

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of Ordinance No. 786 Adopting Park Impact Fees		
<b>PRESENTED BY:</b>	Eric Friedli, PRCS Department Director		
<b>ACTION:</b>	<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:**

The Growth Management Act, 36.70c RCW, requires cities to plan and provide parks and recreation facilities that are adequate to accommodate growth. RCW 82.02.050 authorizes the City of Shoreline to impose an impact fee on development activity as part of the financing for such facilities. By charging impact fees, cities can collect a revenue stream to help ensure park facilities are adequate to meet the demands of future growth.

The 185<sup>th</sup> and 145<sup>th</sup> Street Station Subarea Plans contain policies addressing the development of a park impact fee and set forth a recommendation for implementing that policy. The adoption of Ordinance No. 766 in December 2016, a policy directing the exploration of a city-wide park impact fee was added to the City's Parks, Recreation, and Open Space Element of the Comprehensive Plan. A consultant was hired to prepare the Shoreline Park Impact Fee Rate Study (Attachment A).

Ordinance No. 786 (Attachment B) would create a Park Impact Fee meeting the intent of the Subarea Plan policies and the Parks, Recreation, and Open Space Element of the Comprehensive Plan.

**FINANCIAL IMPACT:**

The estimated revenue to be received, assuming the staff recommended impact fee level for the entire period and the expected growth in the City of Shoreline, between 2018 and 2035 is \$19.3 million.

**RECOMMENDATION**

No formal action is required; this is a discussion. Council is currently scheduled to consider Ordinance No. 786 for adoption on July 31, 2017.

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

## **INTRODUCTION**

The Growth Management Act, 36.70c RCW, requires cities to plan and provide parks and recreation facilities that are adequate to accommodate new growth. RCW 82.02.050 authorizes the City of Shoreline to impose an impact fee on development activity as part of the financing for such facilities. By charging impact fees, cities can ensure park facilities are adequate to meet the demands of future growth.

The 185th and 145th Street Station Subarea Plans contain policies addressing the development of a park impact fee:

*185th Street Station Subarea Plan at 5-35:*

Explore a park impact fee or dedication program for acquisition and maintenance of new park or open space or additional improvements to existing parks.

*145th Street Station Subarea Plan at 5-23:*

Development a park impact fee and/or dedication program for acquisition and maintenance of new parks or open space.

The Subarea Plans set forth the following recommendation for implementing this policy:

*185th Street Station Subarea Plan at 7-28:*

Explore a park impact fee or fee in-lieu of dedication program for acquisition and maintenance of new parks or open space and additional improvements to existing parks. Funds from this program would allow the City to purchase property and develop parks, recreation, and open space facilities over time to serve the growing neighborhood.

*145th Street Station Subarea Plan at 7-27:*

Develop a park impact fee and/or dedication program for the acquisition and maintenance of new parks or open spaces.

The adoption of Ordinance No. 766 in December 2016, a policy directing the exploration of a city-wide park impact fee was added to the City's Parks, Recreation, and Open Space Element of the Comprehensive Plan.

PR 21: Explore the establishment of a city-wide park impact fee.

In fall 2016, City staff hired Community Attributes Inc., a team of economic consultants, to assist the City with creating a Park Impact Fee proposal for Council's consideration, in order to meet the intent of the Subarea Plan policies.

## **BACKGROUND**

RCW 82.02.050 authorizes a city planning under the Growth Management Act, such as Shoreline, to impose impact fees for certain public facilities, including publically owned parks, open space, and recreation facilities.

A park impact fee is a one-time payment by new development to pay for capital costs of facilities needed to support the new development. Park impact fees are charged during the building permitting process and used to fund projects to improve levels of service of Shoreline's park system. The intent is to share the financial responsibility of providing for recreation facilities, such as new parks, open space and recreation facilities that support future growth with the development that grows our population and economy. The fee is proportionate to the size of the development, or change in use. More potential residents, customers, or visitors result in higher fees. Park impact fees can only be used for "system improvements" included in an adopted six-year Capital Improvement Plan (CIP), and that are improvements reasonably related to and benefit the new development. Impact fee rates must be adjusted to account for other revenues that the development pays.

Cities cannot rely solely on impact fees to construct improvements; other funding must be used in conjunction with impact fees. Park Impact Fees can only be used for park and recreation projects that add new park and recreation facilities to the park system that are needed to meet the "increased" demand as a result of new growth. They cannot be used for repair, replacement, or renovations that only maintain the current level of service for Shoreline's park system.

A key part of preparing the Park Impact Fee proposal was identifying potential projects that would qualify for Park Impact Fee funding. Public input and level of service analysis conducted during the development of the 2017-2023 Parks, Recreation and Open Space (PROS) Plan update provided the mechanism for identifying those projects. The list of potential projects totals \$72.28 million (Table 1). The project list includes expansion of recreation facilities at existing parks and acquisition and development of new parkland.

Table 1: Potential Park Impact Fee Funded Projects

<b>Project</b>	<b>Estimated Total Cost</b>	<b>% of project cost eligible for Impact Fee funding</b>	<b>Impact fee Cost</b>
Aquatic-Community Center Development	75,362,000	28%	21,371,000
Park Facility Recreation Amenities Planning	150,000	50%	75,000
Basketball Court	50,000	100%	50,000
25th Av NE Development	817,000	100%	817,000
Playground @ Hamlin	437,000	100%	437,000
Park at Town Center Phase 1	980,000	50%	490,000
James Keough Park Development Project	972,000	50%	486,000
Ridgecrest Park Development Project	1,153,000	50%	576,500

<b>Project</b>	<b>Estimated Total Cost</b>	<b>% of project cost eligible for Impact Fee funding</b>	<b>Impact fee Cost</b>
Twin Ponds Trail Development	219,000	100%	219,000
Paramount Open Space Trail Development	195,000	100%	195,000
Cedarbrook Acquisition	2,779,000	100%	2,779,000
Rotary Park Expansion Acquisition	3,992,000	100%	3,992,000
Rotary Park Development	1,406,000	100%	1,406,000
145th Station Area Acquisition	6,291,000	100%	6,291,000
145th Station Area Development	1,113,000	100%	1,113,000
185th & Ashworth Acquisition	1,203,000	100%	1,203,000
185th & Ashworth Development	520,000	100%	520,000
5th & 165th Acquisition	7,041,000	100%	7,041,000
5th & 165th Development	4,456,000	100%	4,456,000
Paramount Open Space Acquisition	3,734,000	100%	3,734,000
Paramount Open Space Improvements	257,000	100%	257,000
Cedarbrook Playground	503,000	100%	503,000
Aurora - I-5 155th - 165th Acquisition	9,931,000	100%	9,931,000
Aurora - I-5 155th - 165th Development	1,615,000	100%	1,615,000
DNR Open Space Access Acquisition	2,027,000	100%	2,027,000
DNR Open Space Access Development	616,000	100%	616,000
Ronald Bog Park to James Keough Pk Trail	84,000	100%	84,000
<b>Total</b>			<b>\$72,284,500</b>

As was the case with Shoreline's Traffic Impact Fees (SMC 12.40), 79 cities and counties throughout Washington have established Park Impact Fees as a way to fund necessary park improvements. Neighboring cities are among them, including Bothell, Edmonds, and Mountlake Terrace.

The staff reports for the previous presentation on the Park Impact Fee on February 13, 2017 can be found at:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/staffreports/2017/staffreport021317-9d.pdf>.

As part of preparing the Park Impact Fee proposal staff worked with Community Attributes, Inc. (CAI) to develop a Park Impact Fee Rate Study (Attachment A). The Rate Study provides in depth analysis of state statutes allowing park impact fees and the detailed calculations used to develop the rate proposal.

## **DISCUSSION**

Ordinance No. 786:

1. **Amends SMC Title 12 Streets, Sidewalks and Public Places.** A new chapter, Chapter 3.70 *Impact Fees for Parks*, is added to Title 12.
2. **Amends SMC Title 3 Fee Schedules.** A new section, SMC 3.01.016 *Park Impact Fees*, is added to chapter SMC 3.01 Fee Schedules.

Staff recommends that the Park Impact Fee become effective January 1, 2018.

### **Consistency with Transportation Impact Fee**

The City of Shoreline adopted Transportation Impact Fees by Ordinance No. 690 effective January 1, 2015. Transportation Impact Fees are found in SMC Chapter 12.40. The Park Impact Fee has been developed to be similar in application to the Transportation Impact Fee for ease of understanding by the community and administration by the City.

