

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Discussion of Ordinance No. 717 - Transportation Impact Fee Amendment for Certain Businesses		
DEPARTMENT:	Economic Development		
PRESENTED BY:	Dan Eernisse, Economic Development Program Manager		
ACTION:	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

PROBLEM/ISSUE STATEMENT:

On July 21, 2014, the City Council adopted Ordinance No. 690 establishing a transportation impact fee (TIF) program for the City of Shoreline. This program became effective January 1, 2015. Five minor amendments to the program were discussed on July 13, 2015. Four amendments moved forward and were adopted as Ordinances Nos. 716, 718, 719, and 720 on August 3, 2015. One proposed amendment, Ordinance No. 717, which added a deferral of TIF for small businesses, was tabled for further discussion.

Ordinance No. 717 was discussed again at Council's January 11, 2016 meeting, where it was affirmed again that business growth and vitality was in the public interest, as well as both a Council and Vision 2029 goal. Council went on to determine that:

- The TIF program's impact on business was significant enough that some kind of relief should be seriously considered;
- Deferring payment of TIF was not an effective means of providing relief; and
- Whatever relief was provided should be objective and easy to administer.

Council directed staff to schedule further time for discussion and to provide it with proposals to address the following issues:

- If TIF relief is instituted, what are the financial impacts, and how could the financial impacts best be mitigated?
- Should TIF relief apply to select businesses or to all businesses?
- If only select businesses receive TIF relief, how should they be defined?
- How should TIF relief be provided?

Tonight's discussion of proposed Ordinance No. 717 will address these four unresolved issues and provide Council with sample ordinance language for consideration.

RESOURCE/FINANCIAL IMPACT

Based on activity levels in 2015, the first year of the TIF, it is estimated that if all business developments are granted a full exemption of TIF, TIF collections will be

reduced by approximately \$200,000 per year. TIF collections will be reduced by approximately \$200,000 per year. RCW 82.02.060(2) states that any impact fees not collected under this type of exemption must be paid for from public funds other than the impact fee account. As such, Council will need to identify a revenue source to back-fill any TIF business exemptions. As staff will administer any new programs of discounts or exemptions, the amount of staff resource necessary to administer such a program will depend on the program's complexity.

RECOMMENDATION

Staff recommends that Council review the policy questions outlined in this staff report and determine the answers to those questions so that staff can finalize Ordinance No. 717 for Council's consideration on March 14, 2016.

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

BACKGROUND

On July 21, 2014, the City Council adopted Ordinance Nos. 689 and 690, modifying the City's transportation concurrency methodology (Ord. No. 689) and establishing a transportation impact fee program (Ord. No. 690). This program became effective January 1, 2015. With the adoption of Ordinance No. 690, Shoreline Municipal Code (SMC) Chapter 12.40 Transportation Impact Fees (TIF) was established, and Section 3.01.015 Impact Fee Rate Table was added to Title 3 of the SMC.

On January 11, 2016, Council considered whether the TIF program posed a barrier to new businesses investing in Shoreline and if some form of relief should be considered. In its discussion, Council affirmed again that business growth and vitality was in the public interest, as well as both a Council and Vision 2029 goal. Council went on to determine that:

- The TIF program's impact on business was significant enough that some kind of relief should be considered;
- Deferring payment of TIF was not an effective means of providing relief; and
- Whatever relief was provided should be objective and easy to administer.

Council directed Staff to schedule further time for discussion and to provide it with proposals to address the following issues:

- If TIF relief is instituted, what are the financial impacts?
- How can the financial impacts best be mitigated?
- Should TIF relief apply to select businesses or to all businesses?
- How should TIF relief be provided?

Therefore, tonight's discussion will address these unresolved issues and provide Council with sample ordinance language for its consideration.

DISCUSSION

Issue 1: If TIF relief is instituted, what are the financial impacts?

We chose to begin the discussion with this question as the financial impact may influence the extent of relief Council is willing to extend.

Business TIF Revenue

The amount of revenue that is expected to be generated by new businesses through TIF has never been estimated or quantified previously, and since the TIF program has only been implemented since January 1, 2015, the City's ability to estimate business revenues is limited.

