

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Continued Discussion of Concurrency and Impact Fees		
DEPARTMENT:	Public Works		
PRESENTED BY:	Mark Relph, Public Works Director Kirk McKinley, Transportation Services Manager Alicia McIntire, Senior Transportation Planner		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input type="checkbox"/> Public Hearing	<input checked="" type="checkbox"/> Discussion	

PROBLEM/ISSUE STATEMENT:

In 2011, Council adopted an updated Transportation Master Plan (TMP). One chapter in the plan discussed transportation concurrency and level of service. The plan includes policies identifying the transportation levels of service in the City as well as direction to adopt an impact fee program. These policies were adopted as part of the 2012 Comprehensive Plan update. The TMP also includes a suggested framework for evaluating transportation concurrency.

The City's transportation concurrency consultant has made several presentations to Council explaining state law addressing transportation concurrency requirements, options available for implementation of an impact fee program and a description of the transportation concurrency framework included in the TMP. On May 12, 2014, staff presented two draft ordinances which establish an updated concurrency methodology and impact fee program for Shoreline. The presentation included the Planning Commission and staff's recommendations and supporting documentation for both draft ordinances. Tonight's discussion will focus on answering Council questions generated during the May 12 discussion.

RESOURCE/FINANCIAL IMPACT:

There is no financial impact associated with tonight's discussion. The resources needed to complete an updated concurrency methodology and impact fee program were allocated as part of the TMP update and are still available. Funding has also been allocated for development of public information handouts and internal forms as well as implementation training for staff once these programs are adopted. Upon adoption of an impact fee program, the City would begin implementing the new concurrency system and collecting impact fees in conjunction with building permits. Impact fees would be applied toward design and construction of the transportation improvements needed to accommodate growth and maintain the City's adopted level of service for transportation facilities. Both the concurrency program and the impact fee program have a fee structure to capture the administrative costs associated with these programs.

Development of these draft ordinances represents a significant investment in both time and resources for the City. However, it is staff's belief that adoption and administration of these programs will result in a more streamlined permitting process and will require less time to review the transportation impacts associated with development permit applications.

RECOMMENDATION

No formal action is required at this time. This report is for discussion purposes only. Council is scheduled to adopt proposed Ordinance Nos. 689 and 690 and the Rate Study for Impact Fees for Transportation on July 21, 2014.

Approved By: City Manager ***DT*** City Attorney ***IS***

INTRODUCTION

In 2011, Council adopted an updated Transportation Master Plan (TMP). One chapter in the plan discussed transportation concurrency and level of service. The plan includes policies identifying the transportation levels of service in the City as well as direction to adopt an impact fee program. These policies were adopted as part of the 2012 Comprehensive Plan update. The TMP also includes a suggested framework for evaluating transportation concurrency.

The City's transportation concurrency consultant has made several presentations to Council explaining state law addressing transportation concurrency requirements, options available for implementation of an impact fee program and a description of the transportation concurrency framework included in the TMP. On May 12, 2014, staff presented two draft ordinances which establish an updated concurrency methodology and impact fee program for Shoreline. The presentation included the Planning Commission and staff's recommendations and supporting documentation for both draft ordinances.

BACKGROUND

At the May 12, 2014 Council meeting, staff presented draft ordinances, Planning Commission and staff's recommendations and supporting documentation for an updated concurrency methodology and impact fee program for Shoreline. The staff report included a detailed description of the proposed ordinances and can be viewed at <http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2014/staffreport051214-9a.pdf>. The associated presentation and Council discussion can be viewed at <http://shorelinewa.gov/government/shoreline-city-council/live-and-video-council-meetings>.

On June 9th, staff will also present a larger look at the fees associated with development in Shoreline and in other cities in the Puget Sound region to provide some context for both City's economic development goals and the implementation of transportation impact fees.

As discussed at the May 12, 2014, some corrections to draft Ordinance No. 690 were needed to accurately reflect state law regarding low-income housing exemptions. Additionally, the draft ordinance included an incorrect citation for the date of the rate study. These changes have been made and are reflected in Attachment A.

DISCUSSION

In response to the staff report and presentation on May 12, Council raised the following concerns/issues. Similar issues are grouped together below, and staff responses are provided in italics.

Deferral of impact fees

- Some do not favor a deferral (proposed SMC 12.35.050.F-J) but, if the City were to adopt a deferral of impact fees, keep it simple. A complex program just leads to more record keeping and potential issues in the event of bankruptcies and certain types of property transfers. Is the option to defer payment of impact fees included due to the difficulty in securing construction loans?

The option for a deferral has been requested by the Master Builders Association (MBA) when other jurisdictions have developed impact fee regulations. The MBA generally represents smaller developers for whom securing construction loans can be more challenging than for larger developers.

The impact fee statute (RCW 82.02) does not address the deferral of impacts fees despite several attempts by the MBA to amend the statute. In 2013, the Legislature was successful in enacting ESHB 1652 which required local governments collecting impact fees (school and transportation) for residential building permits to defer the payment of the fees in a manner similar to that proposed by staff. However, this bill (supported by MBA) was vetoed in its entirety by Governor Inslee. The Governor stated that delayed payments of fees could adversely affect local transportation services needed to support growth but that he would support a bill targeted to provide assistance to small builders. Thus, currently the allowance for a deferral is left to Shoreline's discretion and numerous cities and counties have regulations in place in this regard.

As written, proposed SMC 12.35.050(F) allows a deferral only for single-family detached residential dwelling units and is permitted until either seven days after the sale date or 18 months after issuance of the building permit. To receive a deferral, the applicant must record a covenant and lien to ensure both payment of the impact fee and notice to a future purchaser. While this delays the payment until the impact is generated, the covenant/lien requirement protects the City in those limited situations the deferral is utilized.

Cities have taken different approaches in allowing deferrals. While some have similar language to that proposed by staff, others allow a variety of development activities to benefit from the deferral. For example, the City of Kirkland allows for deferral through a development agreement with payment due no later than issuance of the certificate of occupancy. A June 2013 report noted that Kirkland has provided for deferral since June 2010 and that since December 2012, only six applicants have deferred transportation impact fees, totaling \$22,950 (in 2012 alone, Kirkland collected \$1.2 million in fees). The City of Bellevue similarly allows for deferral through a development agreement. The City of Sammamish has a rather complex system of percentage-based deposits based on plat approval and then building permit issuance but does state that building permit applications for single-family residential may record a covenant providing for payment through escrow at the time of sale. The City of Renton allows for an applicant of a residential subdivision, building permit, or planned unit development to defer payment for all of the dwelling

units for either seven days or 18 months, the same time parameters being proposed for Shoreline, and also a requirement for recording of a covenant.

Since one of the reasons for deferral was to stimulate the building industry, some jurisdictions deferral programs have expired or are being phased out. For example, Sammamish's covenant language applies only to permits received by December 2014. The City of Redmond currently allows for individually-permitted single family residential construction to defer payment until drywall/sheetrock inspection but, after November 2016, the fees must be paid at the time of building permit issuance. The City of Olympia permitted a deferred payment option, subject to execution and recording of an Impact Fee Deferral Agreement, but it terminated on August 1, 2011. Kirkland originally limited its deferral program to May 2013 but has since extended it.

Thus, offering a deferral is a non-mandatory alternative available for the Council and can be tailored to assist only those types of developments/developers that the Council believes can benefit from the deferral. In addition, the Council can provide for an expiration of the deferral.

Low income housing exemption

- Some Councilmembers favor a low income housing exemption, but if the City is paying for it from the general fund, then it is really a subsidy, not an exemption, and, therefore, the City should require that the housing be guaranteed to remain low-income for 50 years of affordability at 50% of the King County Area Median Income (KCAMI) to qualify. Presentations about property tax exemptions show that affordability at 80% of KCAMI is achievable at market rates in Shoreline. Proposed SMC 12.35.070(G) should be changed accordingly.

RCW 82.02.060 (3) establishes the authority for cities to provide an exemption from impact fees for low-income housing and sets up the minimum conditions a developer must agree to: recording a covenant that prohibits using the property for any purpose other than low-income housing. However, unlike, for example, RCW 43.185A.110 which requires a recipient of an affordable housing loan to preserve the affordable rental housing for a minimum of 30 years, RCW 82.02.060 provides no mandatory time parameters for retention as low-income. Rather, RCW 82.02.060(3) allows for conversion but with a penalty - if the property is converted to non low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion. Thus, requiring a mandatory use period is in direct contrast with this conversion language.

That being said, developers are commonly securing loans/tax credits for these types of projects that establish limitations on their conversion. As noted above, a loan under RCW 43.185A requires 30 years, as does the Low Income Housing Tax Credit (LIHTC) program and its minimum affordability period of 30 years. A similar requirement is contained in SMC 20.42.230, which allows density bonuses for affordable housing and requires the units to remain affordable for 30 years. Thus,

outside conditions may be imposing the time restrictions desired without expressly applying them to a RCW 82.02.060(3) impact fee exemption.

In addition, RCW 82.02.060 expressly defines low-income housing to mean "housing with a monthly expense, that is no greater than 30 percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development." Setting the requirement at 50 percent of KCAMI would be contrary to the statute that grants the City the authority to provide for the exemption.

In the end, the City's authority to apply the exemption lies within RCW 82.02.060 and it contains well-defined sideboards. Any exemption allowed by the SMC should conform to these statutory requirements. Staff has modified draft Ordinance No. 690 (Attachment A) for consistency with RCW 82.02.060 as described above. If there is concern that too much future housing would qualify for an exemption, Council could potentially put in a cap on the number of units that could be eligible for the impact fee exemption. However, due to the complexity associated with administering this allowance, staff does not recommend establishing a cap.

Vesting

- Some Councilmembers did not like the language in SMC 20.60.140.C.2.f because every building permit becomes vested once it is deemed complete and there is still some legal ambiguity about vesting building permits based on vested subdivisions, even after the Noble Manor case. In the impact fee ordinance, the City says it is the building permit that triggers the impact, not the subdivision. So does this language mean that building permits don't pay if they are already vested or does it mean that building permits don't pay if the buildings were anticipated by a prior vested subdivision application? Council understood that this will not matter for commercial or multi-family, which will be the bulk of future residential development, but there was a concern that the City may have to stipulate to a court finding that extends Washington's extremely generous vesting laws beyond what the legislature has put into statute already. Thus, a suggestion was made that would tie the intent of this to a specific date. That is, "Any building permit for which an application was deemed complete prior to the effective date of this ordinance." Another Council suggestion was to make this effective immediately. If staff prefer to choose a date certain in the future for an effective date, as long as it aligns the impact fee with the projects needed as of the effective date, this could be acceptable to some members of Council.

The language of .140(C) states that the City will not issue a building permit unless concurrency has been passed or the permit is exempt. Even if a subdivision has been approved, the newly created lots would be subject to the City's impact fee if the building permit applications are submitted after the effective date of draft Ordinance No. 690. Any building permits that are vested prior to the effective date of this ordinance will not be required to pay impact fees. Additional language can be included in the ordinance to clarify this issue.

Updates to the rate study

- For the definition of rate study, should the following be added: "or as it is later amended" or something to that effect, so that the City does not have to amend the definition if a new rate study is done?
- When would the City adjust the impact fee?

Future updates and revisions to the City's impact fee are likely to accompany changes to the City's Transportation Master Plan and/or Comprehensive Plan. The City would also revisit the impact fee if level of service is being compromised in unforeseen areas and new projects are needed. Council will want to review any future updates or revisions to the impact fee, including the rate study. Additionally, draft Ordinance No. 690 incorporates the rate table. Therefore, staff does not recommend amending the definition of "rate study".

Relationship to SEPA mitigation

- In SMC 12.35.070.E, is it clear that this only applies if that decision was made prior to the effective date of this ordinance?