SMC 12.40 (Transportation Impact Fee) and proposed SMC 3.70 (Park Impact Fee) are largely identical except references to transportation are changed to refer to open space and parks facilities and the annual adjustment of rates would be tied to a composite annual inflation adjustment that uses the Engineering News Record Index of construction costs rather than Washington State Department of Transportation's Construction Cost Indices.

### **Service Area for Park Impact Fees**

Impact fees in some jurisdictions are collected and expended within service areas that are smaller than the jurisdiction that is collecting the fees. Impact fees are not required to use multiple service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Because of the compact size of the City of Shoreline, and the accessibility of its parks to all property within the City, Shoreline's parks serve the entire City, therefore the impact fees are based on a single service area encompassing the entire City of Shoreline.

### **Commercial Development**

The staff recommended Park Impact Fee would only apply to residential development. This recognizes that there is a less direct connection between commercial activity and open space and parks facilities than there is with residential development. The Transportation Impact Fee exempts most business categories (SMC 12.40.070(I)).

## Rate Calculation

The Rate Study determined the maximum rate that would be allowed by law (Table 2).

Table 2: Maximum Rates allowed per the Rate Study (Residential only)

<b>Land Use Category</b>	<b>Impact Fee</b>	
Single Family Residential	\$13,723	per dwelling unit
Multi-Family Residential	\$9,001	per dwelling unit

The Rate Study also determined the maximum rate that would be allowed if Shoreline were to also include a Park Impact Fee for commercial development (Table 3).

Table 3: Maximum Rates allowed per the Rate Study (with Commercial Rate)

<b>Land Use Category</b>	<b>Impact Fee</b>	
Single Family Residential	\$9,984	per dwelling unit
Multi-Family Residential	\$6,489	per dwelling unit
Commercial	\$5.51	per square foot

Staff also analyzed the impact of removing the allocation of the future community/aquatic center as a growth project eligible for Impact Fee funding. The Rate Study allocates 28% of the anticipated cost of the future center as related to meeting the needs of future growth. Removing the future community/ aquatic center from the list of potential projects reduced the cost of potential projects from \$72.3M to \$50.9M. By removing it, the maximum rate allowed drops by approximately 33% (Table 4).

Table 4: Maximum Rates allowed (removing Community/Aquatic Center from Study)

<b>Land Use Category</b>	<b>Impact Fee</b>	
Single Family Residential	\$9,302	per dwelling unit
Multi-Family Residential	\$6,101	per dwelling unit

## Rate Comparisons with other Cities

The Rate Study resulted in maximum rates substantially higher than rates found in other cities (Table 5). The staff recommended rate places Shoreline in the middle of comparable cities park impact fee rates.

Table 5: Park Impact Fee Rate Comparison

	Single Family	Multi-family
Shoreline - residential only DRAFT MAXIMUM	\$13,723	\$9,001
Shoreline - residential and non-residential DRAFT MAXIMUM	\$9,894	\$6,489
Sammamish	\$6,739	\$4,362
Issaquah	\$5,977	\$5,148
Olympia	\$5,446	\$3,704
Kirkland	\$4,047	\$3,075
Bothell (DU 2,000 Sq. feet or more)	\$4,010	
Shoreline Staff recommended rate	\$3,979	\$2,610
Redmond	\$3,574	\$2,873
Mountlake Terrace	\$2,975	\$2,151
Renton	\$2,740	
Edmonds	\$2,734	\$2,340
Kenmore	\$2,565	\$1,677
Bothell (DU 1,000-1,999 Sq. feet)		\$3,285
Olympia (MFDU - Downtown)		\$2,832
Bothell (DU 500-900 Sq. Feet)		\$2,309
Renton (MFDU - 2 Units)		\$2,224
Olympia (ADU)		\$2,179
Renton (MFDU 3-4 Units)		\$2,117
Renton (MFDU 5+ Units)		\$1,859
Bothell (Less than 500 Sq. Feet)		\$1,557
Average w/out Shoreline	\$4,081	\$2,731
Median w/out Shoreline	\$3,792	\$2,325

Staff Recommended Rate

Staff developed its recommendation after considering the maximum rates from the rate study and after reviewing the rates collected in other jurisdictions. The recommendation reduces the maximum rate by 71% which would place Shoreline rates on par with other jurisdictions. Staff’s recommendation for the proposed rates for the Park Impact Fee is shown in Table 6.

Table 6: Staff Recommended Park Impact Fee Rate

<b>A. Rate Table</b>		
<b>Land Use Category</b>	<b>Impact Fee</b>	
Single Family Residential	\$3,979	per dwelling unit
Multi-Family Residential	\$2,610	per dwelling unit

Park Impact Fee rates would be adjusted annually based on a composite annual inflation adjustment that uses the Engineering News Record Index of construction costs. Staff also recommends that Rates be revisited when the next PROS Plan update is completed in 2023.

Revenue Projections

The estimated revenue to be received based on the proposed fees and the expected growth in the City of Shoreline between 2018 and 2035 is \$19.3 million. Staff is proposing a Park Impact Fees that would be 71% lower than the maximum allowed by law in order to place Shoreline more in-line with comparable cities. The projected collections between 2018 and 2035 is based on keeping this lower rate in place. Phasing in higher rates would result in more dollars collected, assuming that the same level of development activity occurs as rates are increased.

Table 6 below shows the revenue comparison between the maximum allowed rate and the proposed rate.

Table 6: Revenue Comparison

<b>Residential Only</b>	<b>Single Family</b>	<b>Multi-Family</b>	<b>Revenue (2018-2035)</b>
Maximum Rates	\$13,723	\$9,001	\$66.3 M
Proposed Rates	\$3,979	\$2,610	\$19.3 M

Impact of Park Impact Fees on Developers

The City’s Economic Development Program Manager is still in process in evaluating the cost of development in Shoreline, with consideration for the proposed park impact fees, and how this compares to surrounding jurisdictions. This information should be available as part of the staff presentation on July 17.

**Policy Issues**

There is a number of staff recommendations that the Council may want to discuss further and provide staff more direction on.

Should a Park Impact Fee be charged to non-residential development?

Staff has recommended that the Park Impact fee apply only to residential development. Shoreline’s Transportation Impact fee exempts most business building permits. The



nexus between a transportation impact fee and impacts of new non-residential growth seems more closely aligned than the nexus between non-residential growth and impacts for new park/recreation facilities. The rate study concluded that the maximum non-residential rate would be \$5.51 per square foot. Few other jurisdictions collect a non-residential park impact fee.

Table 7: Non-Residential Park Impact Fees

	Per Sq. Foot
Shoreline Non-Residential maximum	\$ 5.51
Edmonds	\$ 1.34
Bothell	\$ 1.09
Issaquah	\$ 0.53-5.22
(Office 1.32/ Retail 5.22/ Manufacturing 1.51/ Construction 0.52)	
Redmond	\$ 0.53-1.22
(Office 1.22/ Retail 0.53/ Manufacturing 0.54)	

The Council could decide to implement a Park Impact Fee for non-residential development at a rate less than \$5.51 per square foot. Adopting a Park Impact Fee that includes non-residential would lower the residential fees.

Should the maximum fee be reduced by 71% as recommended by staff?

Staff has recommended a rate that is less than the maximum rate that would be allowed. The reduced rate results in lower revenue projections. The Council could decide to implement a higher rate that would result in greater revenue. It would also have a greater impact on the cost of development.

For example the Council could decide that, rather than having a rate reduction of 71% and a rate in the middle of other jurisdictions; it would like a rate reduction of just 50% which would put Shoreline with the nearly the highest Park Impact fee (Table 8).

Table 8: Impact of 50% rate reduction from maximum

	Single Family	Multi-family
Shoreline - residential only DRAFT MAXIMUM	\$13,723	\$9,001
<b>SHORELINE 50% reduction</b>	<b>\$6,681</b>	<b>\$4,500</b>
Sammamish	\$6,739	\$4,362
Issaquah	\$5,977	\$5,148
Olympia	\$5,446	\$3,704
Kirkland	\$4,047	\$3,075
Bothell (DU 2,000 Sq. feet or more)	\$4,010	
Shoreline Staff recommended rate	\$3,979	\$2,610

Council has the ability to phase in an increased rate up to the maximum over time. This could be adjusted during the next PROS plan update, scheduled for 2023, six years from now, or there could be some phasing over the next six years to increase the fee.

Should the Park Impact Fee be phased in?

Staff has not recommended any phasing component to the Park Impact Fee implementation. Council could decide to take a phased approach to implementing the Park Impact Fee. Council could begin with a lower fee and implement an annual increase to achieve a certain rate over a period of years. For example, the Council could establish a phased fee schedule as in Table 9.