That said, the receipts from 2015 (Attachment A) are being used to help inform tonight's discussion:

- 68% of the TIF revenue was from Business, and more than half of the Business TIF revenue was generated by one large tenant, Swedish Medical Group, which converted a general retail use to medical office.
- 2015 was an above-average year for development, as reflected in the city's permit comparison for the past six years (Attachment B). The City saw several

new businesses open in Shoreline, and while the City issued permits for nearly 250 multifamily units, no multifamily projects paid TIF in 2015 since they had complete applications prior to TIF implementation. Had these 250 units paid TIF, it would have resulted in approximately \$1 million of additional TIF collections. In that scenario, Business TIF would have represented less than 15% of total TIF revenue.

- Less than 6% of all Business TIF revenue was generated by new commercial construction, and three small, high-impact businesses generated 39% of all Business TIF.
- Ordinance No. 716 accomplished significant relief for certain businesses by eliminating the TIF “reset” after a commercial space stood vacant, thereby allowing a TIF credit based on the former use to carry over and offset the current use. If the pre-Ordinance No. 716 TIF was paid by all businesses, nearly \$95,000 additional TIF receipts would have been received (illustrated in the added a column on Attachment A). It should be noted that two of the businesses, Echo Lake Pediatric Dentistry and Edward Jones, stated that without the reductions from Ordinance No. 716, they would not have moved forward in these Shoreline locations.

Based on the discussion above, Staff concludes that since 2015 was an above-average year for development, it is useful to estimate that the City will need to replace approximately \$200,000 per year if a TIF exemption is provided to all businesses. Staff also concludes that in future years a majority of TIF revenue will be generated by residential development, since every 50 units of multifamily housing generates \$200,000 of TIF revenue.

Issue 2: How can the financial impacts best be mitigated?

If Council moves forward with an exemption for some or all businesses, the following discussion lists ways that the \$200,000/year financial impact could be offset with new revenues as well as ways to limit or reduce the financial impact caused.

Reduce the Cost of the Exemptions

- Limit which businesses qualify. This strategy will be addressed later in this report.
- Set a total dollar cap on the entire program. Council could set aside a dollar amount on the exemption program itself, and when that cap is reached the Exemption Program is suspended.
- Set a discount or limit for each application. Council could provide TIF relief to each applicant by exempting a set amount of dollars or trips for all businesses (setting a floor), by setting a limit to amount of TIF charged (setting a ceiling), or by reducing the entire TIF charge by a certain percentage or dollar amount (setting a discount rate).
- Place a sunset clause on the exemption program. Council could set a time limit on whatever exemption it provides, at the end of which it reconsiders the positive and negative impacts of the program.

Generate New Revenue to Offset the Exemptions

Whatever funds are granted by the exemption must be replaced by the City at the time of construction of the transportation improvements. The funding for any exemptions can

come from grants, general government revenues or revenues that can be used specifically for transportation projects, such as the second quarter of real estate excise tax (REET). Obviously there is a constant tension between the amount of resources made available through these other revenue streams and the many projects and services that can be funded from them. If the City had not implemented TIF then future transportation growth projects would need to be funded from one of these revenue streams or the development would have to be denied if impacts could not be mitigated to meet the City's transportation level of service.

The three tools below would allow Shoreline to generate new revenue to offset exemptions, and it is illustrative to see how other cities use varied methods to support services. Ultimately, it is the Council who authorizes an appropriate mix of the various options available given its goals. The first two methods are general government revenue sources that can be used for any purpose, while the Vehicle License Fee is a restricted revenue source available only for transportation purposes.

- **Revenue-generating Business License Fee.** Shoreline currently generates \$190K per year from its annual regulatory business license. The cost of the regulatory license is set to be cost neutral. Cities do have the authority to license businesses for revenue and could choose to impose a higher annual business license fee based upon number of employees, square footage, a higher flat rate, or some combination. Council could set the fee at a rate necessary to offset the TIF exemption.
- **Business and Occupation (B&O) Tax.** Staff is exploring the potential for implementing a Business & Occupation tax as part of the 10 Year Financial Sustainability Plan. That plan is currently projecting a B&O tax rate of 0.1% resulting in approximately \$740,000 revenue annually. State law allows a rate of up to 0.2%. If the B&O Tax were implemented a portion of the tax could be dedicated to offset the TIF business exemption, if the rate was in excess of that projected to be used to fund general government services. Attachment C reflects collections from 2012 through 2014 of B&O Tax by those cities in King County that currently levy this tax.
- **Increase Vehicle License Fee.** Council could also increase the vehicle license fees, as this transportation-related fee can easily be used for transportation system improvements. Currently the Council has an additional \$20 that could be levied administratively. Each \$5 in vehicle license fee generates approximately \$195,000 in annual revenue. If Council decides to use this mechanism, staff recommends that it be done in light of the fact that this fee is primarily paid by residents.