If an applicant pays a SEPA mitigation fee for any of the six system improvements that are the basis of the impact fee, or if any SEPA mitigation has been ordered for portions of any of those projects, the applicant providing the SEPA mitigation is entitled to a credit against their impact fee. RCW 82.02.100 prohibits the City from requiring a person paying a SEPA mitigation fee for system improvements to pay an impact fee for those same system improvements.

Change of land use

- How is the impact fee calculated when there is a change of land use in an existing building?

For developed properties that experience a change of land use, if no impact fee was paid for the immediately preceding use, the impact fee for the new use will be reduced by an amount equal to the current impact fee rate for the immediately preceding use. Buildings vacant for less than twelve months would be assessed with a reduction based on the most recent legally established use, and those vacant for twelve months or more would pay the full impact fee for the new use. Because impact fees are calculated based upon broad categories, land use changes within a category would not require payment of impact fees.

Timing for adoption of an impact fee program

- What is the best time to adopt an impact fee program?

Jurisdictions have adopted impact fee programs during a variety of economic conditions. Research has shown that impact fees have not stalled development nor

has reducing or eliminating impact fees served as a mechanism to stimulate development.

Improvements to 145th Street

- Should the City annex 145th Street, would the City amend the impact fees to include improvements to the roadway?

Because RCW 82.02 defines public facilities to mean those facilities owned and operated by the City, and the 145th Street section between Aurora Avenue N (SR 99) and Bothell Way NE (SR 522) is a state highway, impact fees could not be collected and applied to projects on this segment of the roadway. Projects on the remaining segment from Greenwood Avenue N to Aurora Avenue N could be included if they are needed to correct anticipated future deficiencies. Similarly, if the corridor is declassified as a state highway, the City would be able to include projects needed to accommodate growth as part of the impact fees. Depending upon how many projects remain for completion, identification of a new project(s) could result in an increased impact fee. Improvements to the I-5 interchange could not be funded by impact fees.

Exemptions/reductions for specific land uses

- Can the City reduce the impact fee for certain uses, such as restaurants?
- Can the City exempt all commercial uses and charge for residential uses only?

While RCW 82.02 does not call out “economic development” as a specific exemption possibility (as it does for affordable housing) it does say the City can provide for an exemption when it has a “broad public purpose.” It could be argued that economic development is a broad public purpose.

Staff researched this issue and found that there are not many cities implementing this type of exemption (only two were found during staff’s limited investigation). The City of Bonney Lake specifically allows for adjustments for economic development. The purpose of these adjustments (which can be up to 100%) is to encourage certain types of business in certain areas of the city. Bonney Lake’s municipal code sets up a pretty elaborate process from the designation of the areas to eligibility criteria for businesses seeking an exemption. The City pays for the exempted/adjusted funds, which come from an “earmark fund” that the city has set up specifically for this purpose. As stated previously, and demonstrated by Bonney Lake, the amount of any exemptions from the City’s impact fee will need to be covered by the City.

The City of North Bend has adopted an adjustment in the table rates for certain types of businesses in a desire to promote those businesses. North Bend did not create a system like Bonney Lake, however, and simply created a reduction for four categories of land use before posting on the table.

Staff does not believe it is illegal or impossible to create an exemption/reduction for certain types of development that the City wants to draw in under the concept of "broad public purpose". It is important to note that it is an exemption that the City must then pay for by providing the funding for growth projects. Additionally, the City cannot raise the impact fee for other uses in order to make up the loss from the exemption(s).

Developing criteria and a rationale for providing an exemption/reduction based on economic development will be a complicated process. The City will need to address the following issues if choosing to do so:

- 1. Any impact fee amount that is waived or reduced for "broad public purposes" has to be paid by the City from public funds other than impact fees (RCW 82.02.060.2). Therefore, a City policy to encourage economic development by waiving impact fees goes beyond the loss of impact fee revenue to the City and requires the City to pay for the economic development's impact fees.*
- 2. Would using "public funds other than impact fees" to pay the impact fees for a private "economic development" violate Washington's constitutional prohibition of the use of public funds for private purposes? This is a legal question to be considered.*
- 3. What would be the definition of "economic development"? What type of development would qualify for a waiver or reduction, and what type of development would not qualify?*
- 4. How would the City avoid making arbitrary decisions in defining economic development and/or deciding which applicants qualify for economic development waivers or reductions?*
- 5. How will the City be assured that the "economic development" for which the City pays the impact fees will not go out of business and leave the City with the cost of the waived impact fees but no economic benefit?*

Interlocal agreements

- Can neighboring jurisdictions enter into agreements to collect impact fees when development in one city will impact the transportation network of another?

Yes. An example is the reciprocal impact fees adopted by Bellevue and Redmond for the Overlake area. The program involved significant technical analysis and traffic modeling to document the impacts of development in each City on the transportation network of the other city. Generally the payments to each city are not equal, as the impact fees vary. Extensive negotiations were needed to bring each City to the point where they could accept the differences in impact fee rates and revenues. The final result is that the applicant is required to pay two impact fees to the City that issues the building permit. One impact fee is retained by the City for the impacts on its own streets. The second impact fee is transferred by the City to the other City to pay for the impacts of the development on the other City's streets.

Point Wells development

- Would the Point Wells development be subject to the City's impact fee?

Because the property is not currently located in Shoreline, the developer would not be subject to the City's impact fees, but is required to provide mitigation as part of the SEPA process. Please note that the anticipated growth at this site was not included in the City's traffic model so that the impacts of this development would be identified and mitigated separately.

STAKEHOLDER OUTREACH

The draft concurrency methodology was presented to the Planning Commission for review and discussion on March 6, 2014. A public hearing was held on March 20, 2014 and the Planning Commission adopted their recommendation to Council, incorporated into Draft Ordinance No. 689 (Attachment A) as Exhibit A, at that time. Attachment D of the May 12, 2014 Council packet contains the record of the Planning Commission deliberations and recommendation. Council held their first discussion of the proposed concurrency methodology and impact fee program (Draft Ordinance Nos. 689 and 690, respectively) and the Rate Study for Impact Fees for Transportation on May 12, 2014.

Prior to presenting to the Planning Commission in March, staff contacted Shoreline's regional representative of the Master Builders' Association (Jennifer Anderson, South Snohomish County Manager) to notify them of the City's efforts to update its concurrency methodology and adopt an impact fee program. Staff and Ms. Anderson discussed the process to date and the anticipated Planning Commission and City Council schedules for this process. Staff offered to meet with her to discuss and answer any questions. After the initial Planning Commission meeting, Ms. Anderson contacted staff to discuss the impact fee. Staff sent her a link to the May 12, 2014 Council packet along with the revised schedule for Council adoption and extended the offer to meet with her again. On May 13, 2014, staff met with Ms. Anderson to discuss Shoreline's proposed transportation impact fee. Ms. Anderson's questions and the City's response to each are included as Attachment D.

COUNCIL GOAL(S) ADDRESSED

City Council Goal 2 is to "Improve Shoreline's utility, transportation, and environmental infrastructure". The TMP identifies the necessary transportation improvements to accommodate growth over the next twenty years and maintain the City's adopted transportation LOS. Adoption of the updated concurrency methodology coupled with an impact fee program will help the City fund design and construction of the needed improvements.

RESOURCE/FINANCIAL IMPACT

There is no financial impact associated with tonight's discussion. The resources needed to complete an updated concurrency methodology and impact fee program were allocated as part of the TMP update and are still available. Funding has also been

allocated for development of public information handouts and internal forms as well as implementation training for staff once these programs are adopted. Upon adoption of an impact fee program, the City would begin implementing the new concurrency system and collecting impact fees in conjunction with building permits. Impact fees would be applied toward design and construction of the transportation improvements needed to accommodate growth and maintain the City's adopted level of service for transportation facilities. Both the concurrency program and the impact fee program have a fee structure to capture the administrative costs associated with these programs.

Development of these draft ordinances represents a significant investment in both time and resources for the City. However, it is staff's belief that adoption and administration of these programs will result in a more streamlined permitting process and will require less time to review the transportation impacts associated with development permit applications.

RECOMMENDATION

No formal action is required at this time. This report is for discussion purposes only. Council is scheduled to adopt proposed Ordinance Nos. 689 and 690 and the Rate Study for Impact Fees for Transportation on July 21, 2014.

ATTACHMENTS

Attachment A: Draft Ordinance No. 689

Attachment B: Revised Draft Ordinance No. 690

Attachment C: Rate Study for Impact Fees for Transportation

Attachment D: Response to questions from the Master Builders Association

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 689

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING SECTION 20.60.140 “ADEQUATE STREETS” SO AS TO CLARIFY THE CONCURRENCY REQUIREMENT FOR NEW DEVELOPMENT; PROVIDING FOR EXEMPTIONS FROM THE CONCURRENCY TEST; AND AMENDING SECTION 20.20 DEFINITIONS.

WHEREAS, the City of Shoreline is a non-charter optional municipal code city as provided in Title 35A RCW, incorporated under the laws of the state of Washington, and planning pursuant to the Growth Management Act (GMA), Chapter 36.70A RCW; and

WHEREAS, the City, as required by the GMA, adopted and has subsequently revised a Comprehensive Plan which includes a Transportation Element that plans for adequate transportation facilities and sets levels of service and

WHEREAS, the City’s Transportation Element is based on an analysis of levels of services, needed improvements to the transportation system and a framework for transportation concurrency set forth in the 2011 Transportation Management Plan (2011 TMP); and

WHEREAS, in 2000 the City adopted Shoreline Municipal Code Title 20, the Unified Development Code, to implement the Comprehensive Plan; and

WHEREAS, the Unified Development Code, Chapter 20.60 Subchapter 4 includes regulations to ensure adequate streets will be maintained, including levels of service and concurrency requirements; and

WHEREAS, RCW 36.70A.070(6)(b) specifically requires adoption and enforcement of an ordinance which prohibits development approval if the development causes the level of service on a locally-owned transportation facility to decline below the standards adopted in the Transportation Element unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development; and

WHEREAS, On March 20, 2014, the Planning Commission held a publically-

noticed open record public hearing in order to provide interested members of the public an opportunity to comment on the proposed amendments. The Planning Commission's recommendations were submitted to the City Council for the Council's initial discussion session on May 12, 2014; and

WHEREAS, on July 21, 2014, the City Council held a publically-noticed open record public hearing at which interested members of the public were invited to comment on the proposed amendments; and

WHEREAS, pursuant to RCW 36.70A.106, the City has provided the Washington State Department of Commerce with a 60-day notice of its intent to adopt the amendment(s) to its Unified Development Code; and

WHEREAS, the SEPA Responsible Official for the City of Shoreline has determined that this amendment to the Unified Development Code is categorically exempt from SEPA review pursuant to WAC 197-11-800(19);

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment.

Title 20 of the Shoreline Municipal Code, is amended as set forth in Exhibit A to this Ordinance, amending SMC 20.20 Definitions and SMC 20.60.140 Adequate Streets.

Section 2. Severability.

Should any section, paragraph, sentence, clause, or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, by a court of competent jurisdiction, such unconstitutionality or invalidity shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or circumstance.

Section 3. Publication and Effective Date.

A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force on _____, 2014.

ADOPTED BY THE CITY COUNCIL ON JULY 21, 2014.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date:

EXHIBIT A
ADEQUATE STREETS “CONCURRENCY” REGULATIONS

SMC 20.60.140 Adequate Streets is hereby amended as follows:

~~The intent of this subchapter is to ensure that public streets maintain an adequate level of service (LOS) as new development occurs. The purpose of this chapter is to set forth specific standards providing for the City’s compliance with the concurrency requirements of the State Growth Management Act (GMA), 36.70A RCW. The GMA requires that adequate transportation capacity is provided concurrently with development to handle the increased traffic projected to result from growth and development in the city. The purpose of this chapter is to ensure that the city’s transportation system shall be adequate to serve the future development at the time the development is available for occupancy without decreasing current service levels below established minimum standards.~~

A. Level of Service. The level of service standard that the City has selected as the basis for measuring concurrency is as follows:

1. LOS D at signalized intersections on arterial streets and at unsignalized intersecting arterials; or
2. A volume to capacity (V/C) ratio of 0.90 or lower for principal and minor arterials.

