Single Family (Unit)		Multifamily (Unit)		Retail (1,000 sf)		Office (1,000 sf)		Industrial (1,000 sf)	
	Issaquah	Nat. Avg.	Issaquah	Nat. Avg.	Issaquah	Nat. Avg.	Issaquah	Nat. Avg.	Issaquah	Nat. Avg.
Traffic²	\$ 2,444	\$ 2,867	\$ 1,500	\$ 1,922	\$ 5,250	\$ 5,150	\$ 3,240	\$ 3,192	\$ 2,130	\$ 1,936
Parks³	\$ 3,147	\$ 2,497	\$ 2,189	\$ 1,917	--	--	--	--	--	--
Fire⁴	\$ 622	\$ 418	\$ 854	\$ 316	\$ 640	\$ 368	\$ 200	\$ 314	\$ 200	\$ 214
Police⁵	\$ 62	\$ 355	\$ 49	\$ 270	\$ 151	\$ 515	\$ 71	\$ 315	\$ 26	\$ 209
General Gov't	\$ 86	\$ 1,118	\$ 47	\$ 867	\$ 30	\$ 568	\$ 30	\$ 534	\$ 30	\$ 546
Schools⁶	\$ 6,021	\$ 4,463	\$ 948	\$ 2,430	--	--	--	--	--	--
TOTAL	\$ 12,382 ⁷	\$ 7,152 ⁸	\$ 5,587	\$ 4,721	\$ 6,071	\$ 5,917	\$ 3,541	\$ 4,005	\$ 2,386	\$ 2,697
		\$ 11,718 ⁹		\$ 7,722		\$ 6,601		\$ 4,355		\$ 2,905

¹ RCW 82.02.050 through 82.02.100 authorizes local governments planning under GMA to collect impact fees for fire protection, roads, parks and schools. Police and General Government mitigation fees are authorized under RCW 43.21C – The State Environmental Policy Act.

² Issaquah's Traffic Impact Fees were first adopted in 1997 (Ordinance 2145) and updated in 2006 (Ordinance 2473).

³ Issaquah's Parks Impact Fees were first adopted in 1999 (Ordinance 2257) and are currently being updated.

⁴ Issaquah Fire Impact Fees were first adopted in 1999 (Ordinance 2229) and were updated in 2006 (Ordinance 2461).

⁵ Issaquah Police and General Government Buildings Mitigation Fees were first adopted in 1999 (Ordinance 2230). The City Council is currently considering whether or not to update these mitigation fees.

⁶ The City of Issaquah and the Issaquah School District executed an Interlocal Agreement for the establishment of school impact fees in 1995 (Ordinance 2074). The school impact fees have been updated annually since.

⁷ Sum of all Issaquah impact and mitigation fees for the specified use.

⁸ Non-utility totals from Table 1, page 5 of the Duncan Associates Study – excluding Library impact fees. According to the footnote from Table 1, these "totals do not represent sum of average fees, since not all jurisdictions charge all types of fees."

⁹ Is the sum of the impact fee totals shown in Table 1. "This 'sum of the average fees' does not represent the average fee for communities that charge impact fees". Duncan Associates Survey; 2007, Page 2.



Greater Issaquah Chamber of Commerce

March 18, 2008

City Council Land Use Committee
City Hall South
135 E. Sunset Way
Issaquah, WA 98027

RE: Mitigation Fees for Police & Government Buildings

Dear Council Land Use Committee Members:

This letter is sent to you on behalf of the Issaquah Chamber Board of Directors and is intended to provide you with the Chamber's feedback on the proposed increases to the police and government mitigation fees. As an advocate for Issaquah businesses, the Chamber strongly supports positive growth in the City and recognizes the need to ~~important role mitigation fees play in~~ funding necessary capital improvements. For example, the need to pay for police service is certainly a sound business practice that the Chamber can support.

The committee's meeting with Trish Heinonen was very informative and we greatly appreciated her professional demeanor and firm understanding of mitigation fees. After spending an hour talking with her, the committee has come up with some questions and suggestions. On behalf of the Issaquah Chamber Board of Directors, we respectfully request you consider the following:

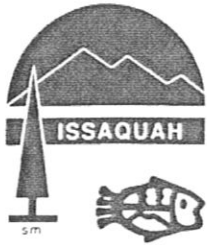
1.) Ten years ago the City did a similar study and fully implemented the maximum fees as suggested by the consultant. The proposed fees increase as proposed by the consultant range from roughly 500% to 2700%. We would suggest a side by side comparison of the two studies and a few simple questions be asked: "What different facts, approaches, and/or conclusions did this consultant come to that were not used ten years ago?"

Answer: Police: Most of the study has not changed since the 1999 Study, including 1) the type and source of data used for police Calls for Service based on land uses; 2) the use of patrol cars and police office space for calculating the capital needs of police service; 3) the cost of the Police offices/jail is only \$1 per square foot higher in the new study.

The big change from 1999 to the current proposal is the cost of patrol cars and their useful life, and the addition of criminal investigations cars and investigations activities at land uses:

Patrol Car & Equipment (radios/radar unit etc)	Cost	Useful Life
1999 Patrol Car	\$21,000	5 years
2003 Patrol Car	\$48,872	3 years
2003 Criminal Investigation Car ₁	\$28,415	3 years

¹ The City did not have Criminal Investigation Cars in 1999



Greater Issaquah Chamber of Commerce

Answer: General Government Buildings Study: There are changes in the way the 1999 study and current study were analyzed.

The 1999 study used the government facilities in the City's Capital Facilities Plan as the cost basis for new capacity. These buildings were the new Public Works and Parks Shops (new capacity of 115,000 sq ft with cost of 9 M) and the New Administration offices (net increase of 10,069 sq ft with cost of 1.1 M). The study then subtracted the dollars generated by the Revenue bonds (for the Public Works and Parks Shops) and LCM bonds (Public Works/Parks Shops and Admin Offices) from their cost. The remaining 'unfunded capacity cost' for new development to pay was 1 M (\$ 8.70 per square foot for 115,000 sq ft of needed capacity).

The 2007 study uses the "water system" approach where the system is build by existing taxpayers and new residents/businesses pay a 'latecomer' fee to use the system and reimburse the taxpayers for their original investment. The study uses the cost of all the government facilities because the current inventory of general government buildings (123,454 square feet) is expected to serve development through the year 2011. The proposed mitigation (repayment) fee equals the amount per square foot that was initially invested in the existing government buildings (\$223.15 per sq ft).

2.) What is the anticipated impact to new business with the new fees?