Staff believes that given its work plan and funding, a new source of revenue can be identified and implemented in the next two years that would be sufficient to offset revenue lost to a Business TIF exemption program.

Issue 3: Should TIF relief apply to select businesses or to all businesses?

Ways to Select Eligible Businesses

The third issue regards whether a TIF exemption program should apply to some or all businesses. In the January 11, 2016, discussion before Council, Staff offered objective and subjective definitions to limit which businesses Council deemed to be worthy of exemption.

The seven ways to limit eligible businesses discussed included:

- 1) Size of occupied space
- 2) Number of employees
- 3) Revenues
- 4) Investment in tenant improvements
- 5) Whether existing space or new construction is occupied
- 6) A single location
- 7) Vision 2029 qualities

Six of these seven limits were noted to have significant flaws, as they were either not specific enough (Nos. 4, 6), required information that would be a projection at the time of permit application and would be for a single period of time (Nos. 2, 3, 6) or they were too difficult to administer (No. 7). Limit No. 5, whether the applicant occupies new or existing space, did not seem to have the same drawbacks as the other six, but Council did not provide clear direction as to whether it wanted to limit the exemption program based on this definition.

Staff has continued to consider additional ways to limit eligible businesses, and it has come up with an eighth category based on Peak PM Trip generation. Public Works staff pointed out that since any applicant that generates 20 new Peak PM trips is required to do a Traffic Impact Analysis, this same level could also be used to determine which businesses are or are not exempt from TIF. This method is easy to administer, as staff already determines whether an applicant reaches 20 new trips, and it could limit TIF to those businesses that create the greatest traffic impacts.

Another thought after reviewing various options were to specify certain Institute of Transportation Engineers (ITE) codes that would be exempt from the TIF. ITE land use codes and the correlating TIF rate is adopted in Shoreline Municipal Code Section 3.01.015 (Attachment D). This is an easily administered method to determine if a qualifying business should be provided an exemption.

Exemption Applied to Specific Businesses

Based on Council's previous discussions, staff believes that Council has expressed most interest in providing TIF relief for those businesses that would fall under the falling ITE land use codes:

ITE Code	Land Use Description	Definition
820	General retail and personal services (includes shopping center)	An integrated group of commercial establishment that is planned, developed owned and managed as a unity. The composition is related to its market area in terms of size, location and type of stores. It provides on-site parking facilities sufficient to serve its own parking demands.
932	Restaurant: sit-down	This consists of sit-down, full-service eating establishments with typical duration of stay of approximately one hour. Patrons commonly wait to be seated, are served by wait staff, order from menus and pay for their meal after eating.
934	Fast Food	This is characterized by large carry-out or drive-thru clientele, long hours of service and high turnover rates for eat-in customers. These limited-service eating establishments do not provide table service. Patrons generally order at a cash register and pay before they eat.
937	Coffee/donut shop	This includes single-tenant coffee and donut restaurants. They primarily sell freshly brewed coffee but may sell other refreshment items such as bagels, sandwiches, salads and other hot and cold beverages. They typically hold long store hours with an early morning opening. There is limited indoor seating for patrons with no table service.

Applicants identify the ITE Code in which their development applies and staff verifies when finalizing the TIF assessments.

Many of the business development applications that the City has received have fallen under the ITE Code of 820, primarily because much of the business development activity has occurred in existing connected/integrated commercial establishments. For example Orange Theory who recently occupied space in the Gateway Plaza qualified under code 820, and was not assessed any transportation impact fees given that the business did not result in change of use under code 820, as opposed to a stand-alone health/fitness club that would be charged under ITE code 492. The fee rate for ITE Code 820 tends to be less than other codes that apply to stand-alone businesses given the theory that individuals may be making a trip to a single location that allows them to conduct business at a variety of places as opposed to making individual trips to several different businesses.

Exemption Applied for All Businesses

Some Council members stated during the January 11th discussion that if an exemption program were adopted, it should exempt all businesses. They reasoned that an exemption that applies to all businesses is easy to administer and – perhaps more importantly – it removes the disincentive from locating in Shoreline for any new business that can bring jobs and industry to the City's economy. If this is Council's intent, then staff would recommend that the ITE Codes that are provided a TIF exemption be expanded to include: Hotel (310), Motel (320), Movie theater (444), Health/fitness club (492), Day care center (565), General office (710), Medical office (720), Car sales (841), Supermarket (850), Convenience market – 24 hr (851), Discount supermarket (854), Pharmacy/drugstore (880), Bank (912), Quick lube shop (941), Gas station (944), and Automated car wash (948).