The V/C ratio on one leg of an intersection may exceed 0.90 when the intersection operates at LOS D or better.

These level of service standards apply throughout the City unless an alternative level of service for a particular streets or streets has been adopted in the Comprehensive Plan Transportation Element.

B. Development Proposal Requirements. All new proposals for development that would generate 20 or more new trips during the p.m. peak hour must submit a ~~traffic study~~ transportation impact analysis prepared by the applicant in accordance with the standards established in the City’s Engineering Development Manual at the time of application. The estimate of the number of trips for a development shall be consistent with the most recent edition of the Trip Generation Manual, published by the Institute of Traffic Engineers.

1. The traffic impact analysis shall include, at a minimum, an analysis of the following:

- a. An analysis of origin/destination trip distribution proposed;
 - b. The identification of any intersection that would receive the addition of 20 or more trips during the p.m. peak hour; and
 - c. An analysis demonstrating how impacted intersections could accommodate the additional trips and maintain the LOS standard.
2. If the traffic impact analysis identifies one or more intersections at which the adopted LOS standards are exceeded, the applicant shall mitigate the impacts in order to achieve and maintain the adopted LOS standard.

C. Concurrency Required — Development Approval Conditions. A development proposal that will have a direct traffic impact on a roadway or intersection that causes it to exceed the adopted LOS standards, or impacts an intersection or a road segment currently operating below a level of service identified in subsection B of this section, will not meet the City's established concurrency threshold and shall not be approved unless:

1. The applicant agrees to fund or build improvements within the existing right-of-way that will attain the LOS standards; or
2. The applicant achieves the LOS standard by phasing the project or using transportation demand management (TDM) techniques or phasing the development proposal as approved by the City of Shoreline to reduce the number of peak hour trips generated by the project to attain LOS standards.

C. Concurrency Requirement. The City shall not issue a building permit until:

1. A concurrency test has been conducted and passed, or
2. The building permit has been determined to be one of the following that are exempt from the concurrency test:
 - a. Alteration or replacement of an existing residential structure that does not create an additional dwelling unit or change the type of dwelling unit.
 - b. Alteration or replacement of an existing nonresidential structure that does not expand the usable space or change the existing land use as defined in the land use categories as set forth in the impact fee analysis land use tables.

c. Miscellaneous improvements that do not generate increased need for public facilities, including, but not limited to, fences, walls, residential swimming pools, and signs;

d. Demolition or moving of a structure.

e. Any building permit for development that creates no additional impacts, insignificant and/or temporary additional impacts on any transportation facility, including, but not limited to:

i. Home occupations that do not generate any additional demand for transportation facilities;

ii. Special events permits;

iii. Temporary structures not exceeding a total of 30 days;

f. Any building permit issued to development that is vested to receive a building permit pursuant to RCW 19.27.095

D. Available Capacity for Concurrency

1. The City shall determine the available capacity for concurrency as of the effective date of this ordinance and record it in the Concurrency Trip Capacity Balance Sheet.

2. The City shall update the available capacity in the Concurrency Trip Capacity Balance Sheet within twelve (12) months of any of the events listed below.

a. Update or amendment of the City's Transportation element as it relates to concurrency management.

b. Total traffic volume increases by 30 percent compared to traffic volume at the time the Concurrency Trip Capacity Balance Sheet was created, or was updated with new data from the traffic model.

c. More than 50 percent of the available capacity in the most recent calculation of available capacity has been reserved as a result of concurrency tests conducted by the City.

3. If none of the events listed in subsection 2 occurs within seven years of the most recent calculation of the available capacity, the City will update the available capacity recorded in the Concurrency Trip Capacity Balance Sheet.

4. Each update of available capacity in the Concurrency Trip Capacity Balance Sheet shall carry forward the reservations of capacity for any building permits for development that has not been completed prior to the update of available capacity.

5. In order to monitor the cumulative effect of exemptions from the concurrency test on the available capacity, the City shall adjust the available capacity in the Concurrency Trip Capacity Balance Sheet to record the number of p.m. peak hour trips generated by exempt building permits in the same manner as though a concurrency test had been performed for the exempt building permits.

E. Concurrency Test.

1. Each applicant for a building permit that is not exempt from the concurrency test as provided in SMC 20.60.140(C)(2) shall submit the type of development to be constructed pursuant to the building permit, the number of square feet of each type of development, and the number of dwelling units.

2. The City shall perform a concurrency test for each application for a building permit that is not exempt from the concurrency test.

3. The concurrency test is passed if the number of trips from an applicant's proposed development is equal to or less than available capacity in the Concurrency Trip Capacity Balance Sheet that has been adjusted to subtract reserved trips . If the concurrency test is passed the City shall record the concurrency test results in the Concurrency Trip Capacity Balance Sheet in order to reduce the available capacity by the number of trips that will be generated by the applicant's development. The reservation of capacity shall be valid for the same time as the building permit for which it was reserved.

4. The concurrency test is not passed if the number of trips from an applicant's proposed development is greater than available capacity after it has been adjusted to subtract reserved trips. If the concurrency test is not passed, the applicant may select one of the following options:

a. Amend the application to reduce the number of trips generated by the proposed development, or

b. Provide system improvements or strategies that increase the city-wide available capacity by enough trips so that the application will pass the concurrency test, or

c. Appeal the denial of the application for a concurrency test, pursuant to the provisions of subsection H of this section, or

5. The City shall conduct concurrency tests for multiple applications impacting the same portions of the transportation network/intersection chronologically in accord with the date each application was deemed complete pursuant to SMC 20.30.110.

6. A concurrency test, and any results, shall be administrative actions of the City that are categorically exempt from the State Environmental Policy Act.

F. Reservation of Availability Capacity Results of Concurrency Test

1. Upon passage of a concurrency test, the City shall reserve capacity on behalf of the applicant in the Concurrency Trip Capacity Balance Sheet.

2. A reservation of available capacity shall be valid for the same period as the approved building permit for which it was made, and may be extended according to the same terms and conditions as the underlying building permit.

3. A reservation of available capacity is valid only for the uses and intensities authorized for the building permit for which it is issued. Any change in use or intensity is subject to an additional concurrency test of the incremental increase in impact on transportation facilities.

4. A reservation of available capacity is non-transferrable to another parcel of land or development proposal. A reservation of available capacity may be transferred to a subsequent purchaser of the land for the same uses and intensities.

5. A reservation of available capacity shall expire if the underlying building permit expires; the application or permit is withdrawn by the applicant; the permit is revoked by the City; application approval is

denied by the City; or the determination of completeness expires.

G. Fees.

1. The City shall charge each applicant for a building permit that is not exempt from this section a concurrency test fee in an amount to be established by resolution by the City Council.

2. The City shall charge a processing fee to any individual that requests an informal analysis of capacity if the requested analysis requires substantially the same research as a concurrency test. The amount of the processing fee shall be the same as the concurrency test fee authorized by subsection G.1.

3. The fees authorized in subsections G.1 or G.2 of this section shall not be refundable, shall not be waived, and shall not be credited against any other fee.

H. Appeals. Determinations and decisions by the Director that are appealed by an applicant shall follow the procedures of SMC 20.30 for an Administrative Decision-Type B.

I. Authority. The Director of Public Works, or his/her designee, shall be responsible for implementing and enforcing the concurrency requirements of this chapter. The Director of the Department of Public Works is authorized to adopt guidelines for the administration of Concurrency, which may include the adoption of procedural rules to clarify or implement the provisions of this section.

SMC 20.20.010 is hereby amended to add the following definition:

“Available Capacity” means the number of motor vehicle trips that can be accommodated by the transportation facilities during the p.m. peak period for current and planned development while maintaining the adopted level of service standards. Available capacity is calculated as set forth in the table below:

<u>Step 1</u>	<u>Calculate the baseline total number of trips on the existing City-wide network of transportation facilities during the p.m. peak period using the most recent traffic counts.</u>
<u>Step 2</u>	<u>Identify any existing deficiencies of transportation facilities compared to the level of service standards set forth in SMC 20.60.140(A).</u>
<u>Step 3</u>	<u>Identify capital improvements that will eliminate existing deficiencies identified in Step 2.</u>

<u>Step 4</u>	<u>Add the improvements from Step 3 to the existing network to create the current non-deficient network</u>
<u>Step 5</u>	<u>Add future development to the current land use.</u>
<u>Step 6</u>	<u>Identify any future deficiencies of the current non-deficient network of transportation facilities compared to the level of service standards set forth in SMC 20.60.140(A).</u>
<u>Step 7</u>	<u>Identify capital improvements that will eliminate future deficiencies identified in Step 6.</u>
<u>Step 8</u>	<u>Add the improvements from Step 7 to create the improved network</u>
<u>Step 9</u>	<u>Calculate the total number of future trips on the improved network of transportation facilities during the p.m. peak period by the combined total of current and planned development.</u>
<u>Step 10</u>	<u>Calculate the available capacity by subtracting the baseline trips as calculated in Step 1 from the future trips as calculated in Step 9.</u>
<u>Step 11</u>	<u>Record the available capacity as the beginning balance in the City's Concurrency Trip Capacity Balance Sheet conducted by the City pursuant to Step 10.</u>

SMC 20.20.014 is hereby amended to add the following definition:

"Concurrency" means the level of service standard will be achieved and maintained for new development by adequate transportation facilities that are in place or will be completed no later than six (6) years after occupancy of development.

"Concurrency Test" means a comparison of the number of motor vehicle trips that will be generated during the p.m. peak period by development to the available capacity of transportation facilities.

"Concurrency Trip Capacity Balance Sheet" means the document created and maintained by the City to record the available capacity, reservations of capacity, and the balance of the available capacity that has been adjusted to reflect reserved trips.

SMC 20.20.032 is hereby amended to add the following definition:

"Level of Service Standard" means the levels of service in SMC 20.60.140.A. For the purpose of determining capacity for concurrency, the level of service standards shall be compared to the actual levels of service at the p.m. peak period.

SMC 20.20.044 is hereby amended to add the following definition:

"Reserve" and "Reservation" means to set aside or otherwise note in the City's

Concurrency Trip Capacity Balance Sheet in a manner that assigns capacity to the applicant's building permit and prevents the same capacity from being assigned to any other applicant.

SMC 20.20.048 is hereby amended to add the following definition:

"Transportation Facilities" for the purpose of Concurrency means those roads and streets functionally classified as principal and minor arterials. "Transportation Facilities" also means signalized intersections on arterial streets and unsignalized intersecting arterials. "Transportation Facilities" does not include those facilities specifically identified as exempt in the City's Transportation Master Plan.

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 690

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, ADDING A NEW CHAPTER TO TITLE 12, STREETS, SIDEWALKS AND PUBLIC PLACES, CHAPTER 12.35 “IMPACT FEES” TO THE SHORELINE MUNICIPAL CODE AUTHORIZING THE COLLECTION OF IMPACT FEES FOR TRANSPORTATION FROM NEW DEVELOPMENT; AND AMENDING CHAPTER 3.01 FEE SCHEDULES.