Answer: Issaquah's impact fees, including the proposed mitigation fees, are generally consistent with those charged by other eastside communities so we are not at a competitive disadvantage (See and Matrix Comparison wit National Average). In addition, the services provided using these fees provides a quality of life that continues to draw residents and businesses to our community.

3.) How will this fee impact the vision of economic development for Issaquah? What input has the Economic Development Manager provided about the effect of implementing the maximum increase? What level of increase will keep Issaquah competitive at a regional level in attracting new businesses?

Answer: The City's Comprehensive Plan policy states that new businesses should pay their fair share of needed services and that the provision of services should keep pace with the new growth (Policy CF-1.3.4). If our impact and mitigation fees are consistent with those charged by other communities, and continue to support a high level of service, then Issaquah will continue to be an attractive place for new residents, new businesses and new economic development opportunities.

4.) As mitigation fees assume more of the burden currently carried by the general fund, what happens to the "freed up" revenue? Will there be a reduction in other taxes shouldered by the business community? Will the proposed impact fees enhance Issaquah or detract from the desirable community to work and live?

Answer: Since our mitigation fees have not been updated in nearly 10 years, the General Fund has had to 'bridge the gap' as costs increased while the mitigation fees remained constant. By law the impact and mitigation fees must be based on, and can only be used to, mitigate the impacts of new development. They are not a new source of general fund revenue nor do they replace other revenue sources used to fund general government services.

Adopting the new mitigation fees will not "free up" general fund revenue, it will stop the subsidy by the general fund of the impacts that are not paid by the old mitigation fees. Mitigation fees help assure that new development pays its fair share of capital capacity so existing service levels are maintained or at least don't decline dramatically. ***The alternatives are to have existing businesses and residents subsidize new development OR lower the level of service as growth occurs.***



Greater
Issaquah Chamber of Commerce

5.) If an increase is implemented a step-rated increase spread over 2009, 2010 and 2011 versus one large increase. The City has been able to maintain a successful level of service previously without these fees.

Answer: Phasing in the new fees is one of several options the Council may choose. The study documents the cost of service and the legal amount the City is permitted by law to charge new development to assure existing service levels do not decline.

Currently, the General Fund "subsidizes" new development to the extent that the 1999 mitigation fees do not fully pay for the capital costs for police and general government services needed to serve new development. Implementing these fees now, as recommended by the Administration would end this subsidy.

6.) Implement and monitor a 3 to 5 year program designed to maintain a fee structure that would be commensurate with the desired level of risk.

Answer: The proposed code amendment will include an annual inflation adjustment for the fee (similar to what was adopted in the updated Transportation Impact Fees).

7.) Will the impact fees be monitored similar to the school districts that report to the state of Washington?

Answer: Yes.

Thank you for your time and please don't hesitate to contact me directly going forward at 425-891-8377 or via email at larry.ishmael@suasor.com.

Sincerely,

Larry Ishmael, Chair
The Greater Issaquah Chamber of Commerce Board of Directors

2008 Issaquah Chamber of Commerce Board of Directors

Donna Shirey, Past Chair
Shirey Contracting Inc.

Bob Ittes, Chair-Elect
Issaquah Community Bank

Chris Hysom, Vice-Chair
Port Blakely Communities, Inc.

Brandon Bretl, Treasurer
Huntington Learning Center

Andy Swayne, Secretary
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Tony Banic
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Richard Gabel
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David Irons, Gov't Affairs Comm. Co-Chair
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Kevin Minsky
Microsoft

Mike Ondracek
Swedish Physician's Division

Tom Padilla
Costco Wholesale

Jim Sloane
Telesys Northwest



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Barb Justice
Individual

Kristi Tripple
Rowley Properties, Inc.

Keith Watts
Watts Properties, LLC

cc: Issaquah Mayor, Ava Frisinger
Issaquah City Council
Leon Kos, Issaquah City Administrator
Tom Sessions, Government Affairs Committee Co-Chair

Suggested Resource: Seattle Times 2/13/08 article, "Rules add \$200,000 to Seattle House Prices."

RATE STUDY
FOR
IMPACT FEES
FOR
PARKS AND RECREATIONAL FACILITIES

CITY OF KIRKLAND, WASHINGTON

March 27, 2007

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EXECUTIVE SUMMARY

The purpose of this study is to establish the rates for impact fees for park land and recreation facilities in the City of Kirkland, Washington.

Rates

The rates for park land and recreation facilities residential impact fees are:

Type Dwelling Unit	Impact Fee
Single Family ¹	\$ 3,621
Multi-Family ²	\$ 2,368

Types of Parks and Recreational Facilities

The City of Kirkland has adopted standards for five types of parks and recreational facilities:

1. Community Parks
2. Nature Parks
3. Indoor Non-Athletic Recreation Space
4. Neighborhood Parks
5. Indoor Athletic Recreation Space

The first three are eligible for impact fees, as explained in the study. The impact fee rates are based on improvements for community parks, nature parks, and indoor non-athletic recreation space. The specific projects that are the basis of the impact fee calculation are listed in the study.

Impact Fees vs. Other Developer Contributions

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy or use the new development. Throughout this study, the term "developer" is used as a shorthand expression to describe anyone who is obligated to pay impact fees, including builders, owners or developers.

The impact fees that are described in this study do not include any other forms of developer contributions or exactions, such as mitigation or voluntary

¹ Single family includes detached dwelling units.

² Multi-family includes attached, stacked and assisted living units.

payments authorized by SEPA (the State Environmental Policy Act, RCW 43.21C), system development charges for water and sewer authorized for utilities (RCW 35.92 for municipalities, 56.16 for sewer districts, and 57.08 for water districts), local improvement districts or other special assessment districts, linkage fees, or land donations or fees in lieu of land.

Adjustments for Other Sources of Revenue for Parks and Recreation Facilities

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of park land and recreation facilities. These other revenues are accounted for by adjusting (i.e., reducing) the amount of the impact fee rates to adjust for the portion of park land and recreation facility costs that are paid by the other revenues.

Credits for Other Contributions by Developer

A developer who contributes land, improvements or other assets may receive a "credit" which reduces the amount of impact fee that is due. This credit is in addition to the adjustment for other revenues described in the preceding paragraph.

Who Pays Impact Fees

Impact fees are paid by new development. Impact fee rates for new development, including a change in land use, are based on the type of land use. Due to the statutory requirement regarding the relationship between impact fees and the development that pays--and benefits from--the fees, only new residential development (i.e., houses, , condominiums, apartments, mobile home parks, and other residential construction) is charged impact fees for parks and recreational facilities. Non-residential new development is not charged park and recreational facilities impact fees, as explained in Chapter 1.