Given that the statute requires that there be a broad public purpose for the exemption, and that “economic development” has been identified as the broad public purpose to justify a TIF exemption, a TIF exemption for all businesses may most closely align with the overarching purpose.

Issue 4: How should TIF relief be provided?

Council has discussed two primary ways to provide TIF relief. These include a reduction in trip fee or an exemption on the impact fee calculation.

Trip Fee Reduction

The City's adopted TIF rate study has the per trip fee set at 97% of the actual fee necessary to recapture the growth share of future project costs. The City Council has the ability to set this per trip recapture rate anywhere between 0% (having no impact fee) or 99.9%. The Council could reevaluate the policy of 97% and set the recapture rate at something lower such as 75%. In discussing this approach with the City Attorney's Office, a reduction in the trip fee recapture rate would apply to all types of development including residential development. There is not the ability to have a per trip fee recapture rate that differentiates between types of development. A lower recapture rate simply means that overtime less TIF revenues will be collected to fund the growth projects and therefore other revenues will be required, such as grants or other dedicated resources, to fully fund the projects. If Council's policy priority is to provide TIF relief for businesses based on broad public purpose, a change in the recapture rate of the trip fee exceeds this intent.

Exemption for Business Development

RCW 82.02.060(2) provides that the City may establish exemptions for development activities that provide a broad public purpose. Given the goals that Council has established to strengthen Shoreline's economic base to maintain public services and the community's vision statement (Vision 2029) which states that the city has several vibrant neighborhood “main streets” that feature a diverse array of shops, restaurants and services, the Council can find broad public benefit in providing an exemption or discount for business development. As Council has previously discussed, RCW 82.02.060(2) further states that any impact fees not collected under this type of exemption must be paid for from public funds other than the impact fee account.

The Council could establish an exemption rate of between 0% (no change) and 100% (complete exemption) of the TIF for business development.

Staff Recommendation

Based on the previous Council discussions, staff has concluded that there is at least a majority of the City Council who is supportive in providing TIF relief to businesses. Although initially this was focused on “small” businesses, given the challenges in determining a consistent methodology to determine who qualifies as a “small” business, staff is recommending that initially any exemption apply to all businesses. If at some point in the future Council wants to narrow the type of businesses that may be eligible, then this could be considered.

Staff would further recommend that Council use an exemption methodology to provide TIF relief. To date Councilmembers have discussed a variety of exemption thresholds (ie, 50%, 75%, 100%), but has not identified a specific amount. As such, Council needs to determine what exemption level should be provided. Staff anticipates that Council is most interested in at least a 50% exemption rate and may be interested in an exemption rate of 100%. As mentioned earlier in this staff report, if Council were to adopt a 100% exemption rate for all businesses, based on 2015 activity, staff has estimated that the annual exemption could amount to approximately \$200,000.

Staff recommends that Council use the ITE Code as the method to determine which, if not all, businesses will be eligible for the exemption.

The City’s Ten Year Financial Sustainability Plan includes strategies to consider both an increase in the vehicle license fee and adoption of a B&O tax. Although the Ten Year Plan focuses on resources to maintain city services to the Shoreline community, the Council will need to take a portion of the revenue generated from one of these revenue streams to back-fill any TIF exemptions granted to businesses.

Given that there is some uncertainty on the exemption program’s actual financial impact and the impact that the exemption may or may not have on the ability to attract additional business investment in Shoreline, staff is recommending a program sunset clause that would be triggered by the earlier of exemptions totaling a dollar threshold (\$600,000) or December 31, 2018, unless the City Council takes steps to extend the exemption program.

Draft Ordinance

Draft Ordinance No. 717 (Attachment E) includes options available for Council consideration as reflected previously in this staff report. The ordinance does provide that the method for determining the exemption will be the ITE code. Staff will make any required changes to Ordinance No. 717, prior to bringing this back for Council action on March 14, based on this evening’s discussion.

RESOURCE/FINANCIAL IMPACT

Based on information available, it is estimated that if all businesses are granted a full exemption of TIF, TIF collections will be reduced by approximately \$200,000 per year. RCW 82.02.060(2) states that any impact fees not collected under this type of

exemption must be paid for from public funds other than the impact fee account. As such, Council will need to identify a revenue source to back-fill any TIF business exemptions. Staff will administer any new programs of discounts or partial exemptions; therefore the amount of staff resource necessary to administer such a program will depend on the program's complexity.