Table 9: Example of phased Park Impact fee

Year	Single Family	Multi-family
2018	\$3,979	\$2,610
2019	\$5,330	\$3,555
2020	\$6,681	\$4,500

Should the Rate be revisited sooner than 2023?

Staff is recommending that the Park Impact fee rate be revisited in conjunction with the next PROS Plan update in 2023. The Council could decide to revisit the impact fee rate sooner. To revisit the impact fee rate staff would engage a consultant to reassess the list of eligible projects and the rate of development to determine if a resetting of the rate is warranted.

Should the effective date be earlier than January 1, 2018?

Staff is recommending an effective date of January 1, 2018 in order to give the development community ample notice about the fee. The Council could decide to move the date sooner.

**STAKEHOLDERS**

In addition to the policies and recommendations of the Light Rail Station Subarea Plans, the idea of implementing a park impact fees to plan for future growth has been a topic of discussion during the year-long public outreach and involvement process to update Shoreline’s Plan for Parks, Recreation and Cultural Services (PROS Plan). Specifically, the idea was discussed as one revenue source to implement Strategic Action Initiative 10: Secure Sustainable Funding.

PRCS/Tree Board and Planning Commission

Staff presented the draft impact fee methodology recommendations to the PRCS/Tree Board in January and to the Planning Commission in March. The draft Shoreline Park Impact Fee Rate Study was presented at a joint meeting of the PRCS/Tree Board and the Planning Commission on May 18, 2017. These presentations were for informational

purposes only as neither the PRCS/Tree Board nor the Planning Commission has recommendation authority in regards to impact fees.

### Meeting with Developers

Staff and the consultants convened a meeting of developers on June 29, 2017. The following is a summary of that meeting:

- Stakeholder attendees raised concerns about the propriety of including the acquisition of property for the new pool development as the property is currently owned by the school district.
- Stakeholders recommended that the City and Council consider exempting Accessory Dwelling Units (ADU)s, if the City is interested in incentivizing ADU development.
- Stakeholders recommended that the Council consider phasing-in the park impact fee over several years. For example, 50% of the proposed rate in year one, 75% of the proposed rate in year two and 100% of the proposed rate in year three. Attendees noted that the phased-in approach allows developers and builders to factor the park impact fee into their long-term decisions more effectively.
- Stakeholders raised concerns about the use of the Construction Cost Index from the Engineering News Record as the annual inflation index. Specifically, stakeholders stated that the index is unpredictable, which is a challenge for developers, and urged City staff and Council to consider a more predictable index for the ordinance. No specific alternative index was recommended.
- Stakeholders wanted to know if the ordinance would allow for dedication of land for a credit towards the park impact fee. Stakeholders also discussed methods they could use to pass through the cost of the park impact fee to either renters or buyers, and whether this was a cost that could be added to the utility charge in rental properties.

### **FINANCIAL IMPACT**

The estimated revenue to be received based on the staff recommended impact fee level and the expected growth in the City of Shoreline between 2018 and 2035 is \$19.3 million.

### **RECOMMENDATION**

No formal action is required; this is a discussion. Council is currently scheduled to consider Ordinance No. 786 for adoption on July 31, 2017.

### **ATTACHMENTS**

Attachment A: Shoreline Park Impact Fee Draft Rate Study: June 2017  
Attachment B: Proposed Ordinance No. 786 adopting Park Impact Fees  
Attachment B – Exhibit A: Ordinance No. 786 Shoreline Municipal Code 3.70  
Attachment B – Exhibit B: Ordinance No. 786 Shoreline Municipal Code 3.01 Rate Table addition

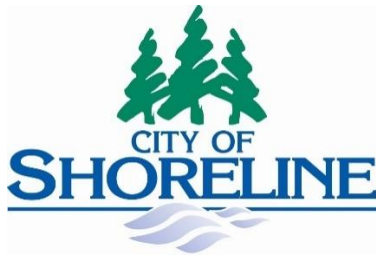
**Rate Study for Impact Fees for Parks, Open Space and  
Recreation Facilities**

DISCUSSION DRAFT

June 23, 2017

PREPARED FOR:

CITY OF SHORELINE, WASHINGTON



PREPARED BY:





*Community Attributes Inc. tells data-rich stories about communities  
that are important to decision makers.*

**President & CEO**  
Chris Mefford

**Expert Advisor**  
Randall L. Young,

Henderson,  
Young &  
Company

**Analysts**  
Mark Goodman  
Michaela Jellicoe

Community Attributes Inc.  
1411 Fourth Ave, Suite 1401  
Seattle, Washington 98101

[www.communityattributes.com](http://www.communityattributes.com)



Blank.

## 1. INTRODUCTION

The purpose of this study is to establish the rates for impact fees in the City of Shoreline, Washington for parks, open space, and recreation facilities as authorized by RCW<sup>1</sup> 82.02.090 (7). Throughout this study the term “parks” is used as the short name that means, parks, open space and recreation facilities, including land and developments.

### Summary of Impact Fee Rates

Park impact fees are paid by new residential development<sup>2</sup>. Impact fee rates for new development are based on, and vary according to the type of residential development. The following table summarizes the impact fee rates for each type of development.

**Exhibit 1. City of Shoreline Park Impact Fee Rates**

<b>Type of Development</b>	<b>Unit</b>	<b>Park Impact Fee per Unit</b>
Single Family	dwelling unit	\$ 13,723.17
Multi-Family	dwelling unit	9,001.65

### Impact Fees vs. Other Developer Contributions

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

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.

The impact fees that are described in this study do not include any other forms of developer contributions or exactions, such as mitigation or voluntary payments authorized by SEPA (the State Environmental Policy Act, RCW

<sup>1</sup> Revised Code of Washington (RCW) is the state law of the State of Washington.

<sup>2</sup> The impact fee ordinance may specify exemption for low-income housing and/or “broad public purposes,” but such exemptions must be paid for by public money, not other impact fees. The ordinance may specify if impact fees apply to changes in use, remodeling, etc.



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.

## Organization of the Study

This impact fee rate study contains four chapters:

- **Introduction:** provides a summary of impact fee rates for development categories; and other introductory materials.
- **Statutory Basis and Methodology:** summarizes the statutory requirements for development of impact fees, and describes the compliance with each requirement.
- **Growth Estimates:** presents estimates of future growth of population and employment in Shoreline because impact fees are paid by growth to offset the cost of parks, open space and recreation facilities that will be needed to serve new development.
- **Park Impact Fees:** presents impact fees for parks in the City of Shoreline. The chapter includes the methodology that is used to develop the fees, the formulas, variables and data that are the basis for the fees, and the calculation of the fees. The methodology is designed to comply with the requirements of Washington state law.

## 2. STATUTORY BASIS AND METHODOLOGY

This chapter summarizes the statutory requirements for impact fees in the State of Washington, and describes how the City of Shoreline's impact fees comply with the statutory requirements.

### Statutory Requirements for Impact Fees

The Growth Management Act of 1990 (Chapter 1117, Washington Laws, 1990, 1<sup>st</sup> Ex. Sess.) 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. Three 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) whereas SEPA is used only for specific improvements that mitigate specific adverse environmental impacts of development; 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments; and 3) the predictability and simplicity of impact fee rate schedules compared to the cost, time and uncertain outcome of SEPA reviews conducted on a case-by-case basis.

The following synopsis of the most significant requirements of the law include 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 developer on-site within the development). *RCW 82.02.050 (3)(a) and RCW 82.02.090 (5) 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 (7)*

### *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), RCW 82.02.090 (6)*

### *Reductions of Impact Fee Amounts*

Impact fee rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or proratable to particular system improvements). *RCW 82.02.050 (1)(c) and (2) and RCW 82.02.060 (1)(b)*. Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP as system improvements eligible for impact fees and are required as a condition of development approval). *RCW 82.02.060 (4)*

### *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. Exempt fees must be paid from public funds (other than impact fee accounts) for 100% of “broad public purpose” exemptions and for portions of low-income housing exemptions that exceed 80% of the impact fee (the first 80% is exempt, but does not have to be repaid). *RCW 82.02.060 (2) and (3)*

### *Developer Options*

Developers who are liable for impact fees can submit data and/or analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. *RCW 82.02.060 (6)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.070 (4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend or obligate the impact fee payments within ten years, or terminates the impact fee requirement, or the developer does not proceed with the development (and creates no impacts). *RCW 82.02.080*

### *Capital Facilities Plans*

Impact fees must be expended on public facilities in a capital facilities plan (CFP) element or used to reimburse the government for the unused capacity of existing facilities. The CFP must conform to the Growth Management Act of 1990, and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050 (4), RCW 82.02.060 (8) 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 (8)*) subject to the proportionate share limitation described above.