Service Areas for Impact Fees

Impact fees in some jurisdictions are collected and expended within service areas that are smaller than the jurisdiction that is collecting the fees. Impact fees are not required to use service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Park land and recreation facilities impact fees are collected and expended throughout the boundaries of the City of Kirkland because of the size of the City and the accessibility of its park system to all residences.

Timing of Payment of Impact Fees

Impact fees are usually collected at the time the local government issues a permit or order allowing land to be developed (i.e., subdivision plat or building permit). In the City of Kirkland impact fees are collected prior to issuance of the building permit for each unit in a development, or prior to occupancy for a

change in land use when no building permit is required.

Uses of Impact Fee Revenue

Impact fee revenue can be used for the capital cost of public facilities. Impact fees cannot be used for operating or maintenance expenses. The cost of public facilities that can be paid for by impact fees include park planning, architectural and/or engineering design studies, land surveys, land acquisition, engineering, permitting, financing, administrative expenses, construction, site improvements, necessary off-site improvements, applicable impact fees or mitigation costs, and capital equipment pertaining to recreation facilities.

The public facilities that can be paid for by impact fees are "system improvements" (which are typically outside the development), and designed to provide service to service areas within the community at large" as provided in RCW 82.02.050(9)), as opposed to "project improvements" (which are typically provided by the developer on-site within the development or adjacent to the development"), and designed to provide service for a development project, and that are necessary for the use and convenience of the occupants or users of the project" as provided in RCW 82.02.050(6).

Expenditure Requirements for Impact Fees

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the City for the unused capacity of existing facilities. Impact fee payments that are not expended within 6 years must be refunded. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the City, and annual reports must describe revenue and expenditures.

Developer Options

A developer who is liable for impact fees has several options. The developer can pay the fee adopted by the City, or submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The developer can appeal the impact fee calculation by the City of Kirkland. If the City fails to expend or encumber the impact fee payments within 6 years of receipt of such payments, the developer can obtain a refund of the impact fees. The developer can also obtain a refund if the development does not proceed and no impacts are created.

ORGANIZATION OF THE STUDY

This impact fee rate study contains four chapters, and an appendix:

- Chapter 1 summarizes the statutory basis for developing impact fees, discusses issues which must be addressed, and presents the

methodology and formulas for determining the amount of the impact fee.

- Chapter 2 documents the capital project capacity costs and calculates the eligible cost per unit (acre, square foot, linear foot, mile, individual recreational facility, etc.) for park land and recreational facilities.
- Chapter 3 documents the standards for levels of service, and calculates the eligible costs on a per capita basis.
- Chapter 4 documents the number of persons per dwelling unit and calculates the eligible cost and impact fee per dwelling unit of park land and recreational facilities.
- Appendix A documents the need for additional park land and recreational facilities, including identification of existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development, as specified in RCW 82.02.050(4).

1. STATUTORY BASIS AND METHODOLOGY

Local governments charge impact fees for several reasons: 1) to obtain revenue to pay for some of the cost of new public facilities; 2) to implement a public policy that new development should pay a portion of the cost of facilities that it requires, and that existing development should not pay all of the cost of such facilities; and 3) to assure that adequate public facilities will be constructed to serve new development.

This study of impact fees for park land and recreation facilities for Kirkland, Washington describes the methodology that is used to develop the fees, presents the formulas, variables and data that are the basis for the fees, and documents the calculation of the fees. The methodology is designed to comply with the requirements of Washington State Law.

This study uses data and levels of service standards from the City's adopted Capital Facilities Element of the Comprehensive Plan; City of Kirkland Park, Open Space, and Recreation Plan; and City of Kirkland Capital Improvement Program.

STATUTORY BASIS FOR IMPACT FEES

The Growth Management Act of 1990 (Chapter 17, Washington Laws, 1990, 1st Ex. Sess.) authorizes local governments in Washington to charge impact fees. RCW 82.02.050 - 82.02.090 contain the provisions of the Growth Management Act that authorize and describe the requirements for impact fees.

The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development); and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments.

The following synopsis of the most significant requirements of the law includes citations to the Revised Code of Washington as an aid to readers who wish to review the exact language of the statutes.

Types of Public Facilities

Four types of public facilities can be the subject of impact fees: 1) public streets and roads; 2) publicly owned parks, open space and recreation facilities; 3)

school facilities; and 4) fire protection facilities (in jurisdictions that are not part of a fire district). *RCW 82.02.050(2) and (4), and RCW 82.02.090(7)*

Types of Improvements

Impact fees can be spent on "system improvements" (which are typically outside the development), as opposed to "project improvements" (which are typically provided by the developer on-site within the development). *RCW 82.02.050(3)(a) and RCW 82.02.090(6) and (9)*

Benefit to Development

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. *RCW 82.02.050(3)(a) and (c)*. Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government), and local governments must develop impact fee rate categories for various land uses. *RCW 82.02.060(6)*

Proportionate Share

Impact fees cannot exceed the development's proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. *RCW 82.02.050(3)(b) and RCW 82.02.060(1)*

Reductions of Impact Fee Amounts

Impact fees rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or proratable to particular system improvements). *RCW 82.02.050(1)(c) and (2) and RCW 82.02.060(1)(b)* Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)*

Exemptions from Impact Fees

Local governments have the discretion to provide exemptions from impact fees for low-income housing and other "broad public purpose" development, but all such exemptions must be paid from public funds (other than impact fee accounts). *RCW 82.02.060(2)*

Developer Options

Developers who are liable for impact fees can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the

impacts calculated in this rate study. *RCW 82.02.060(5)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.060(4) and RCW 82.02.070(4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend the impact fee payments within 6 years, or terminates the impact fee requirement, or the developer does not proceed with the development (and creates no impacts). *RCW 82.02.080*

Capital Facilities Plans

Impact fees must be expended on public facilities in a capital facilities plan (CFP) element (or used to reimburse the government for the unused capacity of existing facilities). The CFP must conform to the Growth Management Act of 1990, and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050(4), RCW 82.02.060(7), and RCW 82.02.070(2)* The City of Kirkland adopted its initial CFP in 1995. In each subsequent year the City has updated its CFP.

New Versus Existing Facilities

Impact fees can be charged for new public facilities (*RCW 82.02.060(1)(a)*) and for the unused capacity of existing public facilities (*RCW 82.02.060(7)*) subject to the proportionate share limitation described above.

Accounting Requirements

The local government must separate the impact fees from other monies, expend the money on CFP projects within 6 years, and prepare annual reports of collections and expenditures. *RCW 82.02.070(1)-(3)*

ISSUES RELATING TO IMPACT FEES

Prior to calculating impact fee rates, several issues must be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for new revenue for additional park land and recreation facilities, the benefit of new park land and recreation facilities to new development, and low-cost housing.