WHEREAS, the Shoreline City Council finds that new growth and development in the City of Shoreline will create additional demand and need for transportation facilities; and

WHEREAS, in the Revised Code of Washington (RCW) 82.02.050(1), the Legislature has stated its intent is to allow the cities to require that new growth and development within their boundaries pay a proportionate share of the cost of system improvements to serve such new development activity through the assessment of impact fees for transportation facilities; and

WHEREAS, in RCW 82.02.050(2), the Legislature has authorized cities to impose impact fees subject to the requirements of RCW 82.02.050(3) and (4); and

WHEREAS, RCW 82.02.090(3) defines “impact fee” as a payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development; and

WHEREAS, RCW 82.020.050(1)(b) and RCW 82.020.060 provide that the City may enact a local ordinance providing for impact fees and the limitations and/or extent that the local ordinance can provide for the impact fees; and

WHEREAS, RCW 82.020.070(2) provides that impact fees shall be expended only in conformance with the Capital Facilities Plan Element of the Comprehensive Plan; and

WHEREAS, the City Council finds that building permits issued by the City are the specific development approval of development activity in the City that can create additional demand and need for transportation facilities; and

WHEREAS, the City Council finds that development activities authorized by building permits for, but not limited to new residential, commercial, retail, office, and industrial development in the City will create additional demand and need for system improvements to transportation facilities in the City, and the City Council finds that such new growth and development should pay a proportionate share of the cost of system improvements needed to serve the new growth and development; and

WHEREAS, the City Council finds that it is in the public interest, and consistent with the intent and purposes of the Growth Management Act (GMA), 36.70 RCW, and consistent with RCW 82.02.060(1), for the City to adopt impact fees which are uniform to the greatest extent practicable; and

WHEREAS, the City has conducted extensive research documenting the procedures for measuring the impact of new growth and development on transportation facilities, and has prepared the “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014 (“Rate Study”) which utilizes methodologies for calculating the maximum allowable impact fees that are consistent with the requirements of RCW 82.02.060(1); and

WHEREAS, in developing the impact fees for transportation facilities, the City has provided adjustments for past and future taxes paid or to be paid by new growth and development, which are allocated or proratable to the same new transportation facilities that will serve the new growth and development; and

WHEREAS, the purpose and intent of this chapter is to authorize the collection of impact fees for transportation facilities and to provide for certain other matters in connection therewith; and

WHEREAS, on July 21, 2014, the City Council held a publically-noticed open record public hearing at which interested members of the public were invited to comment on the proposed amendments;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment to Title 12 Streets, Sidewalks and Public Places.

A new chapter, Chapter 12.35, *Impact Fees for Transportation*, is added to Title 12 as set forth in Exhibit A to this Ordinance.

Section 2. Amendment to Chapter 3.01 Fee Schedules.

A new section, Section 3.01.015 Transportation Impact Fees, is added to Chapter 3.01 as set forth in Exhibit B to this Ordinance.

Section 3. Severability.

If any portion of this chapter is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other chapter or any other section of this chapter.

Section 4. Effective Date and Publication.

A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force on _____, 2014.

ADOPTED BY THE CITY COUNCIL ON JULY 21, 2014.

Mayor Shari Winstead

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Ian Sievers
City Attorney

Publication Date:
Effective Date:

**TRANSPORTATION IMPACT FEES
EXHIBIT A**

Title 12, Streets, Sidewalks and Public Places is amended to add:

12.40.010 Authority and Incorporation by Reference.

A. Pursuant to RCW 82.02.050 – 100, the City adopts impact fees for transportation.

B. The rate study “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014 (“Rate Study”) documents the extensive research concerning the procedures for measuring the impact of new developments on public transportation facilities. The rate study, City Clerk’s Recording Number XXXX, is fully incorporated by reference.

C. The Council adopts this chapter to assess impact fees for transportation. The provisions of this chapter shall be liberally construed in order to carry out the purposes of the Council in providing for the assessment of impact fees.

12.40.020 Definitions.

For purposes of this chapter, if not defined below, the definitions of words and phrases set forth in SMC 1.05.050, SMC 20.20, and RCW 82.02.090 shall apply to this chapter or they shall be given their usual and customary meaning.

“Applicant” is any person, collection of persons, corporation, partnership, an incorporated association, or any other similar entity, or department or bureau of any governmental entity or municipal corporation obtaining a building permit. Applicant includes an applicant for an impact fee credit.

“Building permit” means written permission issued by the City empowering the holder thereof to construct, erect, alter, enlarge, convert, reconstruct, remodel, rehabilitate, repair, or change the use of all or portions of a structure having a roof supported by columns or walls and intended for the shelter, housing, or enclosure of any individual, animal, process, equipment, goods, or materials of any kind.

“Capital facilities plan” means the capital facilities element of the City’s Comprehensive Plan adopted pursuant to RCW 36.70A and such plan as amended.

“Director” means the Director or designee of the Department of Public Works.

“Encumbered” means to reserve, set aside, or otherwise earmark impact fees in order to pay for commitments, contractual obligations, or other liabilities incurred for system improvements.

“Impact fee” means a payment of money imposed upon development as a condition of development approval to pay for transportation facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for transportation facilities, that is a proportionate share of the cost of the transportation facilities, and that is used for facilities that reasonably benefit the new development. An impact fee does not include a reasonable permit fee or application fee. An impact fee does not include the administrative fee for collecting and handling impact fees, the fee for reviewing independent fee calculations, or the fee for deferring payment of impact fees.

“Impact fee account” means the separate accounting structure within the City’s established accounts which shall identify separately earmarked funds and which shall be established for the impact fees that are collected. The account shall be established pursuant to subsection 12.40.110, and shall comply with the requirements of RCW 82.02.070.

“Independent fee calculation” means the impact fee calculation, studies and data submitted by an applicant to support the assessment of a transportation impact fee other than by the use of the rates published in Chapter 3.01.015(A), or the calculations prepared by the director where none of the fee categories or fee amounts in Chapter 3.01.015 accurately describe or capture the impacts on transportation facilities of the development authorized by the building permit.

“Owner” means the owner of record of real property, although when real property is being purchased under a real estate contract, the purchaser shall be considered the owner of the real property if the contract is recorded.

“Project improvements” means site improvements and facilities that are planned and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project, and are not system improvements. No improvement or facility included in a capital facilities plan adopted by the Council shall be considered a project improvement.

“Transportation facilities”, for purposes of this chapter, means the public streets and roads owned or operated by the City of Shoreline or other governmental entities.

“Rate study” means the “Rate Study for Impact Fees for Transportation,” City of Shoreline, dated April 24, 2014.

“Street or road” means a public right-of-way and all related appurtenances, such

as curb, gutter, sidewalk, bicycle lanes and other components of complete streets, and required off-site mitigation, which enables motor vehicles, transit vehicles, bicycles, and pedestrians to travel between destinations.

“System improvements”, means transportation facilities that are included in the City’s capital facilities plan and are designed to provide service to service areas within the community at large, in contrast to project improvements.

12.40.030 Establishment of service area.

A. The City hereby establishes, as the service area for impact fees, the City of Shoreline, including all property located within the corporate City limits.

B. The scope of the service area is hereby found to be reasonable and established on the basis of sound planning and engineering principles, and consistent with RCW 82.02.060, as described in the rate study.

12.40.040 Impact fees methodology and applicability.

The transportation impact fees in Chapter 3.01.015 are generated from the formulae for calculating transportation impact fees set forth in the rate study. Except as otherwise provided for independent fee calculations in subsection 12.40.060, exemptions in subsection 12.40.070, and credits in subsection 12.40.080, all building permits issued by the City will be charged impact fees applicable to the type of development listed in the fee schedule adopted pursuant to Chapter 3.01.015.

12.40.050 Collection of impact fees.

A. The City shall collect impact fees for transportation, based on the rates in Chapter 3.01.015, from any applicant seeking a building permit from the City unless specifically exempted in subsection 12.40.070.

B. When an impact fee applies to a building permit for a change of use, the impact fee shall be the applicable impact fee for the land use category of the new use, less any impact fee paid for the immediately preceding use.

1. For purposes of this provision, a change of use should be reviewed based on the land use category provided in the rate study that best captures the broader use or development activity of the property under development or being changed. Changes of use and minor changes in tenancies that are consistent with the general character of the building or building aggregations (i.e., “industrial park,” or “specialty retail”), or the previous use shall not be considered a change of use that is subject to an impact fee.

2. If no impact fee was paid for the immediately preceding use, the

impact fee for the new use shall be reduced by an amount equal to the current impact fee rate for the immediately preceding use.

3. Buildings vacant for less than 12 months shall be assessed with a reduction based on the most recent legally established use as shown on a locally owned business license.

4. Buildings vacant for 12 months or more shall pay the full impact fee for the new use.

C. For mixed use developments, impact fees shall be imposed for the proportionate share of each land use, based on the applicable measurement in the impact fee rates in Chapter 3.01.015.

D. Impact fees shall be determined at the time the complete application for a building permit is submitted using the impact fees then in effect. Impact fees shall be due and payable before the building permit is issued by the City.

E. Applicants allowed credits prior to the submittal of the complete building permit application shall submit, along with the complete application, a copy of the letter prepared by the Director setting forth the dollar amount of the credit allowed.

F. A building permit applicant may defer payment of impact fees for a single family detached residential dwelling unit until the earlier of the seven (7) days after the date of the sale of the dwelling unit or eighteen (18) months after issuance of the original building permit, whichever occurs first, but only if before issuance of the building permit, the applicant:

1. Submits to the Director a signed and notarized deferred impact fee application, pays associated administrative fees, and provides acknowledgement form for each single family detached residential dwelling unit for which the applicant wishes to defer payment of the impact fees;

2. Records at the applicant's expense a covenant and lien that:

- a. requires payment of the impact fees to the City at the earlier of seven (7) days after the date of sale or eighteen (18) months after issuance of the original building permit, whichever occurs first;

- b. provides that if the impact fees are paid through escrow at closing of sale, in the absence of an agreement between the

buyer and the seller to the contrary, the impact fees shall be paid from the seller's proceeds;

c. provides that the seller bears strict liability for the payment of the impact fees;

d. requires the seller or seller's agent of property subject to the covenant and lien to provide written disclosure of the covenant and lien to a purchaser or prospective purchaser. Disclosure of the covenant must include the amount of impact fees payable and that the fees are to be paid to the City on the date of sale; and

e. makes the applicant legally liable for payment of the impact fees if the fees are not paid by the earlier of seven days after the date of sale or eighteen months after the building permit has been issued, whichever occurs first;

G. Payment of impact fees deferred under this subsection shall be made by cash, escrow company check, cashier's check or certified check.

H. Upon receipt of payment of impact fees deferred under this subsection, the City shall execute a lien release for each single family detached residential dwelling unit for which the impact fees have been received. Unless an agreement to the contrary is reached between buyer and seller, the seller, at the seller's expense, shall be responsible for recording the lien release.

I. The director shall not issue the required building permit until the impact fees have been paid or the signed and notarized deferred impact fee application and acknowledgement form and deferral fee has been received and approved by the City.

J. Not later than one year after the effective date of this Chapter, the Director shall report to the Council on the effect of subsection 12.40.050.F-I. The report shall include information on the number of applications for deferral, the length of time of deferral, the amount of fees deferred, the number of fees and amount not paid as required, and any adverse impacts to the ability of the City to construct projects made necessary by new development. The report shall also include recommendations for changes to address deficiencies identified in the report.

12.40.060 Independent fee calculations.

A. If, in the judgment of the Director, none of the fee categories set forth in Chapter 3.01.015 accurately describes or captures the impacts of a new development on transportation facilities, the director may conduct independent

fee calculations and the Director may impose alternative fees on a specific development based on those calculations. The alternative fees and the calculations shall be set forth in writing and shall be mailed to the applicant.

B. A applicant may opt not to have the impact fees determined according to the fee structure in Chapter 3.01.015, in which case the applicant shall prepare and submit to the Director an independent fee calculation for the development for which a building permit is being sought. The documentation submitted shall show the basis upon which the independent fee calculation was made. An independent fee calculation shall use the same methodology used to establish impact fees adopted pursuant to Chapter 3.01.015, shall be limited to adjustments in trip generation rates and lengths for transportation impact fees.