### *Accounting Requirements*

The local government must separate the impact fees from other monies, expend or obligate the money on CFP project within ten years, and prepare annual reports of collections and expenditures. *RCW 82.02.010 (1)-(3)*

## Compliance with Statutory Requirements for Impact Fees

Many of the statutory requirements listed above are fulfilled in calculation of the parks impact fee in the fourth chapter of this study. Some of the statutory requirements are fulfilled in other ways, as described below.

### *Types of Public Facilities*

This study contains impact fees for parks. This study does not contain impact fees for transportation, fire or schools.

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 parks facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for some public facilities that it does not administer if such facilities are “owned or operated by government entities” (*RCW 82.02.090 (7)*).

### *Types of Improvements*

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 82.02.090 (9)*, as opposed to “project improvements” (which are typically provided by the developer on-site within the development or

adjacent to the development), and “designed to provide service for a development project, and that are necessary for the use and convenience of the occupants or users of the project” as provided in RCW 82.02.090 (5). The impact fees in this study are based on system improvements that are described in the fourth chapter of this study. No project improvements are included in this study.

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 land acquisition and development. The costs can also include design studies, engineering, land surveys, appraisals, permitting, financing, administrative expenses, applicable mitigation costs, and capital equipment pertaining to capital improvements.

### *Benefit to Development, Proportionate Share and Reduction of Fee Amounts*

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 82.02.050 (3)*). In addition, the law requires the designation of one or more service areas (*RCW 82.02.060 (7)*).

#### **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 benefit new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: 1) by allocating the total cost between new and existing users, or 2) calculating the cost per unit 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. Carrying costs may be added to reflect the government’s actual or imputed interest expense.

The third aspect of the proportionate share requirement is in 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 impact fees calculated in this study include an adjustment that accounts for any other revenue that is paid by new development and used by the City to pay for a portion of growth’s proportionate share of costs. This adjustment is in response to the limitation in RCW 82.02.060 (1)(b) and RCW 82.02.050 (2).
- The “credit” requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP, identified as the projects for which impact fees are collected, and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated land and the quality and design of donated land or recreation facilities can be required to be acceptable to the local government.

## **2. Reasonably Related to Need**

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

- Impact fees are charged to properties that need (i.e., benefit from) new public facilities. The City of Shoreline provides its infrastructure to all kinds of property throughout the City, regardless of the type of use of the property. Impact fees for parks, however, are only charged to residential development in the City, which includes residential construction, because the dominant stream of benefits accrues to the occupants and owners of dwelling units.
- The relative needs of different types of growth are considered in establishing fee amounts (i.e., single family dwelling units versus multifamily dwelling units). The fourth chapter uses different numbers of persons per dwelling unit to measure the relative needs.
- Feepayers can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee schedule calculation for their property classification. Such



### *Capital Facilities Plan*

There are references in RCW to the “capital facilities plan” (CFP) as the basis for projects that are eligible for funding by impact fees. Cities often adopt documents with different titles that fulfill the requirements of RCW 82.02.050 et. seq. pertaining to a “capital facilities plan.” The City of Shoreline has adopted, and periodically updates the Capital Facilities Plan Element of the City’s Comprehensive Plan. In addition, Shoreline annually updates the Capital Improvement Program (CIP) for their budget. These two documents fulfill the requirements in the RCW, and are considered to be the “capital facilities plan” (CFP) for the purposes of this impact fee rate study. All references to a CFP in this study are references to the CIP and the Capital Facilities Plan Element documents described above.

The requirement to identify existing deficiencies, capacity available for new development, and additional public facility capacity needed for new development is determined by analyzing levels of service for each type of public facility. The fourth chapter of this study provides this analysis.

### *New Versus Existing Facilities, Accounting Requirements*

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 ten years must be refunded unless the City Council makes a written finding that an extraordinary or compelling reason exists to hold the fees for longer than ten 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 impact fee revenue and expenditures. These requirements are addressed by Shoreline’s ordinance for impact fees, and are not factors in the impact fee calculations in this study.

## Data Sources

The data in this study of impact fees in Shoreline, Washington was provided by the City of Shoreline, unless a different source is specifically cited.

## Data Rounding

The data in this study was calculated to more places after the decimal than is reported in the exhibits contained in this report. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional minor differences due to rounding of data that appears in this study.



### 3. GROWTH ESTIMATES

Impact fees are meant to have “growth pay for growth” so the first step in developing an impact fee is to quantify future growth in the City of Shoreline. Growth estimates have been prepared for population the City of Shoreline’s population through the year 2035 in order to match the horizon year of the City’s updated Parks, Recreation & Cultural Services Plan, which also serves as the City’s Capital Facilities Plan for Parks.

Exhibit 2 lists Shoreline’s population and growth rates from 2000 and projections to the year 2035.

**Exhibit 2. Population**

<b>Year</b>	<b>Population</b>	<b>CAGR</b>	<b>CAGR Years</b>
2000	53,296		
2010	53,007	-0.1%	2000-2010
2018	56,025	0.7%	2010-2018
2035	68,316	1.2%	2018-2035
2018-2035 Growth	12,291	1.2%	2018-2035

(1) *Source of population:*

- *For years 2000 and 2010: City of Shoreline Comprehensive Plan, Pages 126 and 127.*
- *For 2018 and 2035: Community Attributes Inc. estimate based on growth rates calculated from City of Shoreline, A Plan for Parks, Recreation & Cultural Services 2017-2022, Population Projections, Table 2 and Washington State Office of Financial Management.*

(2) *CAGR = Compound Annual Growth Rate.*

It is clear from Exhibits 2 that Shoreline expects growth of population in the future, so there is a rational basis for park impact fees that would have future growth pay for parks, open space and recreation facilities that are needed to provide appropriate levels of service to new development. The total population for the base year (2018) is 56,025, for the horizon year (2035) is 68,316, therefore growth between 2018 and 2035 is 12,291.

## 4. PARK IMPACT FEES

### Overview

Impact fees for Shoreline’s parks, recreation facilities and open space use an inventory and valuation of the existing assets in order to calculate the current investment per person. The current investment per person is multiplied by the future population to identify the value of additional assets needed to provide growth with the same level of investment as the City owns for the current population. The future investment is reduced by the amount of specific other revenues that are available and the result is the net investment needed to be paid by growth. Dividing the net investment by the growth of population results in the investment per person that can be charged as impact fees. The amount of the impact fee is determined by charging each fee-paying development for impact fee cost per person multiplied by the persons per dwelling unit for each type of development.

These steps are described below in the formulas, descriptions of variables, exhibits, and explanation of calculations of park impact fees.

### Formula 1: Parks Capital Value per Person

The capital investment per person is calculated by dividing the value of the asset inventory by the current population.

$$(1) \frac{\textit{Value of Parks Inventory}}{\textit{Current Population}} = \frac{\textit{Capital Value}}{\textit{per Person}}$$

The current population was described in the third chapter of this study. There is one new variable that requires explanation: (A) Value of Parks Inventory.

#### *Variable (A): Value of Parks Inventory*

The value of the existing inventory of parks, recreation facilities and open space is calculated by determining the value of park land and improvements. The sum of all of the values equals the current value of the City’s park and recreation system. Exhibits 3, 4 and 5 list the inventory of park land as well as park improvements that make up the City of Shoreline’s existing park system. Exhibit 6 combines the totals from each detailed exhibit and provides the total value of Shoreline’s park inventory.

The values of parks in this rate study do not include any costs for interest or other financing. If borrowing is used to “front fund” the costs that will be paid by impact fees, the carrying costs for financing can be added to the costs, and the impact fee can be recalculated to include such costs.

The total value of the existing inventory of park land in the City of Shoreline is \$302,143,492.

### Exhibit 3. Park Land Inventory and Capital Value

Park/Asset	Unit	
	Description	Number
Ballinger Open Space	Acres	2.63
Boeing Creek Open Space	Acres	4.41
Boeing Creek Park	Acres	33.45
Bruggers Bog	Acres	4.36
Cromwell Park	Acres	8.28
Darnell Park	Acres	0.84
Echo Lake Park	Acres	0.76
Hamlin Park	Acres	80.40
Hillwood Park	Acres	10.00
Innis Arden Reserve	Acres	22.94
James Keough Park	Acres	3.10
Kruckeberg Botanic Garden	Acres	3.81
Meridian Park	Acres	3.13
North City Park	Acres	3.96
Northcrest Park	Acres	7.31
Paramount Open Space	Acres	10.74
Park at Town Center	Acres	0.50
Richmond Beach Community Park	Acres	3.14
Richmond Beach Saltwater Park	Acres	32.06
Richmond Highlands Park	Acres	4.23
Richmond Reserve	Acres	0.11
Ridgecrest Park	Acres	3.88
Ronald Bog Park	Acres	13.36
Shoreline Civic Center	Acres	2.78
Shoreline Park	Acres	4.70
Shoreview Park	Acres	46.65
South Woods Park	Acres	15.56
Strandberg Preserve	Acres	2.59
Twin Ponds Park	Acres	21.60
Total Acres		351.28
Unit Cost		\$860,122
<b>Park Land Capital Value</b>		<b>\$302,143,492</b>

- (1) Park land and costs per unit provided by City of Shoreline staff unless otherwise stated.  
(2) Unit cost for the City of Shoreline parks is based on the average land value per acre for all taxable properties in the City of Shoreline, based on King County Assessor parcel data.