Responsibility for Public Facilities

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. The City of Kirkland is legally and financially responsible for the park land and recreation facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private facilities, but it may charge impact fees for some public facilities that it does not administer if such facilities

are "owned or operated by government entities" (*RCW 82.02.090 (7)*). Thus, a city or county may charge impact fees for park land and recreation facilities, and enter into an agreement with school districts for the transfer, expenditure, and reporting of parks impact fees for park land and recreational facilities at school sites.

Need for Additional Park Land and Recreation Facilities

The need for additional park land and recreation facilities is determined by using standards for levels of service for park land and recreation facilities to calculate the quantity of facilities that are required. The required quantity is then compared to the existing inventory to determine needed new facilities. The analysis of needed park land and recreation facilities must comply with the statutory requirements of identifying existing deficiency, reserve capacity and new capacity requirements for facilities. An analysis of the need for additional park land and recreation facilities is presented in Appendix A.

Need for New Revenue for Additional Park Land and Recreation Facilities

The need for new revenue for park land and recreation facilities is demonstrated by comparing the cost of new facilities for the next 6 years to the existing sources of revenue for the same 6 years. The City's 6-year CFP for park land and recreation facilities does not have enough revenues from other sources to pay needed costs without impact fees.

Determining the Benefit to Development

The law imposes three tests of the benefit provided to development by impact fees: 1) proportionate share, 2) reasonably related to need, and 3) reasonably related to expenditure (*RCW 80.20.050(3)*).

1. Proportionate Share.

First, the "proportionate share" requirement means that impact fees can be charged only for the portion of the cost of public facilities that is "reasonably related" to new development. In other words, impact fees cannot be charged to pay for the cost of reducing or eliminating deficiencies in existing facilities.

Second, there are several important implications of the proportionate share requirement that are not specifically addressed in the law, but which follow directly from the law:

- Costs of facilities that will be used by new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: (1) by allocating the total cost between new and existing users, or (2) calculating the cost per unit (i.e., acre of park land, square foot of

indoor recreation space, mile of trail, individual recreational facility, etc.), and applying the cost only to new development when calculating impact fees.

- Impact fees that recover the costs of existing unused capacity should be based on the government's actual cost, rather than the replacement cost of the facility. Carrying costs may be added to reflect the government's actual or imputed interest expense.

The third aspect of the proportionate share requirement is its relationship to the requirement to provide adjustments and credits to impact fees, where appropriate. These requirements ensure that the amount of the impact fee does not exceed the proportionate share.

- The "adjustments" requirement reduces the impact fee to account for past and future payments of other revenues (if such payments are earmarked for, or proratable to, the system improvements that are needed to serve new growth).
- The "credit" requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated land and the quality and design of a donated public facility can be required to conform to local standards for such facilities.

Without such adjustments and credits, the fee-paying development might pay more than its proportionate share.

2. Reasonably Related to Need.

There are many ways to fulfill the requirement that impact fees be "reasonably related" to the development's need for public facilities, including personal use and use by others in the family or business enterprise (direct benefit), use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). These measures of relatedness are implemented by the following techniques:

- Impact fees for park land and recreation facilities are charged to properties which need (i.e., benefit from) new park land and recreation facilities. The City of Kirkland provides Park land and recreation facilities to all kinds of property throughout the City regardless of the type of use of the property. Impact fees for park land and recreation facilities, however, are only charged to residential development in the City, which includes residential construction,

because the dominant stream of benefits redounds to the occupants and owners of dwelling units. Due to the lack of systematic data quantifying the benefit of parks to commercial property, the City of Kirkland elects as a matter of policy not to charge park impact fees to non-residential properties. Additional research and analysis would need to be undertaken to document this relationship.

- The relative needs of different types of growth are considered in establishing fee amounts (i.e., single family dwelling units versus multi family dwelling units, etc.).
- Feepayers can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee schedule calculation for their property classification. Such reduced needs must be permanent and enforceable (i.e., via land use restrictions).

Kirkland's system of parks and recreational facilities serve the entire City, therefore the impact fees for these parks and recreational facilities are based on a single district which encompasses the City.

3. Reasonably Related to Expenditures.

Two provisions of the law tend to reinforce the requirement that expenditures be "reasonably related" to the development that paid the impact fee. First, the requirement that fee revenue must be earmarked for specific uses related to public facilities ensures that expenditures are on identifiable projects, the benefit of which can be demonstrated. Second, impact fee revenue must be expended within 6 years, thus requiring timeliness to the benefit to the feepayer.

Low Income Housing

A fundamental premise of impact fees is that growth should pay for its fair share of the public facilities that it needs. One possible drawback to impact fees paid by residential development is the potential negative effect of the impact fees on the affordability of housing.

The effect of an impact fee on the affordability of housing varies according to the cost of the house. The more expensive the house, the smaller the effect because the impact fee (which is the same for all dwelling units, regardless of cost) adds a smaller percentage to the cost of the house. Thus, the least effect is on the highest price housing and the largest effect is on low income housing. Any given impact fee will be a larger percentage of the cost of a low priced home, and the inelasticity of income of buyers of low income housing may cause some to be priced out of the market if relief is not provided.

The City's ordinance provides an exemption from park impact fees for low

income housing. As required by state law, the City pays the impact fees on behalf of the exempt low income housing using public revenues (excluding impact fees).

Methodology and Relationship to Capital Facilities Plan

Impact fees for park land and recreation facilities begin with the list of projects in the City's Capital Improvement Program (CIP), or the City's financial records for parks and recreational facilities previously acquired by the City and which have capacity to serve new development. The projects are analyzed to identify capacity costs attributable to new development. The costs are adjusted to reflect other sources of revenue paid by the new development (and any payments that reduce the cost of the facility that is to be paid by impact fees). The costs are calculated per unit of capacity of park land and recreation facility. The costs per unit of capacity are applied to the standard for units of capacity per person (using the same standard for levels of service as is used to develop the projects in the CFP). The amount of the fee is determined by charging each fee-paying development for the number of units of demand that it generates.