RECOMMENDATION

Staff recommends that Council review the policy questions outlined in this staff report and determine the answers to those questions so that staff can finalize Ordinance No. 717 for Council's consideration on March 14, 2016.

ATTACHMENTS

Attachment A – TIF Receipts for 2015

Attachment B – Permit Activity 2009 through 2015

Attachment C – King County Cities Business and Occupation Tax Receipts

Attachment D – Shoreline Municipal Code Section 3.01.015 TIF Fee Table

Attachment E – Draft Ordinance No. 717 TIF Business Exemption



TIF RECEIPTS FOR 2015

Category	Name	Area in SF	Address	Actual Receipts	Without Ord No 716
ADU			2109 NW 201ST ST	3,607	3,607
COMM TI	EDWARD JONES	750	19270 AURORA AVE N	1,965	8,070
ADU			15336 ASHWORTH AVE N	3,607	3,607
SFR			16328 FREMONT AVE N	5,567	5,567
AFH			18328 8TH AVE NW	1,637	1,637
COMM TI	SWEDISH MEDICAL GROUP	8,350	604 NW RICHMOND BEACH RD	95,274	163,243
SFR			2158 N 178TH ST	5,567	5,567
ADU			19209 15TH AVE NE	3,607	3,607
COMM BLG	SHORELINE SCHOOL DISTRICT		15343 25TH AVE NE	9,158	9,158
ADU			117 NW 188TH ST	3,607	3,607
SFR			2005 NE PERKINS WAY	5,567	5,567
SFR			18622 20TH AVE NE	5,567	5,567
SFR			1357 N 167TH ST	5,567	5,567
ADU			17416 ASHWORTH AVE N	3,607	3,607
ADU			2144 N 155TH ST	3,607	3,607
AFH			2149 N 194TH ST	1,091	1,091
COMM TI	ECHO LAKE PEDIATRIC DENTISTRY	2,528	19270 AURORA AVE N	28,844	49,422
SFR			20407 25TH AVE NW	5,567	5,567
ADU			746 N 195TH ST	3,607	3,607
ADU			16334 25TH PL NE	3,607	3,607
AFH			912 N 196TH CT	2,729	2,729
ADU			857 NE 151ST ST	3,607	3,607
SFR			20054 10TH AVE NW	5,567	5,567
COMM TI	DOMINO'S PIZZA	1,140	20030 BALLINGER WAY NE	21,978	21,978
COMM TI	SUNNY BENTO & TERIYAKI	1,148	20030 BALLINGER WAY NE	16,906	16,906
ADU			17916 DAYTON AVE N	3,607	3,607
			SUB-TOTAL BUSINESS	174,126	268,777
			TOTAL	254,629	349,281
			BUSINESS PERCENTAGE	68%	77%

COMM TI: TIF was received when the Tenant Improvement (TI) permit was issued. These businesses moved into existing spaces, and the TIF charged is the difference between the credit granted by the former use and the new use.