C. There is a rebuttable presumption that the calculations set forth in the rate study are valid. The Director shall consider the documentation submitted by the applicant, but is not required to accept such documentation or analysis which the Director reasonably deems to be inapplicable, inaccurate, incomplete, or unreliable. The Director may require the applicant to submit additional or different documentation for consideration. The Director is authorized to adjust the impact fees on a case-by-case basis based on the independent fee calculation, the specific characteristics of the development, and/or principles of fairness. The fees or alternative fees and the calculations therefore shall be set forth in writing and shall be mailed to the applicant.

12.40.070 Exemptions.

Except as provided for below, the following shall be exempted from the payment of all transportation impact fees:

A. Alteration or replacement of an existing residential structure that does not create an additional dwelling unit or change the type of dwelling unit.

B. Alteration or replacement of an existing nonresidential structure that does not expand the usable space or change the existing land use as defined in the land use categories as set forth in the impact fee analysis land use tables.

C. Miscellaneous improvements which do not generate increased need for transportation facilities, including, but not limited to, fences, walls, residential swimming pools, and signs;

D. Demolition or moving of a structure.

E. Properties that have undergone prior State Environmental Policy Act (SEPA), RCW 43.21C, review and received a final decision that includes mitigation requirements on the condition that the SEPA mitigation obligation has or will be

fulfilled by the time the impact fees, if applicable, would be due.

F. Any development that creates insignificant and/or temporary additional impacts on any transportation facility, including, but not limited to:

- i. Home occupations that do not generate any additional demand for transportation facilities;
- ii. Special events permits;
- iii. Temporary structures not exceeding a total of 30 days;

G. Low-income housing provided by federally- or state-recognized non-profit organizations. "Low-income housing" means housing with a monthly housing expense, that is no greater than thirty percent of eighty percent of the median family income adjusted for family size, for the county where the project is located, as reported by the United States department of housing and urban development. As provided in RCW 82.02.060, federally – or state-recognized non profit organizations that are developers/applicants of low-income housing, including single family residential dwelling units and multi-family residential buildings, shall be entitled to an exemption of impact fees under the following conditions:

- i. The developer/applicant shall execute and record a covenant that prohibits using the property for any purpose other than for low-income housing except as provided within this subsection;
- ii. The covenant shall, at a minimum, address price restrictions and household income limits for the low-income housing;
- iii. The covenant shall run with the land and apply to subsequent owners and assigns;
- iv. The covenant must state that if the property is converted to a use other than for low-income housing, the property owner must pay the applicable impact fees in effect at the time of conversion;
- v. Any claim for an exemption for low-income housing must be made no later than the time of application for a building permit.
- vi. Any claim for an exemption for low-income housing not made shall be deemed waived.

Covenants shall be record with the applicable county auditor or recording officer.

12.40.080 Credits for dedications, construction of improvements, and past tax payments.

A. An applicant may request that a credit or credits for impact fees be awarded to

him/her for the total value of system improvements, including dedications of land and improvements, and/or construction provided by the applicant. The application for credits shall be presented by the applicant on forms to be provided by the director and shall include the content designated in such forms. Credits will be given only if the land, improvements, and/or the facility constructed are:

1. Included within the capital facilities plan;
2. Determined by the City to be at suitable sites and constructed at acceptable quality;
3. Serve to offset impacts of the development authorized by the applicant's building permit; and
4. Part of one (1) or more of the projects listed in Table 1 of the rate study as the basis for calculating the transportation impact fee, however frontage improvements for those projects are not eligible for credits unless the Director determines that the frontage improvements will not be replaced or significantly changed when the project is constructed..

B. For credits for dedications of real property, the procedures of SMC 2.60.090 shall be followed if applicable. If the procedures of SMC 2.60.090 are not applicable, the following procedures shall be followed:

1. For each request for a credit or credits, the Director shall select an appraiser or, in the alternative, the applicant may select an independent appraiser acceptable to the Director.
2. Unless approved otherwise by the Director, the appraiser must be a Member of the American Institute of Appraisers and be licensed in good standing pursuant under RCW 18.40 et.seq. in the category for the property to be appraised, and shall not have a fiduciary or personal interest in the property being appraised.
3. The applicant shall pay the actual costs for the appraisal and an independent review, if required.
4. After considering the appraisal the Director shall provide the applicant with a written determination setting forth the dollar amount of any credit, the reason for the credit, a description of the real property dedicated, and the legal description or other adequate description of the project or development to which the credit may be applied. The applicant must sign and date a duplicate copy of such

determination accepting the terms of the letter or certificate, and return such signed document to the Director before the impact fee credit will be awarded. The failure of the applicant to sign, date, and return such document within sixty (60) calendar days of the date of the determination shall nullify the credit. If credit is denied, the applicant shall be notified in a letter that includes the reasons for denial.

5. No credit shall be given for project improvements.

C. An applicant may request a credit for past tax for past payments made for the particular system improvements listed in the rate study as the basis for the impact fee. For each request for a credit for past payments the applicant shall submit receipts and a calculation of past payments earmarked for or proratable to the particular system improvement for which credit is requested. The Director shall determine the amount of credits, if any, for past payments for system improvements.

D. Any claim for credit must be received by the City prior to issuance of the building permit. The failure to timely file such a claim shall constitute an absolute bar to later request any such credit.

12.40.090 Adjustments for future tax payments and other revenue sources.

Pursuant to and consistent with the requirements of RCW 82.02.060, the rate study has provided adjustments for future taxes to be paid by the development authorized by the building permit which are earmarked or proratable to the same new transportation facilities which will serve the new development. The impact fees in Chapter 3.01.015 have been reasonably adjusted for taxes and other revenue sources which are anticipated to be available to fund transportation improvements.

12.40.100 Establishment of impact fee accounts.

A. The City shall establish a separate impact fee account for the transportation impact fees collected pursuant to this chapter. Funds appropriated or otherwise withdrawn from the impact fees received must be used in accordance with the provisions of this Chapter and applicable state law. Interest earned on the fees shall be retained in the accounts and expended for the purposes for which the impact fees were collected.

B. On an annual basis, the Director or designee shall provide a report to the Council on the impact fee accounts showing the source and amount of all moneys collected, earned, or received, and the transportation improvements that were financed in whole or in part by impact fees.

C. Impact fees shall be expended or encumbered within ten (10) years of receipt,

unless the Council identifies in written findings extraordinary and compelling reasons for the City to hold the fees beyond the ten (10) year period, pursuant to RCW 82.02.070(3).

12.40.110 Refunds and offsets.

A. If the City fails to expend or encumber the impact fees within ten (10) years of the date the fees were paid, unless extraordinary or compelling reasons are established pursuant to subsection 12.40.110, the current owner of the property on which impact fees have been paid may receive a refund of such fees. In determining whether impact fees have been expended or encumbered, impact fees shall be considered expended or encumbered on a first in, first out basis.

B. The City shall notify potential claimants of the refund by first-class mail deposited with the United States Postal Service at the last known address of such claimants. A potential claimant must be the current owner of record of the real property against which the impact fees were assessed.

C. Owners seeking a refund of impact fees must submit a written request for a refund of the fees to the Director within one (1) year of the date the right to claim the refund arises or the date that notice is given, whichever is later.

D. Any impact fees for which no application for a refund has been made within this one-year period shall be retained by the City and expended on the system improvements for which they were collected.

E. Refunds of impact fees under this subsection shall include any interest earned on the impact fees by the City.

F. When the City seeks to terminate any or all components of the impact fee program, all unexpended or unencumbered funds from any terminated component or components, including interest earned, shall be refunded pursuant to this chapter. Upon the finding that any or all fee requirements are to be terminated, the City shall place notice of such termination and the availability of refunds in a newspaper of general circulation at least two (2) times and shall notify all potential claimants by first-class mail at the last known address of the claimants. All funds available for refund shall be retained for a period of one (1) year. At the end of one (1) year, any remaining funds shall be retained by the City, but must be expended for the transportation facilities for which the impact fees were collected. This notice requirement shall not apply if there are no unexpended or unencumbered balances within the account or accounts being terminated.

G. The City shall also refund to the current owner of property for which impact fees have been paid all impact fees paid, including interest earned on the impact fees, if the development for which the impact fees were imposed did not occur;

provided, however, that, if the City has expended or encumbered the impact fees in good faith prior to the application for a refund, the Director may decline to provide the refund. If within a period of three (3) years, the same or subsequent owner of the property proceeds with the same or substantially similar building permit, the owner can petition the Director for an offset in the amount of the fee originally paid and not refunded. The petitioner must provide receipts of impact fees previously paid for a building permit of the same or substantially similar nature on the same real property or some portion thereof. The Director's determinations shall be in writing and shall be subject to the appeals procedures set forth in subsection 12.40.100.

12.40.120 Use of impact fees.

A. Pursuant to this chapter, impact fees:

1. Shall be used for system improvements that will reasonably benefit the new development authorized by the building permit;
2. Shall not be imposed to make up for deficiencies in transportation facilities; and
3. Shall not be used for maintenance or operation.

B. Impact fees may be spent for system improvements including, but not limited to, planning, land acquisition, right-of-way acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and administrative expenses, applicable impact fees or mitigation costs, and any other expenses which can be capitalized.

C. Impact fees may also be used to recoup system improvement costs previously incurred by the City to the extent that new growth and development will be served by the previously constructed improvements or incurred costs.

D. In the event that bonds or similar debt instruments are or have been issued for the advanced provision of system improvements for which impact fees may be expended, such impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this chapter.

12.40.130 Review and adjustment of rates.

A. The fees and rates set forth in the rate study may be reviewed and adjusted by the Council as it deems necessary and appropriate in conjunction with the annual budget process so that adjustments, if any, will be effective at the first of the calendar year subsequent to budget period under review.

B. Annually, and prior to the first day of January, the Director shall adjust the

fees by the same percentage change as in the most recent annual change of the Washington Department of Transportation's Construction Cost Indices (CCI).

12.40.140 Appeals.

Determinations and decisions by the Director that are appealed by an applicant shall follow the procedures of SMC 20.30 Subchapter 4.

12.40.150 Existing authority unimpaired.

Nothing in this chapter shall preclude the City from requiring the applicant or the proponent of a development authorized by a building permit to mitigate adverse environmental impacts of a specific development pursuant to the SEPA, Chapter 43.21C RCW, based on the environmental documents accompanying the building permit process, and/or Chapter 58.17 RCW, governing plats and subdivisions. Compliance with this chapter or payment of fees under this chapter shall not constitute evidence of a determination of transportation concurrency. Such mitigation shall not duplicate the impact fees charged under this chapter.