Calculation of Impact Fee Amounts

Five formulas are used to determine the amount of impact fees for park and recreational facilities that are required as a result of new development:

- | | | | | | |
|----|--------------------------------|---|---------------------------------|---|------------------------------------|
| 1. | Park
Project
Costs | - | Non-
Capacity
Costs | = | Park
Capacity
Costs |
| 2. | Park
Capacity
Costs | - | Non-Impact Fee
Revenues | = | Eligible
Capacity
Costs |
| 3. | Eligible
Capacity
Costs | ÷ | Units
of Park
Capacity | = | Eligible
Cost
per Unit |
| 4. | Eligible
Cost
per Unit | x | Standard
per
Capita | = | Eligible
Cost
per Capita |
| 5. | Eligible
Cost
per Capita | x | Persons
per Dwelling
Unit | = | Impact Fee
per
Dwelling Unit |

2. CAPITAL PROJECT CAPACITY COSTS

This chapter includes a description of the first three formulas and each variable that is used in the formulas, an explanation of the use of data in the formulas, and the calculation of the park land and recreational facilities capital cost, using formulas 1 – 3 (described above). The three formulas are applied separately to each type of park and recreational facility for which additional capacity is required to serve new development.

The City of Kirkland has adopted standards for five types of parks and recreational facilities:

1. Community Parks
2. Nature Parks
3. Indoor Non-Athletic Recreation Space
4. Neighborhood Parks
5. Indoor Athletic Recreation Space

The first 3 are included in the impact fee calculation because the needs analyses in Tables A-2 through A-4 of Appendix A meet the requirements of RCW 82.02. Specifically, each of the three types has sufficient capacity to maintain the level of service for the existing population and enough additional “reserve” capacity to serve new development. As authorized by RCW 82.02.060 (7), the City may impose an impact fee for system improvement costs previously incurred by the City to the extent that new growth and development will be served by the previous improvements.

The other two types, neighborhood parks and indoor athletic recreation space are omitted from the impact fee calculations because the inventory in each category, together with any capacity projects in the Capital Facilities Plan, are not sufficient to maintain the adopted level of service standard. In other words, the City has an existing deficiency of neighborhood parks and indoor athletic recreation space, and impact fees cannot be used to eliminate existing deficiencies. Furthermore, the City’s CFP does not have enough projects to eliminate the existing deficiency and serve new development, therefore there is no basis for an impact fee for these two types of parks and recreational facilities.

This chapter is divided into three sections: 1. community parks, 2. nature parks, and 3. indoor non-athletic recreation space. Each section uses formulas 1-3 to calculate the eligible capital cost per unit (acre of community and nature park, square foot of indoor non-athletic recreation space) for capital projects which provide capacity to serve new development. (Eligible means total cost less any non-impact fee revenue used to pay for park land and recreational facilities).

1. COMMUNITY PARKS

FORMULA 1: CAPACITY COSTS PER TYPE OF FACILITY

The capacity costs are calculated by subtracting the non-capacity project costs from the total cost of eligible community park project costs.

$$1. \quad \begin{array}{c} \text{Park} \\ \text{Project} \\ \text{Costs} \end{array} - \begin{array}{c} \text{Non-} \\ \text{Capacity} \\ \text{Costs} \end{array} = \begin{array}{c} \text{Park} \\ \text{Capacity} \\ \text{Costs} \end{array}$$

There is one variable that requires explanation: (A) the costs of parks and recreational facilities.

Variable (A) Costs of Parks and Recreational Facilities

The City's community parks contain enough acreage to achieve the adopted level of service standard for the existing population, and enough additional ("reserve") acreage to achieve the same adopted standard for new development. As noted above, the City may charge an impact fee for reserve capacity that will serve new growth and development. The cost to be used in the impact fee is the cost of the parks acquired most recently because those are the parks that exceed current needs and create reserve capacity to serve new development.

Some parks projects may provide capacity (i.e., additions to the City's inventory) and others may be non-capacity projects (i.e., repair, maintenance of the existing inventory of park and recreational facilities). Some parks projects may include both capacity and non-capacity elements. The Parks Department has identified the portion of projects that is capacity and the portion that is non-capacity.

The costs of parks and recreational facilities used in this study may include both the land costs and facility development costs, appropriate to the specific capital improvement project.

The cost of parks and recreational facilities does not include any costs for interest or other financing.

CALCULATION OF CAPACITY COSTS

Table 1A presents the most recent community park capacity projects. Columns 1 and 2 list each CIP project and its total cost. If the project is a non-capacity project, the non-capacity cost is shown in Column 3. If the project will add capacity (i.e., acres), the capacity project cost is shown in Column 4. The cost

of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

TABLE 1A COMMUNITY PARKS RECENT CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECT</u>	<u>TOTAL COST</u>	<u>NON- CAPACITY COST</u>	<u>CAPACITY COST</u>
McAuliffe Park	5,750,000	0	5,750,000
Total	5,750,000	0	5,750,000

FORMULA 2: ELIGIBLE CAPACITY COST

The eligible capacity cost is determined by subtracting non-impact fee revenues from the capacity costs for each type of park and recreational facility.

$$2. \quad \begin{array}{c} \text{Park} \\ \text{Capacity} \\ \text{Costs} \end{array} - \begin{array}{c} \text{Non-Impact Fee} \\ \text{Revenues} \end{array} = \begin{array}{c} \text{Eligible} \\ \text{Capacity} \\ \text{Costs} \end{array}$$

There is one new variable used in formula 2 that requires explanation: (B) non-impact fee capital improvement project revenues.

Variable (B): Non-Impact Fee Revenues

Impact fee rate calculations must recognize and reflect non-impact fee revenue from new development that are earmarked or proratable to a particular impact fee project. These sources of revenue include locally generated revenues (e.g., taxes, fees or charges, etc.) which are paid by new development and committed to the same parks and recreational facility projects that will serve new development.

Revenues that are used for repair, maintenance or operating costs are not included because impact fees are not used for such expenses. Revenues for payments of *past* taxes paid on vacant land prior to development are not included because recent capital projects have little, if any, prior costs, and the prior taxes on vacant property is not a material portion of the cost of recent projects. If a developer believes that substantial tax payments were made that meet the criteria of RCW 82.02.060(1)(b), the City's impact fee ordinance allows an applicant to submit supporting information and request a special review.

For the purpose of this impact fee study, it is assumed that new development's payment of revenue for parks capacity is the same percent as new development's share of the total population. From 2006 to 2011, the City's population is forecast to grow by 2,612 (not counting annexations). The growth of 2,612 people is 5.2% of the total population of 49,792, therefore it is assumed that 5.2% of revenues to pay for park capacity will be paid by growth.