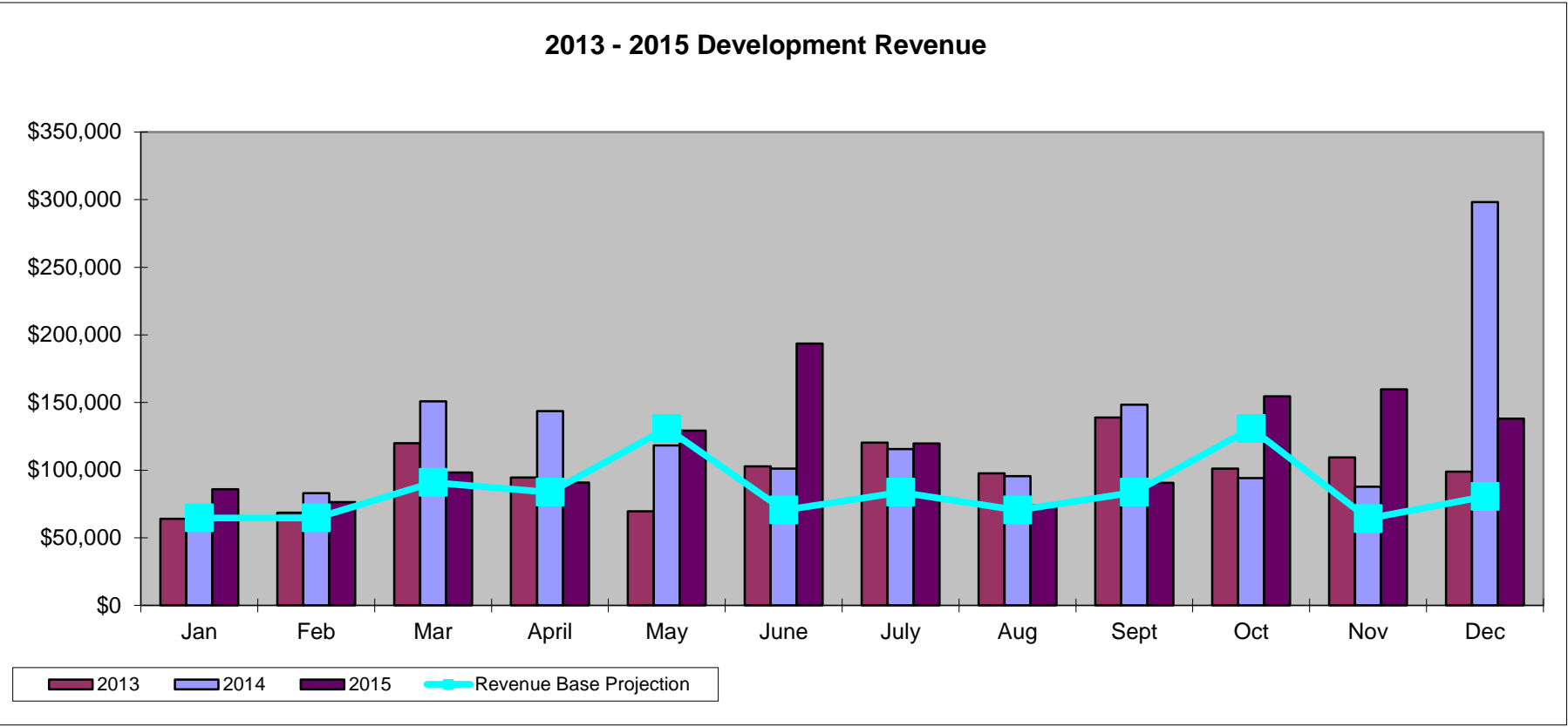
COMM BLG: TIF was received when the building permit was issued for a new building.



Planning & Community Development
Revenue Report

Actual Collections

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	YTD	Difference to Projection
2009	\$77,709	\$83,063	\$56,183	\$81,227	\$49,087	\$59,092	\$83,600	\$45,552	\$56,563	\$31,148	\$33,423	\$132,627	\$789,274	\$789,274	-22.5%
2010	\$58,584	\$37,825	\$75,799	\$35,950	\$49,725	\$49,605	\$63,459	\$47,568	\$55,125	\$48,950	\$44,785	\$66,606	\$633,981	\$633,981	-37.7%
2011	\$40,580	\$47,587	\$63,919	\$74,125	\$261,161	\$56,187	\$58,641	\$68,142	\$43,836	\$271,856	\$42,400	\$89,366	\$1,117,800	\$1,117,800	9.7%
2012	\$201,781	\$92,578	\$82,850	\$59,934	\$88,659	\$190,757	\$92,561	\$88,561	\$73,123	\$87,822	\$60,728	\$71,339	\$1,190,693	\$1,190,693	16.8%
2013	\$63,977	\$68,584	\$119,972	\$94,662	\$69,577	\$102,799	\$120,431	\$97,563	\$138,934	\$101,159	\$109,396	\$98,909	\$1,185,963	\$1,185,963	16.4%
2014	\$71,013	\$82,912	\$150,974	\$143,757	\$118,303	\$101,266	\$115,657	\$95,615	\$148,348	\$94,202	\$87,738	\$298,211	\$1,507,996	\$1,507,996	48.0%
2015	\$85,961	\$76,342	\$98,192	\$90,821	\$129,230	\$193,519	\$119,646	\$73,832	\$90,673	\$154,546	\$159,806	\$138,013	\$1,410,581	\$1,410,581	38.4%
% Collected															Over/(Under Target)
2009	9%	6%	11%	6%	8%	8%	10%	8%	9%	8%	7%	10%	100%		
2010	4%	4%	6%	7%	23%	5%	5%	6%	4%	24%	4%	8%	100%		
2011	4%	4%	6%	7%	23%	5%	5%	6%	4%	24%	4%	8%	100%		
2012	8%	8%	8%	7%	12%	8%	8%	8%	6%	12%	6%	9%	100%		
2013	6%	7%	9%	8%	7%	9%	10%	9%	12%	9%	7%	7%	100%		
2014	5%	6%	10%	9%	8%	6%	8%	6%	9%	7%	7%	19%	100%		
Avg 2009-2011	6%	5%	8%	7%	18%	6%	7%	7%	6%	19%	5%	9%	100%		
Avg 2009-2014	6%	6%	8%	7%	14%	7%	8%	7%	7%	14%	6%	10%	100%		
2015 TARGET															
Revenue Base Projection	\$64,675	\$64,675	\$90,900	\$83,700	\$130,824	\$70,513	\$83,700	\$70,513	\$83,700	\$130,825	\$64,175	\$80,550		\$1,018,750	\$391,831