**TRANSPORTATION IMPACT FEES
EXHIBIT B**

Chapter 3.01 is amended to add:

3.01.015 Transportation Impact Fees.

A. Rate Table

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip	
90	Park-and-ride lot w/ bus svc	2,848.02	per parking space
110	Light industrial	7.78	per square foot
140	Manufacturing	5.86	per square foot
151	Mini-warehouse	2.09	per square foot
210	Single family house (includes townhouse and duplex)	5,567.41	per dwelling unit
220	Apartment (includes accessory dwelling unit)	3,607.49	per dwelling unit
230	Condominium	3,662.61	per dwelling unit
240	Mobile home park	2,601.80	per dwelling unit
251	Senior housing	1,190.65	per dwelling unit
255	Continuing care retirement	1,776.18	per dwelling unit
310	Hotel	3,722.02	per room
320	Motel	2,965.00	per room
444	Movie theater	11.67	per square foot
492	Health/fitness club	15.37	per square foot
530	School (public or private)	4.52	per square foot
540	Junior/community college	11.82	per square foot
560	Church	3.04	per square foot
565	Day care center	29.19	per square foot
590	Library	14.75	per square foot
610	Hospital	7.15	per square foot
710	General office	10.76	per square foot
720	Medical office	19.55	per square foot
731	State motor vehicles dept	94.21	per square foot
732	United States post office	22.48	per square foot
820	General retail and personal services (includes shopping center)	8.14	per square foot
841	Car sales	14.97	per square foot
850	Supermarket	22.23	per square foot

ITE Code	Land Use Category/Description	Impact Fee Per Unit @ \$6,124.77 per Trip	
851	Convenience market-24 hr	41.31	per square foot
854	Discount supermarket	22.67	per square foot
880	Pharmacy/drugstore	13.09	per square foot
912	Bank	31.85	per square foot
932	Restaurant: sit-down	22.97	per square foot
934	Fast food	52.85	per square foot
937	Coffee/donut shop	67.05	per square foot
941	Quick lube shop	23,840.66	per service bay
944	Gas station	21,679.38	per pump
948	Automated car wash	46.34	per square foot

B. Administrative Fees.

1. For each impact fee imposed, there shall be charged a non-refundable administrative fee equal to the charge for one hour as set forth in the City's fee schedule, SMC 3.01.010. The administrative fee shall be paid at the time the building permit is issued.
2. Request to the Director for an estimate or preliminary determination of impact fees shall be charged a non-refundable administrative processing fee as provided in SMC 3.01.010(G)(10) Interpretation of Development Code. The fee shall be paid at the time the request is submitted to the City.
3. Each application for a deferral of payment of residential impact fees as provided in SMC 12.40.050(F) shall pay a non-refundable administrative deferral fee equal to the charge for one hour as set forth in the City's fee schedule, SMC 3.01.010. The fee shall be paid at the time the application for deferral is submitted to the City.
4. Any applicant submitting an independent fee calculation as provided in SMC 12.40.060 shall pay a non-refundable administrative fee to cover the cost of reviewing the independent fee calculation. The fee shall be based on the hourly rate set forth in the City's fee schedule, SMC 3.01.010, times the actual hours incurred by the City to perform the review. The fee shall be paid prior to issuance of the Director's determination.
5. Administrative fees shall not be credited against the impact fees.

RATE STUDY
FOR
IMPACT FEES
FOR
TRANSPORTATION

CITY OF SHORELINE, WASHINGTON

April 24, 2014

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EXECUTIVE SUMMARY

The purpose of this study is to establish the rates for impact fees for transportation¹ facilities in the City of Shoreline, Washington.

Rates

The rates for transportation impact fees for new residential development are:

Type Dwelling Unit	Impact Fee per Unit
Single Family	\$ 5,567.41
Apartment	3,607.49
Condominium	3,662.61

The rates for transportation impact fees for non-residential land uses are listed in Table 5.

Impact Fees vs. Other Applicant 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 "applicant" 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 applicant contributions or exactions, such as mitigation or voluntary 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 Transportation Capital Improvements

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of transportation facilities. These other revenues are accounted for by adjusting (i.e., reducing) the amount of

¹ Throughout this study the term "transportation" refers to "public streets and roads" defined in RCW 82.02.090, including related appurtenances such as curb, gutter, sidewalk, bicycle lanes and other components of complete streets.

the impact fee rates to adjust for the portion of transportation capital project costs that are paid by the other revenues.

Credits for Other Contributions by Applicant

An applicant who contributes land, improvements or other assets that are part of one of the impact fee projects 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. The City has the sole right to determine what contributions are acceptable. The improvement by the applicant must be part of one or more of the projects listed in Table 1 of this study. Frontage improvements for those projects are not eligible for a credit unless the Director determines that the frontage improvement will not be replaced or significantly altered when the project is constructed.

Who Pays Impact Fees

Impact fees are paid by all types of new development that are not exempted by City Code. Impact fee rates for new development are based on, and vary according to the type of land use.

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 fee programs are not required to use multiple service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Public streets and roads impact fees are collected and expended in a single service area throughout the current boundaries of the City of Shoreline because of the compact size of the City and the accessibility of its transportation system to all property within the City.

Timing of Payment of Impact Fees

Impact fees are usually collected at the time the local government issues a building permit. In the City of Shoreline the amount of the impact fees are calculated at the time the complete building application is submitted. The impact fees are paid at the time the building permit is issued unless authorized by City Code.

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 engineering design studies, environmental review, land surveys, right of way acquisition, engineering, permitting, financing, administrative expenses, construction, applicable mitigation costs, and capital equipment (i.e., signals) pertaining to

transportation capital improvements. A separate administrative fee charged with the impact fee provides money to pay for the cost of administering the impact fee program.

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 applicant 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 government for the unused capacity of existing facilities. Impact fee payments that are not expended or obligated within 10 years must be refunded unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fees for longer than 10 years. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the government, and annual reports must describe revenue and expenditures.

Applicant Options

Washington law provides people who are liable for impact fees several alternatives to paying the impact fees calculated in this study. The applicant 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. The applicant can appeal to the Hearing Examiner the impact fee calculation by the City of Shoreline. If the local government fails to expend the impact fee payments within 10 years of receipt of such payments, the applicant can obtain a refund of the impact fees (unless the City Council has made a written finding and extension of the deadline pursuant to RCW 82.02.060(3)(a)). The applicant can also obtain a refund if the development does not proceed, no impacts are created, and the City has not expended the impact fees.

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 that must be addressed, and presents the methodology and formulas for determining the amount of the impact fee.

- Chapter 2 lists the capital improvement project costs of system improvements to transportation facilities, and subtracts non-impact fee revenues to determine the unfunded cost of eligible transportation projects.
- Chapter 3 documents the growth in trips attributable to new development, and calculates the cost per growth trip.
- Chapter 4 documents the trip generation rate for each type of land use, and calculates the transportation impact fee for each of the land use types.
- Appendix A documents the need for additional transportation facilities, including identification of existing deficiencies in transportation system capacity for current development, capacity of existing transportation system available for new development, and additional transportation system capacity needed for new development, as specified in RCW 82.02.050(4).

DATA USED IN THIS STUDY

This impact fee rate study is based on the most recent data provided by the City of Shoreline.

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 transportation for Shoreline, 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 Transportation Element and the Capital Facilities Plan Element of the City's Comprehensive Plan.

STATUTORY BASIS FOR IMPACT FEES

The Growth Management Act of 1990 authorizes local governments in Washington to charge impact fees. RCW 82.02.050 - 82.02.100 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. *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 applicant 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 applicant (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)* The City has the sole right to determine what contributions are acceptable.

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)*

Applicant Options

Applicants 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)*. Applicants 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 applicant can obtain a refund of the impact fees if the local government fails to expend or obligate the impact fee payments within 10 years, or terminates the impact fee requirement, or the applicant 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)*

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, place them in an interest bearing account, expend or obligate the money on CFP projects within 10 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 transportation facilities, and the benefit of transportation facilities to new development.

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 Shoreline is legally and financially responsible for the transportation facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private streets or roads, but it may charge impact fees for some streets or roads 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 transportation, and enter into an

agreement with the State of Washington for the transfer, expenditure, and reporting of transportation impact fees for state roads. A city may not charge or use impact fees on State roads without an agreement with the State, and a City CFP that includes state road projects.

Need for Additional Transportation Capacity

The need for additional transportation system capacity is determined by using standards for levels of service for transportation facilities and other metrics, such as increase in traffic volume. The analysis of needed transportation 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 transportation facilities is presented in Appendix A.

Need for New Revenue for Additional Transportation Capacity

The need for new revenue for transportation facilities is demonstrated by comparing the cost of new facilities through 2030 to the existing sources of revenue for the same time horizon. The City's Transportation Element and CFP for transportation 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 trip 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 applicant (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 right of way and the quality and design of a donated transportation facilities improvement can be required to be acceptable to the local government.

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

2. Reasonably Related to Need.

There are several 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 transportation facilities are charged to properties that need (i.e., benefit from) new transportation facilities. The City of Shoreline provides its transportation facilities network to all kinds of property throughout the City regardless of the type of use of the property.
- The relative needs of different types of growth are considered in establishing fee amounts (i.e., different trip generation rates for different types of land use).

- Applicants 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).

Shoreline's transportation facilities serve the entire City, therefore the impact fees for these transportation capital improvements are based on a single service area that 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 or obligated within 10 years, unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fees for longer than 10 years. This deadline ensures a benefit to the applicant by prohibiting the City from holding the money indefinitely.

METHODOLOGY AND RELATIONSHIP TO CAPITAL FACILITIES PLAN

Impact fees for transportation facilities begin with the list of projects in the City's Transportation Element and Capital Facilities Plan (CFP). The projects in the Transportation Element and CFP 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 growth trip. The costs per growth trip are applied to the unique trip generation rates for each type of land use. The amount of the fee is determined by charging each fee-paying development for cost of the number of growth trips that it generates.

Calculation of Impact Fee Amounts

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

$$1. \quad \begin{array}{ccccc} \text{Road}^2 & & \text{Cost of} & \text{Cost of Capacity} & \text{Capacity Cost} \\ \text{Project} & & \text{Existing} & \text{for Growth} & \text{for Future} \\ \text{Costs} & - & \text{Deficiencies} & \text{After 2030} & \text{Growth} \end{array}$$

² In the formulas and tables in this study, the terms "road" or "roads" is used as a shorthand expression for "transportation" (i.e., "public streets and roads" authorized by RCW 82.02.090(7)).

$$\begin{array}{lclclcl}
 2. & \text{Capacity Cost} & & \text{Other Funds} & & \text{2008}^3\text{-2030} \\
 & \text{for Future} & - & \text{Committed} & = & \text{Growth's Share} \\
 & \text{Growth} & & \text{To Projects} & & \text{of Projects} \\
 \\
 3. & \text{Future} & & \text{Current} & & \text{Growth} \\
 & \text{Trips on} & - & \text{Trips on} & = & \text{Trips on} \\
 & \text{Road Network} & & \text{Road Network} & & \text{Road Network} \\
 \\
 4. & \text{2008-2030} & & \text{Growth} & & \text{"Not Rely"} & & \text{Eligible Cost} \\
 & \text{Growth's} & \div & \text{Trips on} & - & \text{Solely"} & = & \text{per} \\
 & \text{Share} & & \text{Road Network} & & \text{Adjustment} & & \text{Growth Trip} \\
 \\
 5. & \text{Eligible Cost} & & \text{Trip} & & \text{Impact} \\
 & \text{per} & \times & \text{Generation} & = & \text{Fee for} \\
 & \text{Growth Trip} & & \text{Rate per Land Use} & & \text{Land Use Type}
 \end{array}$$

³ 2008 is the baseline year of Shoreline's most recent traffic model. Development that has occurred between 2009 and the present, and increases in trips on Shoreline's street network since 2008 are considered "growth" for the purpose of calculating impact fee costs per trip. However, impact fees will be charged only to growth that occurs after the effective date of Shoreline's ordinance adopting impact fees, and growth between 2009 and that effective date will not be charged impact fees.

2. ROAD SYSTEM IMPROVEMENT COSTS ELIGIBLE FOR IMPACT FEES

This chapter includes a description of the first two formulas, each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of 2008-2030 growths' share of the capital cost of system improvements to transportation facilities that are eligible for impact fees.

The transportation projects listed in this chapter are eligible for impact fees because the needs analysis of the Transportation Element and CFP projects presented in Appendix A meets the requirements of RCW 82.02.

FORMULA 1: CAPACITY COST FOR FUTURE GROWTH

The cost of the capacity of eligible transportation projects for future growth is calculated by subtracting the cost of existing deficiencies and the cost of capacity not used by 2030 from the total transportation project costs as shown in the City's Transportation Element and Capital Facilities Plan (CFP) for transportation facilities.

$$\begin{array}{rclclcl}
 1. & \text{Road} & & \text{Cost of} & & \text{Cost of Capacity} & & \text{Capacity Cost} \\
 & \text{Project} & & \text{Existing} & & \text{for Growth} & & \text{for Future} \\
 & \text{Costs} & - & \text{Deficiencies} & - & \text{After 2030} & = & \text{Growth}
 \end{array}$$

There are three variables that require explanation: (A) the costs of transportation projects, (B) the cost of existing deficiencies, and (C) the cost of capacity for growth after 2030.