CALCULATION OF ELIGIBLE CAPACITY COST

The calculation of eligible capacity costs for community parks is presented in Table 1B. Columns 1 and 2 list the capacity projects and costs from Table 1A. The capacity costs are reduced by the amount of non-impact fee revenues in Column 3 (calculated at 5.2% of costs). The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

TABLE 1B COMMUNITY PARKS ELIGIBLE CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>CAPACITY COST (From Column 4 on Table 1A)</u>	<u>NON IMPACT FEE REVENUE</u>	<u>ELIGIBLE CAPACITY COSTS</u>
McAuliffe Park	5,750,000	299,000	5,451,000
Total: Eligible Capacity Costs	5,750,000	299,000	5,451,000

3: ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY

The eligible cost per unit of park and recreational facility (i.e., acre of park land, square foot of indoor recreational facility, etc.) is determined by dividing the eligible cost of capacity projects by the amount of project capacity.

$$3. \quad \begin{array}{c} \text{Eligible} \\ \text{Capacity} \\ \text{Costs} \end{array} \div \begin{array}{c} \text{Units} \\ \text{of Park} \\ \text{Capacity} \end{array} = \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Unit} \end{array}$$

There is one new variable presented in formula 3 that requires explanation: (C) units of park capacity.

Variable (C): Units of Park Capacity

Capacity is a measurement of the size of a capital project, such as number of acres of community and nature parks, and square feet of indoor recreation space. The units of capacity are consistent with the uniform quantity/number of facility(ies) in the City's standards for level of service, as shown in the Capital Facilities Plan Element of the City's Comprehensive Plan.

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY

Table 1C presents the calculation of community parks eligible cost per acre. Columns 1 and 2 contain the eligible capacity costs from Table 1B. Column 3 identifies the number of acres of capacity for each project. In Column 4, the total eligible capacity cost of all community parks projects is divided by the total number of acres to determine the average eligible cost per acre.

TABLE 1C COMMUNITY PARKS ELIGIBLE COST PER ACRE CITY OF KIRKLAND			
(1) <u>CAPITAL PROJECTS</u>	(2) <u>ELIGIBLE CAPACITY COST</u>	(3) <u>UNITS OF CAPACITY</u>	(4) <u>ELIGIBLE COST (\$) PER UNIT</u>
McAuliffe Park	5,451,000	11.60	See Below
Total: Community Parks	5,451,000	11.60	469,913.79

2. NATURE PARKS

In this section of Chapter 2, the first three formulas are applied to nature parks. Formulas 1-3 and an explanation of the variables in each formula are described in the first section (community parks) of this Chapter.

CALCULATION OF CAPACITY COSTS (Formula 1)

Table 2A presents recent nature park acquisitions. Columns 1 and 2 list each project and its total cost. If the project is a non-capacity project, the non-capacity cost is shown in Column 3. If the project will add capacity (i.e., acres), the capacity project cost is shown in Column 4. The cost of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

TABLE 2A NATURE PARKS RECENT CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECT</u>	<u>TOTAL COST</u>	<u>NON- CAPACITY COST</u>	<u>CAPACITY COST</u>
Heronfield Wetlands	850,000	0	850,000
Yarrow Bay Wetlands	157,000	0	157,000
Total	1,007,000	0	1,007,000

CALCULATION OF ELIGIBLE CAPACITY COST (Formula 2)

The calculation of eligible capacity costs for nature parks is presented in Table 2B. Columns 1 and 2 list the capacity projects and costs from Table 2A. The capacity costs are reduced by the amount of non-impact fee revenues from new development in Column 3. The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

TABLE 2B NATURE PARKS ELIGIBLE CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>CAPACITY COST (From Column 4 on Table 2A)</u>	<u>NON IMPACT FEE REVENUE</u>	<u>ELIGIBLE CAPACITY COSTS</u>
Heronfield Wetlands	850,000	44,200	805,800
Yarrow Bay Wetlands	157,000	8,164	148,836
Total: Eligible Capacity Costs	1,007,000	52,364	954,636

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY (Formula 3)

Table 2C presents the calculation of nature parks eligible cost per acre. Columns 1 and 2 contain the eligible capacity costs from Table 2B. Column 3

identifies the number of acres of capacity for each project. In Column 4, the total eligible capacity cost of all nature park projects is divided by the total number of acres to determine the average eligible cost per acre.

TABLE 2C NATURE PARKS ELIGIBLE COST PER ACRE CITY OF KIRKLAND			
(1) <u>CAPITAL PROJECTS</u>	(2) <u>ELIGIBLE CAPACITY COST</u>	(3) <u>UNITS OF CAPACITY</u>	(4) <u>ELIGIBLE COST PER UNIT</u>
Heronfield Wetlands	805,800	7.50	See Below
Yarrow Bay Wetlands	148,836	3.61	See Below
Total: Eligible Capacity Costs	954,636	11.11	85,925.83

3. INDOOR NON-ATHLETIC RECREATION SPACE

In this section of Chapter 2, the first three formulas are applied to indoor non-athletic recreation space. Formulas 1-3 and an explanation of the variables in each formula are described in the community parks section of this Chapter.

CALCULATION OF CAPACITY COSTS (Formula 1)

Table 3A presents the most recent indoor recreation space project. Columns 1 and 2 list each CIP project and its total cost. Column 3 lists any non-capacity costs. Capacity costs (i.e., added square feet), are shown in Column 4. The cost of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

TABLE 3A INDOOR RECREATION SPACE RECENT CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1) <u>CAPITAL PROJECT</u>	(2) <u>TOTAL COST</u>	(3) <u>NON- CAPACITY COST</u>	(4) <u>CAPACITY COST</u>
Kirkland Teen Union Building	1,500,000		1,500,000
Total	1,500,000		1,500,000

CALCULATION OF ELIGIBLE CAPACITY COST (Formula 2)

The calculation of eligible capacity costs for indoor recreation space is presented in Table 3B. Columns 1 and 2 list the capacity projects and costs from Table 2A. The capacity costs are reduced by the amount of non-impact fee revenues in Column 3. The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

TABLE 3B INDOOR RECREATION SPACE ELIGIBLE CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>CAPACITY COST (From Column 4 on Table 3A)</u>	<u>NON IMPACT FEE REVENUE</u>	<u>ELIGIBLE CAPACITY COSTS</u>
Kirkland Teen Union Building	1,500,000	78,000	1,422,000
Total: Eligible Capacity Costs	1,500,000	78,000	1,422,000

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY (Formula 3)

Table 3C presents the calculation of indoor recreation space eligible cost per square foot. Columns 1 and 2 contain the eligible capacity costs from Table 2B. Column 3 identifies the number of square feet of capacity for each project. In Column 4, the total eligible capacity cost of all indoor recreation space projects is divided by the total number of square feet to determine the average eligible cost per square foot.