By Dollars Report

Functional Group/BARS By Entity
Revenues for the government type City/Town
All Available Fund Types _ King County

Business and Occupation Taxes (316)	Government	2012	2013	2014
Business and Occupation Taxes (316.10.00)	City of Algona	\$288,953	\$295,838	\$325,979
	City of Bellevue	\$26,840,319	\$28,294,864	\$34,721,674
	City of Bothell	--	\$379,674	\$324,013
	City of Burien	\$530,770	\$569,665	\$581,494
	City of Des Moines	\$534,260	\$596,834	\$519,039
	City of Enumclaw	\$7,555	--	--
	City of Issaquah	\$2,281,628	\$2,526,199	\$2,592,709
	City of Kent	--	\$5,149,146	\$6,208,916
	City of Kirkland	\$2,373,101	\$2,479,881	\$2,486,120
	City of Lake Forest Park	\$246,702	\$236,501	\$231,520
	City of Mercer Island	\$479,389	\$406,209	\$441,145
	City of North Bend	\$654,344	\$699,241	\$719,767
	City of Pacific	--	\$424,389	\$362,217
	City of Redmond	\$4,162,694	\$4,204,555	\$4,278,243
	City of Seattle	\$178,989,035	\$191,541,989	\$208,544,282
	City of Snoqualmie	\$451,626	\$542,949	\$627,484
	City of Tukwila	\$1,755,618	\$1,724,557	\$1,795,933
	Sub Total:	\$219,595,994	\$240,072,491	\$264,760,535

3.01.015 Transportation impact fees.

ITE Code	Land Use Category/Description	2016 Fee Schedule	
		Impact Fee Per Unit @ \$6,804.62 Per Trip	
A. Rate Table			
90	Park-and-ride lot w/bus svc	3,164.15	per parking space
110	Light industrial	8.64	per square foot
140	Manufacturing	6.51	per square foot
151	Mini-warehouse	2.32	per square foot
210	Single-family house (includes townhouse and duplex)	6,185.39	per dwelling unit
220	Apartment (includes accessory dwelling unit)	4,007.92	per dwelling unit
230	Condominium	4,069.16	per dwelling unit
240	Mobile home park	2,890.60	per dwelling unit
251	Senior housing	1,322.81	per dwelling unit
254	Assisted living	606.28	per bed
255	Continuing care retirement	1,973.34	per dwelling unit
310	Hotel	4,135.16	per room
320	Motel	3,294.12	per room
444	Movie theater	12.97	per square foot
492	Health/fitness club	17.08	per square

			foot
530	School (public or private)	5.02	per square foot
540	Junior/community college	13.13	per square foot
560	Church	3.38	per square foot
565	Day care center	32.43	per square foot
590	Library	16.39	per square foot
610	Hospital	7.94	per square foot
710	General office	11.95	per square foot
720	Medical office	21.72	per square foot
731	State motor vehicles dept	104.67	per square foot
732	United States post office	24.98	per square foot
820	General retail and personal services (includes shopping center)	9.04	per square foot
841	Car sales	16.63	per square foot
850	Supermarket	24.70	per square foot
851	Convenience market – 24 hr	45.90	per square foot
854	Discount supermarket	25.19	per square foot
880	Pharmacy/drugstore	14.54	per square foot
912	Bank	35.39	per square

			foot
932	Restaurant: sit-down	25.52	per square foot
934	Fast food	58.72	per square foot
937	Coffee/donut shop	74.49	per square foot
941	Quick lube shop	26,486.97	per service bay
944	Gas station	24,085.79	per pump
948	Automated car wash	51.48	per square foot