Exhibit 4 and 5 detail the inventory of park assets within the City of Shoreline park system. The total value of Shoreline's parks assets is \$55,039,452.

#### Exhibit 4. Park Asset Inventory and Capital Value

Park/Asset	Number	Unit		Estimated Value
		Description	Unit Value	
Barbecue	14	Each	\$ 500	\$ 7,000
Bench - Wood	251	Each	750	188,250
Bike Rack	17	Each	800	13,600
Bleacher	39	Each	1,500	58,500
Bollard	445	Each	500	222,500
Botanical Garden	1	Each	1,000,000	1,000,000
Bridge - Pedestrian	10	Each	250,000	2,500,000
Bridge	2	Each	250,000	500,000
Bridge - Vehicle	4	Each	500,000	2,000,000
Building - Botanic	1	Each	500,000	500,000
Building - Outdoor Restroom	14	Each	187,500	2,625,000
Building - Pool	1	Each	4,500,000	4,500,000
Building - Recreation	1	Each	2,000,000	2,000,000
Building - Shelter	7	Each	187,500	1,312,500
Community Garden	2	Each	50,000	100,000
Court - Basketball	4	Each	75,000	300,000
Court - Handball	1	Each	75,000	75,000
Court - Multipurpose/Pickleball	1	Each	40,000	40,000
Court - Tennis	5	Each	150,000	750,000
Drinking Fountain	27	Each	4,375	118,125
Exercise Station	3	Each	10,000	30,000
Fence	53,167.39	Linear Feet	30	1,595,022
Field - Baseball	14	Each	500,000	7,000,000
Field - Soccer	5	Each	500,000	2,500,000
Field - Synthetic	3	Each	800,000	2,400,000
Firepit	2	Each	500	1,000
Gate	41	Each	1,500	61,500
Horseshoe	4	Each	200	800
Irrigation	62	Acres	25,000	1,550,000
Kiosk	10	Each	500	5,000
Landscape Area	321,768.11	Square Yards	10	3,217,681

- (1) *Park assets and costs per unit provided by City of Shoreline staff unless otherwise stated.*
- (2) *Infrastructure costs for Outdoor Restrooms and Drinking Fountains are included in City of Shoreline staff cost estimates, based on an estimate of 25% of base cost.*
- (3) *City of Shoreline staff estimated cost per unit of Vehicle Bridges based on the Saltwater Park Bridge Replacement.*
- (4) *City of Shoreline staff estimated cost per unit for Pool Buildings from the Assessment Report, page AD/10.*
- (5) *City of Shoreline staff estimated cost per unit for Shelter Buildings based on the Mag Park Shelter Replacement, infrastructure costs are included based on 25% of base cost.*
- (6) *City of Shoreline staff estimated cost per unit for Basketball Courts and Tennis Courts based on the average value per court from the 2011-2017 Seattle Asset Management Plan Cost Estimates and the COS Project Costs 2009-2017.*
- (7) *City of Shoreline staff estimated cost per unit for Exercise Stations based on the RBSWP equipment costs.*
- (8) *City of Shoreline staff estimated cost per unit for Baseball Fields based on Lower Hamlin Park Field costs.*

- (9) *City of Shoreline staff estimated cost per unit for Horseshoes based on cost estimate for Echo Lake Park.*

Exhibit 5 is a continuation of the detailed inventory of park assets within the City of Shoreline park system.

### Exhibit 5. Park Asset Inventory and Capital Value continued

Park/Asset	Number	Unit Description	Unit Value	Estimated Value
Light - Other	6	Each	\$ 6,250	\$ 37,500
Light - Pedestrian	43	Each	1,000	43,000
Light - Security	6	Each	6,250	37,500
Light - Sport Field	63	Each	87,500	5,512,500
Light - Street	103	Each	6,250	643,750
Litter Receptacle - Other	7	Each	1,750	12,250
Litter Receptacle - Solar Compactor	9	Each	6,250	56,250
Litter Receptacle - Standard	204	Each	500	102,000
Off-Leash Dog Area	3	Each	60,000	150,000
Parking	44,233.18	Square Yards	37	1,636,628
Path - Loop	7,040.03	Square Yards	28	197,121
Path - Paved	43,131.33	Square Yards	32	1,380,202
Picnic Table	127	Each	1,500	190,500
Play Ground	24	Each	75,000	1,800,000
Public Art	27	Each	N/A	2,500,000
Railing	5,378.85	Linear Feet	90	484,096
Road	29,339.18	Square Yards	37	1,085,549
Sign - Directional	84	Each	250	21,000
Sign - Education	70	Each	1,000	70,000
Sign - Entry	70	Each	1,000	70,000
Sign - Interpretive	4	Each	2,000	8,000
Sign - Ordinance	258	Each	250	64,500
Sign - Other	13	Each	100	1,300
Sign - Plaque	26	Each	100	2,600
Sign - Regulatory	82	Each	250	20,500
Sign - Traffic	138	Each	250	34,500
Skate Park	8,574.50	Square Feet	50	428,725
Trail	42,660.11	Square Feet	3	106,650
Trees & Vegetation	200	Acres	200	40,000
Wall	29,772.44	Square Feet	38	1,131,353
<b>Park Building and Asset Capital Value</b>				<b>\$55,039,452</b>

- (1) *Park assets and cost per unit provided by City of Shoreline staff unless otherwise stated.*
- (2) *Infrastructure costs for Lights-Other, Pedestrian Lights, Security Lights and Street Lights are included in City of Shoreline staff cost estimates, based on an estimate of 25% of base cost.*
- (3) *City of Shoreline staff estimated cost per unit for Sport Field Lights based on the Twin Ponds Field Lighting Cost Estimate, 2016. Infrastructure costs are included based on an estimate of 25% of the base cost.*
- (4) *City of Shoreline staff estimated cost per unit for Solar Compactor Litter Receptacles based on the Surface Water Quote.*
- (5) *City of Shoreline staff estimated cost per unit for Directional Signs, Education Signs, Ordinance Signs, Other Signs, Plaques, Regulatory Signs, and Traffic Signs based on Fast Signs.*
- (6) *City of Shoreline staff estimated cost per unit for Entry Signs and Interpretive Signs based on Folia.*



**Exhibit 8. Value Needed for Growth**

Capital Value Per Person	Growth of Population	Value Needed for Growth
\$6,375.42	x 12,291	= \$78,360,296

**Formula 3: Investment Needed for Growth**

The investment needed for growth is calculated by subtracting the value of any existing reserve capacity from the total value of parks needed to serve growth.

$$(3) \text{ Value Needed for Growth} - \text{Value of Existing Reserve Capacity} = \text{Investment Needed for Growth}$$

There is one new variable used in Formula 3 that requires explanation: (B) Value of Existing Reserve Capacity of parks.

*Variable (B): Value of Existing Reserve Capacity*

The value of existing reserve capacity is the difference between the value of the City's existing inventory of parks, and the value of those assets that are needed to provide the level of service standard for the existing population. Because the capital value per person is based on the current assets and the current population, there is no reserve capacity (i.e., no unused value that can be used to serve future population growth)<sup>3</sup>.

Exhibit 9 shows the calculation of the investment in parks that is needed for growth. The value of parks needed to serve growth (from Exhibit 8) is reduced by the value of existing reserve capacity, in this case zero, and the result shows that Shoreline needs to invest \$78.36 million in additional parks in order to serve future growth.

**Exhibit 9. Investment Needed in Parks for Growth**

Value Needed for Growth	Value of Existing Reserve Capacity	Investment Needed for Growth
\$78,360,296	- \$0	= \$78,360,296

<sup>3</sup> Also, the use of the current assets and the current population means there is no existing deficiency. This approach satisfies the requirements of RCW 82.02.050 (4) to determine whether or not there are existing deficiencies in order to ensure that impact fees are not charged for any deficiencies.