TABLE 3C
INDOOR RECREATION SPACE
ELIGIBLE COST PER SQUARE FOOT
CITY OF KIRKLAND

(1) <u>CAPITAL PROJECTS</u>	(2) <u>ELIGIBLE CAPACITY COST</u>	(3) <u>UNITS OF CAPACITY</u>	(4) <u>ELIGIBLE COST (\$) PER UNIT</u>
Kirkland Teen Union Building	1,422,000	6,885	See Below
Total: Indoor Recreation Space	1,422,000	6,885	206.54

3. ELIGIBLE COST PER CAPITA

In this chapter the eligible cost per unit (acre and square foot) from Chapter 2 is converted to the eligible cost per capita. As in the previous chapter, this chapter includes a description of the formula and each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of the eligible cost per capita, using formula 4.

FORMULA 4: PARKS ELIGIBLE COST PER CAPITA

The eligible cost of parks per person is calculated by multiplying the eligible cost per acre or square foot by the standard per capita for community and nature parks, and indoor non-athletic recreation space:

$$4. \quad \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Unit} \end{array} \times \begin{array}{c} \text{Standard} \\ \text{per} \\ \text{Capita} \end{array} = \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Capita} \end{array}$$

Variable (D) Level of Service (LOS) Standards for Park Land and Recreational Facilities

The City has adopted a level of service (LOS) identified in the City's Capital Facilities Plan for each category of park land and development projects. These adopted LOS standards are listed below in Table 4:

TABLE 4
PARK LAND AND RECREATIONAL FACILITIES
COMPREHENSIVE PLAN DESIRED LEVEL OF SERVICE STANDARDS

<u>Park Land/Facility</u>	<u>Standard</u>
Community Parks	2.1 acres per 1,000 population
Nature Parks	5.7 acres per 1,000 population
Indoor Recreation Space	500 square feet per 1,000 population

CALCULATION OF PARKS AND RECREATIONAL FACILITIES ELIGIBLE COST PER CAPITA

The eligible cost per capita is calculated for each park and facility by multiplying the standard for park land and facilities per capita times the cost per unit of park land or facility. Table 5 contains the calculations: each standard is divided by 1,000 to compute the standard per capita and the result is multiplied

by the eligible cost per unit (from tables in Chapter 2), and the result is the eligible cost per capita.

Table 5 also includes an adjustment to conform to the requirement in RCW 82.02.050 (2) that financing for public improvements to serve new development "... cannot rely solely on impact fees." This requirement prohibits the City from charging 100% of growth's proportionate share to new development, but the statute does not specify how much less than 100% may be charged. Earlier, in Tables 1B, 2B, and 3B, the impact fee calculations reduced growth's share by 5.2% to account for other taxes, fees, etc. that are paid by growth for the same public facilities as the impact fee. Arguably, the remaining 91.9% is within the parameters of 82.02.050 (2). However, in order to be extra conservative in our calculations, Table 5 subtracts an additional 10% so that no more than 90% of the eligible cost per capita is charged to new development in the form of impact fees.

TABLE 5 PARK LAND AND FACILITIES ELIGIBLE COSTS PER CAPITA CITY OF KIRKLAND			
(1) <u>COMPONENT</u>	(2) <u>STANDARD PER 1,000 POPULATION</u>	(3) <u>ELIGIBLE COST (\$) PER UNIT</u>	(4) <u>ELIGIBLE COST (\$) PER CAPITA</u>
Community Parks (acres)	2.1	469,913.70	986.82
Nature Parks (acres)	5.7	85,925.83	489.78
Indoor Recreation Space (sf)	500	206.54	103.27
Eligible Cost per Capita			1,579.86
Percent Not Charged to Growth			10.0%
Amount Not Charged to Growth			157.99
Portion Charged to Growth			1,421.88

4. ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

In this chapter the eligible cost per capita (from chapter 3) is converted to the eligible cost per dwelling unit. As in the previous chapter, this chapter includes a description of the formula and each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of the park land and facility development capital cost per dwelling unit, using formula 5.

FORMULA 5: PARK ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

The eligible cost of parks per dwelling unit is determined by multiplying the park eligible cost per person times the number of persons per dwelling unit:

$$\begin{array}{ccccccc} 5. & \text{Eligible} & & \text{Persons} & & \text{Impact Fee} \\ & \text{Cost} & \times & \text{per Dwelling} & = & \text{per} \\ & \text{per Capita} & & \text{Unit} & & \text{Dwelling Unit} \end{array}$$

The formula uses different numbers of persons per dwelling unit for different types of housing (i.e., single family and multi family). There is one new variable used in formula 5 that requires explanation: (E) persons per dwelling unit.

Variable (E) Persons per Dwelling Unit.

The number of persons per dwelling unit is the factor used to convert the eligible cost of parks and recreational facilities per capita into impact fees per dwelling unit. The eligible cost per capita (from formula 4) is multiplied by the number of persons per dwelling unit to calculate the impact fee per dwelling unit of each type of park and recreational facility.

The number of persons per dwelling unit in the City of Kirkland ranges from 2.547 persons per single family detached dwelling unit to 1.666 persons per multi-family, attached or stacked unit, according to the City of Kirkland. (The number of persons per dwelling unit is sometimes referred to as persons per household in U.S. census information. These terms are interchangeable in this study). Specific numbers of persons per dwelling unit for various types of housing is shown in Column 3 of Table 6.

CALCULATION OF ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

The calculation to establish the eligible cost and impact fee per dwelling unit involves multiplying the eligible cost per capita from Table 5 by the number of persons per dwelling unit. Table 6 presents the eligible cost and impact fee per dwelling unit.

TABLE 6
PARK LAND AND FACILITIES
ELIGIBLE COSTS AND IMPACT FEE PER DWELLING UNIT
City of Kirkland

(1) <u>Type of Housing</u>	(2) <u>Eligible Cost Per Capita</u>	(3) <u>Average Persons Per Dwelling Unit</u>	(4) <u>Impact Fee Per Dwelling Unit</u>
Single Family	1,421.88	2.547	3,621.52
Multi-Family	1,421.88	1.666	2,368.85

APPENDIX A

6-YEAR PARK AND RECREATIONAL FACILITIES NEEDS

6-Year Need for Additional Parks and Recreational Facilities

RCW 82.02 requires impact fees to identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development). The purpose of this appendix is to summarize existing deficiencies and reserves, and needs for additional capacity for new development (based on data provided in the City's comprehensive plan).

The need for additional parks and recreational facilities is determined by using standards for levels of service for each type of park and recreational facility to calculate the quantity of facilities that are required. The required quantity is then compared to the existing inventory to determine needed new land and facilities.

The park land and recreational facilities system in the City of Kirkland consists of five types of parks and recreational facilities. Table A-1 summarizes the current inventory.