B. Administrative Fees		2016 Fee Schedule
1	Administrative fee – All applicable projects	\$161.25
2	Administrative fee – Impact fee estimate/preliminary determination	Hourly rate, 1-hour minimum \$161.25
3	Administrative fee – Independent fee calculation	Hourly rate, 1-hour minimum \$161.25
4	Administrative fee – Deferral program	\$161.25
<p>All administrative fees are nonrefundable.</p> <p>Administrative fees shall not be credited against the impact fee.</p> <p>Administrative fees applicable to all projects shall be paid at the time of building permit issuance.</p> <p>Administrative fees for impact fee estimates or preliminary determination shall be paid at the time the request is submitted to the city.</p> <p>Administrative fees for independent fee calculation shall be paid prior to issuance of the director's determination.</p>		

[Ord. 737 § 2, 2016; Ord. 728 § 3 (Exh. A), 2015]

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 717

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON,
AMENDING CHAPTER 12.40 TRANSPORTATION IMPACT FEES TO
THE SHORELINE MUNICIPAL CODE TO INCLUDE AN EXEMPTION
FOR BUSINESS.**

WHEREAS, on July 21, 2014, the Shoreline City Council adopted Ordinance 690, establishing a transportation impact fee program and adopting a new Chapter 12.40 to Title 12 of the Shoreline Municipal Code; and

WHEREAS, impact fees can impose a substantial burden on all types of businesses, especially if applicants must pay fees at the time of building permit issuance, well before business operations begin; and

WHEREAS, this burden may have a detrimental effect of a business's ability to locate within the City of Shoreline, adversely impacting economic development within the City as well as frustrating the vision for the community; and

WHEREAS, the community's vision, as stated in Vision 2029, is to create vibrant, walkable neighborhoods that feature a diverse array of local shops, restaurants, and services; and

WHEREAS, the City's Comprehensive Plan contains framework community and economic development goals including one to create a business friendly environment that supports small and local businesses; and

WHEREAS, by providing incentives for businesses to locate within the City, a broad public purpose is achieved by fulfilling the community's vision and goals; and

WHEREAS, the City seeks to amend Chapter 12.40 to establish a (partial) exemption to fulfill these goals;

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

Section 1. SMC 12.40.070. A new section, section "I," of SMC 12.040.070 *Exemptions*, is hereby adopted to read as follows:

12.40.070(I) Businesses. A business building permit applicant may receive an exemption of the full amount of applicable impact fee. The exemption of impact fees for business are considered under the following conditions:

OR

12.40.070(I) Businesses – Partial exemption. A business building permit applicant may receive a _____ (__) percent exemption of the full amount of applicable impact fee. The exemption of impact fees for businesses are considered under the following conditions:

1. An applicant for an exemption must request the exemption no later than the time of application for a building permit. Any request not so made shall be deemed waived.
2. An applicant is entitled to an exemption of _____ percent (__) of the full amount of applicable impact fees. That portion of the impact fees not exempt shall be due and payable before the issuance of a building permit by the City.
3. To be eligible for an exemption, an applicant shall meet the following criteria:
 - a. Submit an impact fee exemption application for the development which the applicant wishes to receive an exemption; and
 - b. Pay the applicable administrative fee; and
 - c. Qualify as a “business” by the following ITE Codes from SMC 3.01.015(A):

ITE Code	Land Use Category/Description
820	General Retail and personal services (includes shopping center)
932	Restaurant: sit-down
934	Fast food
937	Coffee/donut shop
4. The city manager, or designee, shall review an application for exemption pursuant to the above criteria and shall advise the applicant, in writing, of the granting or denial of the application. The determination of the city manager, or designee, shall be the final decision of the city with respect to the applicability of the business exemption.
5. The City shall collect an administrative fee from the applicant seeking an exemption of impact fees under this section as provided in SMC 3.01.015(B).
6. The amount of impact fees not collected from businesses pursuant to this exemption shall be paid from public funds other than the impact fee account.

Section 2. 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 3. Publication, Effective Date, and Expiration. A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect five days after publication [or, delay the effective date to another effect date] and shall expire and be of no further effect on December 31, 2018 or when a maximum total of \$600,000 in exempted impact fees has been accrued under this exemption, whichever occurs first, unless otherwise extended by the City Council.

PASSED BY THE CITY COUNCIL ON ____, _____, 2016.

Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Margaret King
City Attorney

Date of Publication: _____, 2016
Effective Date: _____, 2016

DRAFT