## Formula 4: City Investment for Growth

The City of Shoreline has historically used a combination of state grants and local revenues, such as the Real Estate Excise Tax (REET), to pay for the cost of park and recreation capital facilities. The City's plan for the future is to continue using grant revenue and local revenues to pay part of the costs of parks needed for growth. The City's share of investment for growth is calculated by multiplying the total investment needed to serve growth by the City's share of investment for growth. It is assumed that the City's portion of investments in capacity projects for parks and open space will be the same for the impact fees as it is in the most recently adopted Capital Facilities Plan.

$$(4) \frac{\text{Investment Needed for Growth}}{\text{City Share of Investment for Growth}} \times \text{City Share of Investment for Growth} = \text{City Investment for Growth}$$

There is one new variable used in Formula 4 that requires explanation: (C) City Share of Investment for Growth.

### *Variable (C): City Share of Investment for Growth*

The City of Shoreline has historically used a combination of state grants and local revenues, such as real estate excise taxes, to pay for part of the cost of park and recreation capital facilities. The City's plan for the future is to continue using grant revenue and some local revenues to pay part of the cost of parks needed for growth.

Revenues that are used for repair, maintenance or operating costs are not used to reduce impact fees because they are not used, earmarked or prorated for the system improvements that are the basis of the impact fees. Revenues from 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.

The other potential credits that reduce capacity costs (and subsequent impact fees) are donations of land or other assets by developers or builders. Those reductions depend on specific arrangements between the developer and the City of Shoreline. Reductions in impact fees for donations are calculated on a case-by-case basis at the time impact fees are to be paid.

A detailed analysis was made of the City's Capital Facilities Plan within the Parks, Recreation and Open Space Plan, 2017-2022 in Appendix A, which contains the details and results of the analysis. There are a total of \$151.04 million of parks projects. Among parks projects \$72.28 million add capacity, and therefore are considered projects eligible for impact fee funding. Secured funding identified by the City of Shoreline totals \$4.80 million, the non-



capacity portion of the secured funding is the total \$4.80 million, leaving the full \$72.28 million of parks capacity projects unfunded. Currently secured funding will pay for 0% of park projects that add “capacity” to the park system.

In addition, a detailed analysis was made of the City’s 2011-2015 historical patterns of investment in parks from local sources and grants, including real estate excise taxes, conservation district and other grants. The annual average during the five years was \$350,302. Assuming that pattern will continue for the 2018-2035 period covered by this study, Shoreline will invest \$5.96 million in projects that add capacity to the park system. \$5.96 million of expected funding is 8.2% of \$72.28 million in projects that generate “capacity” for the parks system. Therefore, grants and local revenues will pay for 8.2% of capacity park projects.

Exhibit 10 shows the calculation of the City’s share of investment in parks to serve growth. The total investment needed for growth is multiplied by the City’s share of investment for growth resulting in the City investment in parks and open space for growth. The result is that the City expects to use \$6.46 million in grant and local revenues for parks projects for growth.

**Exhibit 10. City Investment for Growth**

Investment Needed for Growth	City Share of Investment for Growth	City Investment for Growth
\$78,360,296	x 8.2%	= \$6,455,690

**Formula 5: Investment to be Paid by Growth**

The future investment in parks that needs to be paid by growth may be reduced if the City has other revenues it invests in its parks. The investment to be paid by growth is calculated by subtracting the amount of any revenue the City invests in infrastructure for growth from the total investment in parks needed to serve growth.

$$(5) \text{ Investment Needed for Growth} - \text{City Investment for Growth} = \text{Investment to be Paid by Growth}$$

Exhibit 11 shows the calculation of the investment in parks that needs to be paid by growth. The City investment for growth (from Exhibit 10) is subtracted from the total investment in parks needed to serve growth (from Exhibit 9). Exhibit 11 shows that growth in Shoreline needs \$78.36 million for additional parks to maintain the City’s standards for future growth. The City’s investment for growth is projected to be \$6.46 million in grant and local revenues towards the cost for parks. The remaining \$71.90 million for parks will be paid by growth.

**Exhibit 11. Investment to be Paid by Growth**

<b>Investment Needed for Growth</b>		<b>City Investment for Growth</b>		<b>Investment to be Paid by Growth</b>
\$78,360,296	-	\$6,455,690	=	\$71,904,606

**Formula 6: Growth Cost per Person**

The growth cost per person is calculated by dividing the investment in parks and open space that is to be paid by growth by the amount of population growth.

$$(6) \frac{\text{Investment to be Paid by Growth}}{\text{Growth of Population}} = \frac{\text{Growth Cost}}{\text{per Person}}$$

There are no new variables used in Formula 6. Both variables were developed in previous formulas.

Exhibit 12 shows the calculation of the cost per person of parks that needs to be paid by growth. The investment in parks needed to be paid by growth (from Exhibit 11) is divided by the growth in population (from Exhibit 2), and the result shows the cost for parks to be paid by growth is \$5,850.18 per person.

**Exhibit 12. Growth Cost per Person**

<b>Investment to be Paid by Growth</b>		<b>Growth of Population</b>		<b>Growth Cost per Person</b>
\$71,904,606	÷	12,291	=	\$5,850.18

**Formula 7: Adjustment to be Consistent with Shoreline's CFP**

Impact fees must be based on and used for projects in the City's CFP. Impact fees are limited to projects that add capacity to the park system and therefore provide additional parks for growth. Impact fees can only be charged for the portion of the cost of the capacity projects that are not paid for by other funding sources. If the unfunded cost of parks projects that add capacity is less than the investment needed for growth the impact fee calculations must include an adjustment to limit the fee to an amount that is consistent with the CFP<sup>4</sup>.

The adjustment is calculated by dividing the unfunded cost of CFP projects that add capacity by the amount of the investment that is needed for growth.

<sup>4</sup> If future Capital Facilities Plans increase the projects for growth this adjustment can be revised in future updates of the park impact fee.

The result is the percentage of the needed investment that is provided by the CFP.

$$(7) \text{ CFP Projects that Add Capacity} \div \frac{\text{Unfunded Cost of}}{\text{Investment Needed for Growth}} = \text{Adjustment \%}$$

There is one new variable used in Formula 7 that requires explanation: (D) Unfunded Cost of Projects in the CFP that Add Capacity to the parks.

***Variable (D): Unfunded Cost of CFP Projects that Add Capacity***

The City of Shoreline’s CFP has numerous projects for parks. Some of the projects add capacity to the park system by increasing acreage and/or adding improvements.

A detailed analysis was made of the City’s Parks, Recreation and Open Space Plan 2017-2022, or the Capital Facilities Plan<sup>5</sup>. There are a total of \$151.04 million of parks system projects. Park projects costing \$72.28 million add capacity to the park system, and therefore are considered projects eligible for impact fee funding. Although the CFP has \$4.80 million in secured funding, this funding is used for non-capacity projects. The full \$72.28 million cost of park capacity projects is unfunded, and therefore the full amount is eligible to the basis of the park impact fee.

Exhibit 13 shows the calculation of the adjustment percentage. The \$72.28 million unfunded cost of CFP park projects that add capacity is divided by the \$78.36 million investment that is needed for growth in order to provide the current capital value per person to all new residential development. The calculation is the CFP projects will provide 92.2% of the investment needed for growth for parks projects. This percentage is the adjustment percentage.

**Exhibit 13. Adjustment for Consistency with CFP**

Unfunded Cost of CIP Capacity Projects	Investment Needed for Growth	Adjustment %
\$72,284,500	\$78,360,296	92.2%

<sup>5</sup> The analysis is presented in Appendix A.

Formula 8: Adjusted Growth Cost per Person

The adjusted growth cost per person is calculated by multiplying the growth cost per person by the adjustment percent to account for the portion of unfunded CFP projects that will add capacity to Shoreline’s park system.

$$(8) \frac{\text{Growth Cost per Person}}{\text{per Person}} \times \text{Adjustment \%} = \frac{\text{Adjusted Growth Cost per Person}}{\text{per Person}}$$

There are no new variables used in Formula 8. Both variables were developed in previous formulas.

Exhibit 14 shows the calculation of the cost per person adjusted for park CFP capacity projects that needs to be paid by growth. The growth cost per person (from Exhibit 12), is multiplied by the adjustment percent (from Exhibit 13), and the result shows that cost for parks to be paid by growth is \$5,396.58.