TABLE A-1 PARK LAND AND RECREATIONAL FACILITIES INVENTORY City of Kirkland	
<u>Park Land/Facility</u>	<u>Inventory³</u>
1. Community Parks	140.34 acres
2. Nature Park	295.45 acres
3. Indoor Non-Athletic Recreation Space	28,685 square feet
4. Neighborhood Parks	87.88 acres
5. Indoor Athletic Recreation Space	0. square feet

³ See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-2				
COMMUNITY PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 2.1 ACRES PER 1,000 POPULATION				
(1) TIME PERIOD	(2) CITY-WIDE POPULATION	(3) ACRES REQUIRED @ 0.0021 PER CAPITA	(4) COMMUNITY PARK ACRES AVAILABLE*	(5) NET RESERVE OR DEFICIENCY
2006 ACTUAL	47,180	99.08	140.34	41.26
2007-2011 GROWTH	2,612	5.48	0.00	-5.48
TOTAL AS OF 2011	49,792	104.56	140.34	35.78

TABLE A-3				
NATURE PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 5.7 ACRES PER 1,000 POPULATION				
(1) TIME PERIOD	(2) CITY-WIDE POPULATION	(3) ACRES REQUIRED @ 0.0057 PER CAPITA	(4) NATURE PARK ACRES AVAILABLE*	(5) NET RESERVE OR DEFICIENCY
2006 ACTUAL	47,180	268.93	295.45	26.52
2007-2011 GROWTH	2,612	14.88	0.00	-14.88
TOTAL AS OF 2011	49,792	283.81	295.45	11.64

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-4				
INDOOR NON-ATHLETIC RECREATION SPACE CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 500 SQUARE FEET PER 1,000 POPULATION				
(1) TIME PERIOD	(2) CITY-WIDE POPULATION	(3) SQ. FT. REQUIRED @ 0.5 PER CAPITA	(4) INDOOR NON- ATHLETIC SQ. FT. AVAILABLE*	(5) NET RESERVE OR DEFICIENCY
2006 ACTUAL	47,180	23,590	28,685	5,095
2007-2011 GROWTH	2,612	1,306	0.00	-1,306
TOTAL AS OF 2011	49,792	24,896	28,685	3,789

TABLE A-5				
NEIGHBORHOOD PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 2.1 ACRES PER 1,000 POPULATION				
(1) TIME PERIOD	(2) CITY-WIDE POPULATION	(3) ACRES REQUIRED @ 0.0021 PER CAPITA	(4) NEIGHBORHOOD PARK ACRES AVAILABLE*	(5) NET RESERVE OR DEFICIENCY
2006 ACTUAL	47,180	99.08	87.88	-11.20
2007-2011 GROWTH	2,612	5.48	0.00	-5.48
TOTAL AS OF 2011	49,792	104.56	87.88	-16.68

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-6				
INDOOR ATHLETIC RECREATION SPACE CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 700 SQUARE FEET PER 1,000 POPULATION				
(1) TIME PERIOD	(2) CITY-WIDE POPULATION	(3) SQ. FT. REQUIRED @ 0.7 PER CAPITA	(4) INDOOR ATHLETIC SQ. FT. AVAILABLE*	(5) NET RESERVE OR DEFICIENCY
2006 ACTUAL	47,180	33,026	0.00	-33,026
2007-2011 GROWTH	2,612	1,828	0.00	-1,828
TOTAL AS OF 2011	49,792	34,854	0	-34,854

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

APPENDIX B

Inventory of Kirkland Parks and Recreational Facilities

Park Name	Park Address	Size
<u>Community Parks</u>		
Crestwoods	1818 Sixth Street	26.63
Everest	500 Eighth Street S	18.58
Heritage Park	111 Waverly Way	10.12
McAuliffe Park	11609 & 11615 108th Avenue NE	11.60
Peter Kirk Park	202 Third Street	12.48
School Sites		60.93
Total Acres		140.34
<u>Nature Parks/Open Space</u>		
Heronfield Wetlands	NE124th and 120th	28.12
Juanita Bay	2201 Market Street	110.83
Watershed	4500 110th Avenue NE	73.37
Yarrow Bay Wetlands	NE Points Drive	73.33
South Norway Hill Park	NE 145th & 124th Ave NE	9.80
Total Acres		295.45
<u>City Recreation Facilities (Non-Athletic)</u>		
North Kirkland Community Center	12421 103rd Ave NE	12,000
Peter Kirk Community Center	352 Kirkland Ave	9,800
Kirkland Teen Union Building	348 Kirkland Ave	6,885
Total Square Feet		28,685
<u>Neighborhood Parks</u>		
Brookhaven	100th Ave NE & about 126th/128th	0.95
Carillon Woods	NE 55th & 106 Ave NE	8.71
Cedar View Park	11400 NE 90th St	0.20
Cotton Hill Park (undeveloped)	NE 100th & 110 Ave NE	1.91
Forbes Creek	11615 NE 106th Lane	2.02
Highlands	11210 NE 102nd Street	2.73
Houghton Neighborhood / Phyllis Needy	10811 NE 47th Street	0.50
Mark Twain	10625 132nd Avenue NE	6.60
North Kirkland Community Center	12421 103rd Avenue NE	5.49
North Rose Hill Woodlands Park	9930 124th Avenue NE	20.96
Ohde Pea Patch	300 Ohde Avenue	0.89
Reservoir	1501 Third Street	0.62
Rose Hill Meadows	8300 124th	4.10
Snyders Corner	NE 70th & 132nd Avenue NE	4.50
South Rose Hill Park	12730 NE 72nd Street	2.19
Spinney Homestead	11710 NE 100th Street	6.54
Terrace	10333 NE 67th Street	1.81
Tot Lot	111 Ninth Avenue	0.52
Van Aalst	335 13th Avenue	1.59
School Sites		15.05
Total Acres		87.88

Park Name	Park Address	Size
<u>City Recreation Facilities (Athletic)</u>		
No facilities	Total Square Feet	0.00
<u>Waterfront Parks</u>		
David E. Brink	555 Lake Street S	0.87
Forbes Lake Park (undeveloped)	9500 124th Ave NE	7.32
Houghton Beach	5811 Lake Washington Blvd	3.80
Juanita Beach Park	9703 Juanita Drive	21.94
Kiwanis	1405 10th Street W	2.57
Lake Avenue West	Lake Avenue West	0.25
Marina Park	25 Lakeshore Plaza	3.59
Marsh Park	6605 Lake Washington Blvd NE	4.18
Settlers Landing/10th Street	10th Street	0.10
Street End Park	501 Lake Street South	0.10
Waverly Beach	633 Waverly Park Way	2.76
	Total Acres	47.48