Variable (A) Costs of Transportation Projects

The Transportation Element and Capital Facilities Plan identify capital projects needed to maintain the City's current transportation system, and to meet the additional demands from growth. The projects in the Transportation Element and CFP were analyzed to determine which projects are needed to serve growth. Appendix A presents the results of that analysis.

The costs of transportation projects used in this study include the full cost of the project, including engineering, right of way, and construction costs.

The cost of transportation projects does not include any costs for interest or other financing. If the City decides in the future to borrow money for transportation facilities, the carrying costs for financing can be added to the costs in this study, and the impact fee can be recalculated to include such costs.

Variable (B): Costs of Existing Deficiencies

Impact fees can be charged for growth's proportionate share of transportation projects, but impact fees cannot be charged for the portion of projects that eliminate deficiencies that existed before growth occurred. The portion of a project that eliminates an existing deficiency is not eligible for impact fees, therefore the cost of eliminating the existing deficiency is subtracted from the total cost of the project.

For transportation segments, the cost of existing deficiency is determined by dividing the current deficient traffic volume by the capacity created by the new project. The resulting percent is the portion of the project that is needed for the existing deficiency. That percent is multiplied times the total transportation project cost to determine the portion of the cost that is needed to eliminate the existing deficiency.

For intersections, the cost of existing deficiency is determined by dividing the number of seconds of delay in excess of the standard by the number of seconds allowed by the standard. The resulting percent is the portion of the project that is needed for the existing deficiency. That percent is multiplied times the total intersection project cost to determine the portion of the cost that is needed to eliminate the existing deficiency.

Variable (C) Costs of Capacity for Growth after 2030

The impact fees in this study are calculated for growth that will occur between 2008 and 2030, but some of the transportation projects in the Transportation Element and Capital Facilities Plan create more capacity than will be used up by growth through 2030. The amount of capacity that is not used by 2030 is available for long-term growth that occurs after 2030, but its cost should not be included in impact fees for short-term growth.

The cost of growth after 2030 is calculated by determining the unused ("reserve") capacity. Reserve capacity is the difference between the total capacity of the improved transportation facilities and the amount of traffic volume in the year 2030 (as forecast by the traffic model). The cost (value) of reserve capacity is determined by dividing the reserve capacity by the total capacity created by the new project. The resulting percent is the portion of the project that is unused reserve capacity in 2030. That percent is multiplied times the total project cost to determine the portion of the cost that is for capacity for growth that will occur after 2030. However, project #6, N 175th St. from Stone to Meridian is being constructed in order to relieve congestion on Meridian. As a result, the analysis of reserve capacity on N 175th is not applicable to the impact fee calculations.

CALCULATION OF CAPACITY COSTS FOR FUTURE GROWTH

The calculation of the cost of the capacity of eligible transportation projects for future growth is presented in Table 1. Columns 1 and 2 list the eligible projects and total costs from the Transportation Element and CFP. The total costs are reduced by existing deficiency costs and costs of capacity for growth after 2030 in Columns 3 and 4. These ineligible costs are subtracted from the total costs, and the balance in Column 5 is the cost of capacity for future growth.

TABLE 1 GROWTH SHARE OF FUTURE PROJECT COST				
(1)	(2)	(3)	(4)	(5)
#	Project	Project Cost	Cost of Existing Deficiency	Cost of Post-2030 Reserve Capacity
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	\$ 5,479,125	\$199,241	\$ 0
2.	N 175th St/Meridian Ave N: 500 ft	5,260,356	180,502	0
3.	Meridian Ave N: N 145th St to N 205th St	10,108,030	0	0
4.	NE 185th St: 1st Ave NE to 7th Ave NE	308,068	0	211,797
5.	N 175th St: Meridian Ave N to I-5	4,269,679	0	0
6.	N 175th St: Stone to Meridian	13,253,502	0	0
	Totals	38,678,760	379,743	211,797
				38,087,220

FORMULA 2: 2008-2030 GROWTH'S SHARE

The 2008-2030 growth share of transportation project cost is calculated by subtracting the value of other funds that are committed to the project and which will pay for part of growth's share of the cost (from Table 1).

$$2. \text{ Capacity Cost for Future Growth} - \text{Other Funds Committed To Projects} = \text{2008-2030 Growth's Share of Projects}$$

There is one new variable that requires explanation: (D) other funds committed to projects.

Variable (D): Other Funds Committed to Projects

Impact fee rate calculations must recognize and reflect all known sources of revenue from new development that are earmarked or proratable to a particular impact fee project. These sources of revenue can include locally generated revenues (e.g., taxes, fees or charges, interest, etc.), state and/or

federal grants, bonds, or other revenue sources, which are committed to transportation capital improvement projects. The City's Transportation Element and CFP list specific sources of revenue for each project. The City of Shoreline's impact fee calculations include all non-impact fee revenue, whether paid by new development, or paid by existing residents and businesses.

The sources of revenue listed in the City's Transportation Element and CFP are available to pay for the City's "share" of projects, as well as growth's "share." The City's share includes the costs of variables B and C listed above: costs of existing deficiencies, and cost of capacity for growth after 2030. The revenues in the City's plan were analyzed to determine the portion that was available for the City's share and the portion that was for growth's share. The City has no revenue that applies to growth's share of project costs.

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 new capital projects do not have prior costs, therefore prior taxes did not contribute to such projects.

If an applicant believes that past tax payments were made by his/her property and such taxes meet the criteria of RCW 82.02.060(1)(b), an applicant can submit documentation and request a special review.

CALCULATION OF 2008-2030 GROWTH'S SHARE

The 2008-2030 growth share of transportation project cost is presented in Table 2. Column 1 lists the eligible projects from the Transportation Element and CFP. Column 2 lists the capacity cost for future growth (from Table 1, column 5). The capacity costs in Column 1 are reduced by the other revenue that pays for growth's share (Column 3). The result is shown in Column 4: 2008-2030 growth's share of the transportation improvement projects.

TABLE 2 NET GROWTH SHARE ELIGIBLE FOR IMPACT FEES				
(1)		(2)	(3)	(4)
#	Project	2008 - 2030 Growth Share	Other Funds Committed to Projects	Net Growth Share (Eligible for Impact Fees)
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	\$ 5,279,884	\$ 0	\$ 5,279,884
2.	N 175th St/Meridian Ave N: 500 ft	5,079,854	0	5,079,854
3.	Meridian Ave N: N 145th St to N 205th St	10,108,030	0	10,108,030
4.	NE 185th St: 1st Ave NE to 7th Ave NE	96,271	0	96,271
5.	N 175th St: Meridian Ave N to I-5	4,269,679	0	4,269,679
6.	N 175th St: Stone to Meridian	13,253,502	0	13,253,502
Totals		38,087,220	0	38,087,220

3. 2008-2030 GROWTH COST PER GROWTH TRIP

In this chapter the 2008-2030 growth's share of the cost of eligible transportation projects from Chapter 2 is converted to a cost per growth trip. As in the previous chapter, this chapter includes a description of each formula and each variable that is used in the formulas, an explanation of the use of data in the formula, and the calculation of the unfunded cost per growth trip, using formulas 3 and 4.

FORMULA 3: GROWTH TRIPS

The growth of trips on Shoreline's transportation system is calculated by subtracting the number of trips currently on the transportation system from the number of trips that are forecast to be on the transportation system in the year 2030:

$$3. \quad \begin{array}{c} \text{Future} \\ \text{Trips on} \\ \text{Road Network} \end{array} - \begin{array}{c} \text{Current} \\ \text{Trips on} \\ \text{Road Network} \end{array} = \begin{array}{c} \text{Growth} \\ \text{Trips on} \\ \text{Road Network} \end{array}$$

There is one new variable used in formula 3 that requires explanation: (E) trips.

Variable (E) Trips (Current and Future)

A traffic demand model is used to analyze traffic on transportation facilities. Shoreline's model was run by the City's transportation planning consultant, DKS Associates, and the results used to calculate current and future trips on Shoreline's transportation facilities. The data from the model is presented here as p.m. peak hour trips.

CALCULATION OF GROWTH TRIPS

Table 3 shows the future and current trips and calculates the growth trips.

TABLE 3 GROWTH TRIPS (P.M. PEAK HOUR) IN SHORELINE			
(1)	(2)	(3)	(4)
Origin - Destination	2008 Trips	2030 Trips	Growth Trips (Increase in Trips)
internal to internal	2,444	3,352	908
internal to external	7,009	8,846	1,837
external to internal	8,168	9,766	1,598
external to external	8,011	9,700	1,689
Total Trips	25,632	31,664	6,032

FORMULA 4: COST PER GROWTH TRIP

The 2008-2030 growth share of cost of transportation projects per growth trip is calculated by dividing the 2008-2030 growth share of cost of transportation projects by the number of growth trips:

$$4. \quad \begin{array}{ccccc} \text{2008-2030} & & \text{Growth} & & \text{"Not Rely"} & & \text{Eligible Cost} \\ \text{Growth's} & \div & \text{Trips on} & - & \text{Solely"} & = & \text{per} \\ \text{Share} & & \text{Road Network} & & \text{Adjustment} & & \text{Growth Trip} \end{array}$$

There is one new variable used in formula 3 that requires explanation: (F) "not rely solely on impact fees."

Variable (F) "Not Rely Solely on Impact Fees"

RCW 82.02.050(7) provides that "...the financing for system improvements to serve new development ... cannot rely solely on impact fees." The statute provides no further guidance, and "not rely solely" could be anything between 0.1% and 99.9%, thus additional analysis is presented below.

As noted previously, the total cost of all eligible projects is \$38.1 million, and 0.99% of that is for existing deficiencies. In addition, the future reserve capacity equals 0.55% of total costs. The City is required to pay for existing deficiencies and reserve capacity costs. The City may or may not eventually recoup the costs of future reserve capacity from development that occurs after the 2030 planning horizon for the transportation improvements. Arguably the 0.99% and the 0.55% that will be paid by the City provide sufficient compliance with the requirement to "not rely solely on impact fees." However, in the event that the intent of the statute is more narrowly construed to mean that the City should "not rely solely on impact fees" for the \$38,087,220 cost that is eligible for impact fees, an additional 3% reduction (\$1,142,617) is made to the impact fee calculation. This is accomplished at the end of Table 4, by reducing the cost per trip by 3%, and the resulting net cost per trip will be used as the basis for the remaining calculations of the transportation impact fee for Shoreline.

CALCULATION OF COST PER GROWTH TRIP

Table 4 shows the calculation of the cost per growth trip by dividing the 2008-2030 growth share of cost of transportation projects that are eligible for impact fees (from Table 2) by the number of growth trips (from Table 3) to produce the total cost per growth trip. The last step in Table 4 is to subtract an amount equal to 3% of the total cost per trip in order to determine the eligible cost per trip.

TABLE 4 COST PER GROWTH TRIP	
(1) Description	(2) Amount
Growth Share of Project Costs	\$ 38,087,220
P.M. Peak Hour Growth Trips	6,032
Cost per P.M. Peak Hour Growth Trip	\$ 6,314.19
RCW 82.02.050 (2) "cannot rely solely on impact fees"	-3.00%
Net Cost per P.M. Peak Hour Growth Trip	\$ 6,124.77

4. IMPACT FEE RATES FOR SPECIFIC LAND USES

In this chapter the eligible cost per growth trip (from chapter 3) is converted to an impact fee rate per unit of development for a variety of land use categories. 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 impact fee, using formula 5.

FORMULA 5: IMPACT FEE RATES FOR SPECIFIC LAND USES

The impact fee for each category of land use is determined by multiplying the cost per growth trip times the number of trips generated per unit of development of each category of land use:

$$5. \quad \begin{array}{ccccc} \text{Eligible Cost} & & \text{Trip} & & \text{Impact} \\ \text{per} & & \text{Generation} & & \text{Fee for} \\ \text{Growth Trip} & \times & \text{Rate per Land Use} & = & \text{Land Use Type} \end{array}$$

The formula uses different trip generation rates for different types of land uses (i.e., single family houses, office buildings, etc.). There is one new variable used in formula 4 that requires explanation: (G) trip generation rates.