**Exhibit 14. Adjusted Growth Cost per Person**

Growth Cost per Person	Adjustment %	Adjusted Growth Cost per Person
\$5,850.18	x 92.2%	= \$5,396.58

Formula 9: Impact Fee per Unit of Development

The amount to be paid by each new development unit depends on the persons per dwelling. The cost per unit of development is calculated by multiplying the growth cost per person by the persons per dwelling unit for each type of development.

$$(9) \frac{\text{Adjusted Growth Cost per Person}}{\text{per Person}} \times \frac{\text{Persons per Dwelling Unit}}{\text{Dwelling Unit}} = \frac{\text{Impact Fee per Unit of Development}}{\text{Development}}$$

The formula uses different numbers of persons per dwelling unit for different types of housing (i.e., single-family and multi-family). There is one new variable used in Formula 9 that requires explanation: (E) Persons per Dwelling Unit.

*Variable (E) Persons per Dwelling Unit*

The number of persons per dwelling unit is the factor used to convert the growth cost per person into impact fees per unit of development. The adjusted growth cost per person (from Exhibit 14) is multiplied by the average number of persons per dwelling unit to calculate the impact fee per dwelling unit for parks.

The number of persons per dwelling unit in the City of Shoreline are 2.54 persons per single-family dwelling unit and 1.67 persons per multi-family unit.

Exhibit 15 shows the calculation of the parks impact fee per unit of development. The growth cost of \$5,396.58 per person for parks from Exhibit 14 is multiplied by the average persons per dwelling unit to calculate the impact fee per unit of development for parks.

**Exhibit 15. Impact Fees per Unit of Development**

<b>Type of Development</b>	<b>Growth Cost per Person</b>	<b>Average Persons per Dwelling Unit</b>	<b>Unit of Development</b>	<b>Impact Fee per Unit of Development</b>
Single-Family	\$ 5,396.58	2.5429	dwelling unit	\$ 13,723.17
Multi-Family	5,396.58	1.6680	dwelling unit	9,001.65

- (1) *Persons per Dwelling Unit includes both occupied and vacant units. Total units rather than occupied units are better for impact fees because it accounts for vacancies during the life of the unit.*
- (2) *Source data represents the Seattle MSA geography. This geography is adjusted to represent the City of Shoreline using a 5-year adjustment factor based on average persons per household for the Seattle MSA and the City of Shoreline using data from the American Community Survey 5-Year estimates. A 5-year adjustment is used rather than any single year to minimize year-to-year volatility in the data.*
- (3) *Persons per dwelling unit data are sourced from the 2013 American Housing Survey.*

**APPENDIX A. CFP PROJECTS THAT ADD CAPACITY 2018-2035**

The Capital Facilities Plan within the Parks, Recreation and Open Space Plan, 2017-2022 contains 42 parks projects. Their project names are listed in column one of Exhibit B1. The cost of the projects listed in column two totals \$151.04 million. The third column lists the percent of each project that adds capacity to the park system by increasing acreage and/or adding improvements. These additions increase the value of the park system, and therefore provide value that serves growth. The capacity cost of the projects is determined by multiplying the capacity share in the third column by the total cost in the second column. The resulting capacity cost is listed in the fourth column, totaling \$72.28 million across all projects. The non-capacity cost is the difference between total cost and the capacity cost, and represents repairs, remodeling, renovation and other costs that take care of current assets, but do not add to the capacity of the assets. The non-capacity costs are listed in the fifth column. Non-capacity costs total \$78.76 million.

## Exhibit B1. Shoreline CFP Park Projects that Add Capacity – 2018-2035

Project Name	Cost (1)	% Capacity (2)	Capacity Cost (3)	Non Capacity Cost (4)
Park Ecological Restoration Program	\$ 560,000	0%	\$ 0	\$ 560,000
Parks Minor Repair and Replacement Project	1,572,995	0%	0	1,572,995
Kruckeberg Env Ed Center (Residence Stabilization	265,000	0%	0	265,000
Turf & Lighting Repair and Replacement	2,678,000	0%	0	2,678,000
Boeing Creek-Shoreview Park Trail Repair & Replacement Project	1,892,000	0%	0	1,892,000
Richmond Beach Community Park Wall Repair Project	1,154,000	0%	0	1,154,000
Richmond Beach Saltwater Park Fire Suppression Development Project	491,000	0%	0	491,000
Aquatic-Community Center Development	75,362,000	28%	21,371,000	53,991,000
Park Facility Recreation Amenities Planning	150,000	50%	75,000	75,000
Richmond Highlands Recreation Center Outdoor Basketball Court	50,000	100%	50,000	0
Soccer Field Conversion (Shoreview Park)	3,615,000	0%	0	3,615,000
Briarcrest Neighborhood Park @ Upper Hamlin & 25th Av NE Development	817,000	100%	817,000	0
Brugger's Bog Park Development Project	1,210,000	0%	0	1,210,000
Hillwood Park Master Plan & Development Project	3,823,000	0%	0	3,823,000
Lower Shoreview Park Development Project	4,937,000	0%	0	4,937,000
North City Neighborhood Park Adventure Playground @ Hamlin	437,000	100%	437,000	0
Park at Town Center Phase 1	980,000	50%	490,000	490,000
James Keough Park Development Project	972,000	50%	486,000	486,000
Ridgecrest Park Development Project	1,153,000	50%	576,500	576,500
Westminister Playground Project	209,000	0%	0	209,000
195th Street Ballinger Commons Trails	69,000	0%	0	69,000
Kruckeberg Env Ed Center Development - Match Foundation	500,000	0%	0	500,000
Twin Ponds Trail Development	219,000	100%	219,000	0
Paramount Open Space Trail Development	195,000	100%	195,000	0
Hamlin Wayfinding and Interpretive Signage	166,000	0%	0	166,000
Cedarbrook Acquisition	2,779,000	100%	2,779,000	0
Rotary Park Expansion Acquisition	3,992,000	100%	3,992,000	0
Rotary Park Development	1,406,000	100%	1,406,000	0
145th Station Area Acquisition	6,291,000	100%	6,291,000	0
145th Station Area Development	1,113,000	100%	1,113,000	0
185th & Ashworth Acquisition	1,203,000	100%	1,203,000	0
185th & Ashworth Development	520,000	100%	520,000	0
5th & 165th Acquisition	7,041,000	100%	7,041,000	0
5th & 165th Development	4,456,000	100%	4,456,000	0
Paramount Open Space Acquisition	3,734,000	100%	3,734,000	0
Paramount Open Space Improvements	257,000	100%	257,000	0
Cedarbrook Playground	503,000	100%	503,000	0
Aurora - I-5 155th - 165th Acquisition	9,931,000	100%	9,931,000	0
Aurora - I-5 155th - 165th Development	1,615,000	100%	1,615,000	0
DNR Open Space Access Acquisition	2,027,000	100%	2,027,000	0
DNR Open Space Access Development	616,000	100%	616,000	0
Ronald Bog Park to James Keough Pk Trail	84,000	100%	84,000	0
<b>Totals</b>	<b>\$151,044,995</b>		<b>\$72,284,500</b>	<b>\$78,760,495</b>

(1) Data sourced from the City of Shoreline Parks, Recreation and Open Space Plan, 2017-2022.

(2) Capacity shares based on City staff feedback.

(3) Capacity Cost = Cost x % Capacity (share of project that generates capacity).

(4) Non Capacity Cost = Cost – Capacity Cost.

Exhibit B2 lists secured funding for each project. The sources of secured funding include REET, less the portion allocated to the City Hall Debt Service, and the King County Trail Levy Funding Renewal. Funding sources are not committed to specific projects. The total secured funding for all projects is \$4.80 million. Exhibit B2 also lists all unsecured funding sources for parks projects, which total \$103.26 million.

**Exhibit B2. Shoreline CIP Park Project Secured and Unsecured Funding –  
2018-2035**

<b>Source</b>	<b>2018-2035</b>
<b><i>Secured Funding Sources</i></b>	
General Capital Fund - REET 1	\$ 8,554,835
City Hall Debt Service	-3,994,156
KC Trail Levy Funding Renewal	240,000
<b>Total Secured Funding</b>	<b>4,800,679</b>
<b><i>Unsecured Funding Sources</i></b>	
Soccer Field Rental General Fund Contribution	780,000
Repair and Replacement General Fund Contribution	300,000
KC Trail Levy Funding Rerenewal	480,000
King Conservation District Grant	80,000
King Conservation District	300,000
Other Governmental Contribution	2,500,000
Recreation & Conservation Office	3,050,000
King County Youth Sports Facility Grant	450,000
Future Funding	95,315,503
<b>Total Unsecured Funding</b>	<b>103,255,503</b>
<b>Total Funding</b>	<b>\$ 108,056,182</b>

(1) Data sourced from the City of Shoreline Capital Improvement Program, 2018-2023, feedback from City of Shoreline staff and City of Shoreline Parks, Recreation and Open Space Plan, 2017-2022.