Variable (G) Trip Generation Rates

This rate study uses the data reported in Trip Generation, compiled and published by the Institute of Transportation Engineers (ITE). The report is currently in its 8th edition. The report is a detailed statistical compilation of hundreds of surveys of trip origins and destinations conducted throughout the United States. The data is reported on several variables (i.e., type of land use, units of development, number of employees, hour of day, etc.). The data used in this impact fee rate study is for trips generated during the p.m. peak hour, since that is the same basis as the trip data for the City's level of service. Impact fee rates are calculated in this study for many frequently used types of land use (i.e., dwellings, offices, retail, restaurants, etc.). Impact fees can be calculated for other land uses not listed in this rate study by referring to the data in the ITE report.

Trip generation data is reported initially as the total number of trips leaving and arriving at each type of land use (i.e., trip ends). There are two adjustments made to each trip generation rate before it is used to calculate the impact fee.

The first adjustment is to reduce the number of trips charged to land uses that are incidental attractors and generators of trips. For example, if a person leaves work to return home at the end of the workday, the place of employment is the origin, and the home is the destination. But if the person stops enroute to run an errand at a store, the ITE data counts the stop at the store as a new destination (and a new origin when the person leaves the store). In reality, the work-to-

home trip was going to occur regardless of the incidental stop, therefore the trip rate of the store should not be charged as an additional impact on the transportation system. The adjustment is based on the number of "pass-by" trips that stop at the store instead of "passing by." In Table 5, these trips are eliminated by counting only the trips that are truly "new" trips (i.e., a person made a special trip to the store). The adjustment is shown in the rate table as "Percent New Trips."

The second adjustment is the "Trip Length Factor." Not all trips are the same length. Longer trips need more transportation facilities, so they are considered to have a greater impact than shorter trips. The ITE report's trip generation data is adjusted by a factor that compares the average trip length of each type of development to the average trip length of all trips. Some land uses have factors greater than 1.0 (i.e., hospitals are factored at 1.28 because their trips are 28% longer than average) while other land uses have factors less than 1.0 (i.e., 24-hour convenience markets trips are factored at 0.44 because their trips are only 44% the length of an average trip).

CALCULATION OF IMPACT FEE RATES FOR SPECIFIC LAND USES

Table 5 shows the calculation of impact fee rates for twenty-eight frequently used categories of land use that are listed in column 1. The ITE trip rate in column 2 is multiplied times the percent new trips in column 3, and the result is multiplied times the trip length factor in column 4. Column 5 reports the net new trips that are the result of these calculations. The impact fee rates in column 6 are calculated by multiplying the net new trips from column 5 times the eligible cost per growth trip (from Table 4, and repeated in the column heading of column 6). If the trip generation rate in column 5 is reported per 1,000 square feet, the calculation of rates for column 6 includes a step of dividing by 1,000 in order to calculate the impact fee rate per square foot.

An applicant for a building permit will be assessed an impact fee that is determined as follows:

1. Select the appropriate land use category from Table 5, and find the impact fee rate per unit in column 6.
2. Determine the number of "units" of development, such as dwelling units, or square feet of buildings the applicant proposes to build. (Specific "units" used for impact fees are listed in the right portion of column 6 of Table 5).
3. Multiply the rate per unit by the number of units to be built. The result is the impact fee.

³ Ratio to average trip length

APPENDIX A: ANALYSIS OF NEEDS FOR ROAD IMPROVEMENTS

Need for Transportation to Serve Growth in Shoreline

RCW 82.02 requires impact fees to be based on the City's Capital Facilities Plan which must identify existing deficiencies in transportation system capacity for current development, capacity of existing transportation system available for new development, and additional transportation system capacity needed for new development. Shoreline's Capital Facilities Plan for transportation projects is found in the Transportation Element of the City's Comprehensive Plan.

Existing deficiencies and reserves were summarized in Table 2 of this study. The purpose of this appendix is to summarize needs for additional capacity for new development based on data provided in the Transportation Element of the City's Comprehensive Plan.. Specifically, Figure A-4 denotes roadway projects to accommodate growth. Tables 8.2 and 8.3 speak to 2008 and 2030 increased in time delay (for LOS) in % and Appendix E, Figures E-2, E-3, E-4, and E-5 all speak to growth with 2008 and 2030 vehicle counts and % growth calculations being presented.

The need for additional transportation facilities is determined by using several criteria, including increases in traffic volume, increases in transportation system capacity and determination that the capacity increases are needed for growth. Table A-1 lists the transportation projects from Shoreline's Transportation Element and CFP that are eligible for impact fees because of the results of one or more criteria.

TABLE A-1 ANALYSIS OF NEED FOR ROAD PROJECTS TO SERVE GROWTH					
(1)	(2)	(3)	(4)	(5)	
#	Project	Description	Volume Increase 2008 - 2030	Capacity Increase 2008 - 2030	Capacity Increase Needed to Serve Growth
1.	N 185 th St/Meridian Ave N: 500 ft NB/SB	Add/Drop Lanes	50%	380 vph	X
2.	N 175th St/Meridian Ave N: 500 ft	NB Add lane, Restripe WB Approach	44%	380 vph	X
3.	Meridian Ave N: N 145th St to N 205th St	Add two way left turn lane	39%	140 vph	X
4.	NE 185th St: 1st Ave NE to 7th Ave NE	Add two way left turn lane	38%	160 vph	X
5.	N 175th St: Meridian Ave N to I-5	Roadway widening and sidewalks	22%	160 vph	X
6.	N 175th St: Stone to Meridian	Roadway widening, sidewalks and vertical realignment	40%	160 vph	X

MBA Questions About Shoreline's Proposed Transportation Impact Fee

On May 13th, Jennifer Anderson of the MBA met with City staff to discuss Shoreline's proposed transportation impact fee. The MBA asked several questions. The following are the questions and the City's response to each.

1. Are the transportation growth projects included in the City's Capital Facilities Element?

RCW 82.02 says that the City can only collect impact fees for the public facilities which are addressed by a capital facilities plan element (CFE) of a comprehensive land use plan. Shoreline's Capital Facilities Element says that transportation facilities are addressed in the Transportation Element (TE). Many jurisdictions separate transportation facilities in their comprehensive plans otherwise it would be somewhat redundant.

Shoreline's TE contains the City's goals and policies for transportation. The TE and its Supporting Analysis refer to the City's Transportation Master Plan (TMP) as the location of the "more detailed analysis and direction" for transportation, including the list of specific capital improvement projects. Chapter 8 of the TMP, at page 195 includes the projects that are included in the transportation impact fee:

Using the traffic model and the criteria established to identify intersection improvements, the City has identified the following projects that will improve capacity and mitigate the impacts of forecasted growth:

- *Addition of a center two-way left-turn lane and traffic calming measures on Meridian Avenue N from N 145th Street to N 205th Street*
- *Intersection improvements at N 185th Street and Meridian Avenue N*
- *Addition of a center two-way left-turn lane on N 175th Street from Stone Avenue N to Meridian Avenue N*
- *Intersection improvements at N 175th Street and Meridian Avenue N*
- *Extension of left-turn pockets on N/NE 175th Street between Meridian Avenue N and the I-5 on-/off-ramps*
- *Intersection improvements at NE 175th Street and 15th Avenue NE*
- *Addition of a center two-way left-turn lane on NE 185th Street from 1st Avenue NE to 7th Avenue NE*

The location of these projects is shown on Figure AA, Proposed Roadway Projects to Accommodate Growth. The costs of these projects will be utilized to develop the City's impact fee program.

The public facilities are in Shoreline's Comprehensive Plan CFE by reference to the TE, which refers to the TMP. More recent cost estimates of these projects are presented in the 2015-2020 Transportation Improvement Plan (TIP). Thus, when you weave all the pieces together, the

projects are incorporated in the CFE because the TMP is part of the CFE and the projects are included in the TMP (with updated costs in the TIP).

2. In Formula 2 of the Rate Study, why are no “Other Funds Committed to Projects” listed, as growth cannot be solely responsible all costs associated with projects?

The Rate Study statement on page 15, “The City has no revenue that applies to growth’s share of project costs” is the basis for Table 2 showing zero other funds committed to projects. Shoreline’s TIP is the basis of this statement. It contains no other funding for the projects in the transportation impact fee. Formula 4 and Table 4 in the Rate Study directly address the requirement to “not rely solely on impact fees”. The amount to be charged to growth is reduced from 100% to 97%, thus not relying solely on impact fees.

3. What other funding sources will be used to pay for the City’s share of projects? They need to be identified.

“RCW 36.70A.070 (3)(d) requires “at least a six-year plan that will finance such capital facilities within projected funding capacities and clearly identifies sources of public money for such purposes...”. Shoreline’s TMP chapter on funding complies with this requirement, as follows:

Shoreline’s TMP includes a 17-page chapter on funding the TMP. It identifies and analyzes 15 specific federal and state funding sources, and 7 specific local funding sources that can fund the TMP. One of the 7 local funding sources is the transportation impact fee, so there are 15 federal and state funding sources and 6 other local funding sources available to pay for the City’s share of projects needed for growth.

The City’s share of the growth cost is the 3% used in Table 4 of the Rate Study. Growth’s share of project costs in the Rate Study is \$38,027,220, and 3% of that total is \$1,142,617. During the 20-year period covered by the TMP, the City’s 3% share of \$1.14 million is an average of \$57,000 per year. The funding sources identified in the TMP funding chapter have the potential to generate far more than \$1.14 million (\$57,000 per year), therefore the City has demonstrated the funding capacity to pay the 3% share of projects using one or more of the 21 funding sources in the TMP other than the transportation impact fee.

The 97% of project costs that is attributable to growth comes from growth in two locations: internal and external. The portion that is attributable to internal trips from development within Shoreline will be collected from impact fees paid by development in Shoreline. The portion that is attributable to external trips from development outside of Shoreline can be paid by one or more of the following sources: (1) reciprocal impact fees from other jurisdictions for the impact of their development on Shoreline’s streets, (2) SEPA mitigation requested by Shoreline and imposed as a condition of development by the other jurisdictions, (3) grants from federal and state sources, and/or (4) local funds provided by the City of Shoreline.

4. What is the basis for identifying 3% as the reduction used to comply with the requirement to “not rely solely on impact fees”?

RCW 82.02.050 (7) prohibits 100% impact fees, but does not specify the amount that constitutes “not relying solely on impact fees.” In 2006, the City of Sammamish adopted a transportation

impact fee that used a 3% reduction to comply with the requirement to “not rely solely on impact fees.” Sammamish’s transportation impact fee was examined thoroughly by the MBA, including extensive and detailed discussions about the 3% reduction. At the City Council’s final hearing prior to adopting the transportation impact fee, the MBA submitted a letter indicating that the “... impact fee appears to be consistent with the Growth Management Act ...”. Shoreline has in common with Sammamish very limited amounts of revenue from other sources to pay for projects needed for growth, therefore the Shoreline transportation impact fee uses the same 3% reduction as Sammamish.

5. Table A-1 identifies the expected volume increase between 2008-2030. Shouldn’t these percentages reflect growth’s share of the project costs (for example: growth should only pay for 50% of project #1, 44% of project #2, etc)?

The 2008 traffic volume is generated by current traffic from existing development. The increase in volume in 2030 is caused by the 5,000 new dwelling units and 5,000 new jobs that Shoreline is planning for as its share of the growth in the region. Therefore, the volume increase from 2008 to 2030 is due to growth. The percent increase is not growth’s share. All of the increase is due to growth, and the percentage simply quantifies how much the volume will increase.