A total of \$4.80 million of secured funding is available for non-capacity park project costs. The unfunded capacity cost is calculated by subtracting the secured funding in row one from the total cost in Exhibit B1. This is calculated by applying the secured funding first to the non-capacity costs (see row two), then to the capacity costs (see row four). Any amount of capacity projects that is unfunded is therefore a capacity cost, and it is eligible for impact fees paid by new development. The total for all projects is \$72.28 million.



## Exhibit B3. City Investment for Growth

	2018-2035
Secured Non Impact Fee Funding (1)	\$ 4,800,679
Non Capacity Portion of Secured Non Impact Fee Funding (2)	4,800,679
Unfunded Non Capacity Portion (3)	73,959,816
Secured Non Impact Fee Funding Available for Capacity Portion (4)	0
Unfunded Capacity Portion (Eligible for Impact Fee Funding) (5)	72,284,500

- (1) *Secured non impact fee funding is the sum of all secured funding less the City Hall Debt Service from the CFP.*
- (2) *Non Capacity Portion of Secured Funding = Non Capacity Cost (if Secured Non Impact Fee Funding is greater than Non Capacity Cost) less any project specific secured funding, of which there is none.*
- (3) *Unfunded Non Capacity Portion = Non Capacity Cost – Non Capacity Portion of Secured Funding.*
- (4) *Secured Non Impact Fee Funding Available for Capacity Portion = Secured Impact Fee Funding Available for Capacity Portion – Capacity Cost.*
- (5) *Unfunded Capacity Portion (Eligible for Impact Fee Funding) = Secured Non Impact Fee Funding Available for Capacity Portion – Capacity Cost.*

Specific totals derived from this analysis are used in Formulas 4 and 7 in the Park Impact Fees chapter of this study.

**ORDINANCE NO. 786**

**AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON  
ADDING A NEW CHAPTER TO TITLE 3 REVENUE AND FINANCE,  
CHAPTER 3.70 IMPACT FEES FOR PARKS, AND ADDING A NEW  
SECTION 3.01.016 PARK IMPACT FEES TO CHAPTER 3.01 FEE  
SCHEDULES OF THE SHORELINE MUNICIPAL CODE.**

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, Chapter 36.70A RCW; and

WHEREAS, the Shoreline City Councils finds that new growth and development in the City of Shoreline will create additional demand and need for park, open space, and recreation facilities; and

WHEREAS, pursuant to RCW 82.02.050, the City is allowed to require that new growth and development pay a proportionate share of the cost of system improvements to serve such new development activity through the assessment of impacts fees for such system improvements; 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 82.02.050(1)(b) and RCW 82.02.060 provide that the City may enact an ordinance providing for park, open space, and recreation impact fees and the limitations and/or extent that the ordinance can provide for the impact fees; and

WHEREAS, RCW 82.02.070(2) provides that the 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 a development activity in the City that can create additional demand and need for park, open space, and recreation facilities; and

WHEREAS, the City Council finds that development activities authorized by building permits for, but not limited to, new residential in the City will create additional demand and need for system improvements to park, open space, and recreation facilities; and

WHEREAS, the City Council finds that such new growth and development should pay a proportionate share of the cost of the 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, chapter 36.70A 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 park, open space, and recreation facilities and, has prepared the “Rate Study for Impact Fees for Parks, Open Space and Recreation Facilities, dated June 23, 2017” which utilizes methodologies for calculating the maximum allowable impact fees that are consistent with the requirements of RCW 82.02.060(1); and

WHEREAS, the purpose and intent of this new section is to authorize the collection of impact fees for park, open space, and recreation facilities; and

WHEREAS, the City Council has considered the entire public record, public comments, written and oral, and considered the proposed amendments at its regularly scheduled meetings on February 13, 2017, July 17, 2017 and July 31, 2017 ;

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

**Section 1. Amendment to Title 3 Revenue and Finance.** A new chapter, Chapter 3.70 *Impact Fees for Parks*, is added to Title 3 as set forth in Exhibit A to this Ordinance.

**Section 2. Amendment to Title 3 Fee Schedules.** A new section, SMC 3.01.016 *Park Impact Fees*, is added to chapter SMC 3.01 Fee Schedules as set forth in Exhibit B to this Ordinance.

**Section 3. Corrections by City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and/or the Code Reviser are authorized to make necessary corrections to this ordinance, including the corrections of scrivener or clerical errors; references to other local, state, or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering and references.

**Section 4. Severability.** Should any section, subsection, paragraph, sentence, clause, or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any person or situation.

**Section 5. Publication and Effective Date.** A summary of this Ordinance consisting of the title shall be published in the official newspaper. This Ordinance shall take effect on January 1, 2018.

**PASSED BY THE CITY COUNCIL ON JULY 31, 2017**

\_\_\_\_\_  
Mayor Christopher Roberts

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Jessica Simulcik-Smith  
City Clerk

\_\_\_\_\_  
Margaret King  
City Attorney

Date of Publication: , 2017  
Effective Date: , 2017

**Chapter 3.70**

**IMPACT FEES FOR PARKS, OPEN SPACE, AND RECREATION FACILITIES**

Sections:

- 3.70.010 Authority and incorporation by reference.
- 3.70.020 Definitions.
- 3.70.030 Establishment of service area.
- 3.70.040 Impact fees methodology and applicability.
- 3.70.050 Collection of impact fees.
- 3.70.060 Independent fee calculations.
- 3.70.070 Exemptions.
- 3.70.080 Credits for dedications, construction of improvements, and past tax payments.
- 3.70.090 Adjustments for future tax payments and other revenue sources.
- 3.70.100 Establishment of impact fee accounts.
- 3.70.110 Refunds and offsets.
- 3.70.120 Use of impact fees.
- 3.70.130 Review and adjustment of rates.
- 3.70.140 Appeals.
- 3.70.150 Existing authority unimpaired.

**3.70.010 Authority and incorporation by reference.**

A. Pursuant to RCW 82.02.050 through 82.02.100, the city adopts impact fees for parks, open space, and recreation facilities (“park facilities”)

B. The rate study “Rate Study for Impact Fees for Parks, Open Space, and Recreation Facilities,” City of Shoreline, dated June 23, 2017 (“rate study”) documents the extensive research concerning the procedures for measuring the impact of new developments on public park facilities. The rate study, city clerk’s Recording Number [REDACTED], is fully incorporated by reference.

C. The council adopts this chapter to assess impact fees for park facilities. 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.

**3.70.020 Definitions.**

For purposes of this chapter, if not defined below, the definitions of words and phrases set forth in SMC 1.05.050, Chapter 20.20 SMC, 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 Chapter 36.70A RCW and such plan as amended.

“Director” means the director or designee of the department of parks, recreation, and cultural services.

“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 park facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for park facilities, that is a proportionate share of the cost of such facilities, and that is used for such 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 or the fee for reviewing independent fee calculations.

“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 SMC 3.70.110, 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 parks, open space, and recreation impact fee other than by the use of the rates published in SMC 3.01.016(A), or the calculations prepared by the director where none of the fee categories or fee amounts in SMC 3.01.016 accurately describe or capture the impacts on park facilities of the development authorized by the building permit.

“Multi-Family Residential” for the purpose of this chapter has the same meaning as set forth in SMC 20.20.016 for Dwelling, Multifamily and includes accessory dwelling units.

“Open space” means undeveloped public land that is permanently protected from development, except for the development of trails or other passive public access and uses.

“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.

“Parks facilities” means parks, open space, and recreational facilities, including but not limited to ball fields, athletic fields, soccer fields, swimming pools, tennis courts, regional parks, urban parks, community parks, neighborhood parks, pocket parks, natural areas, special use facilities, and trail corridors owned or operated by the city of Shoreline or other governmental entities.

“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.

“Rate study” means the “Rate Study for Impact Fees for Parks, Open Space, and Recreation,” City of Shoreline, dated June 23, 2017.

“Single family residential” for the purpose of this chapter has the same meaning as set forth in SMC 20.20.016 for Dwelling, Single-Family Attached and Dwelling, Single-Family Detached.

“System improvements” means park 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.

### **3.70.030 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.

### **3.70.040 Impact fees methodology and applicability.**

The parks, open space, and recreation impact fees in SMC 3.01.016 are generated from the formulae for calculating parks, open space, and recreation impact fees set forth in the rate study. Except as otherwise provided for independent fee calculations in SMC 3.70.060, exemptions in SMC 3.70.070, and credits in SMC 3.70.080, 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 SMC 3.01.016.

### **3.70.050 Collection of impact fees.**

A. The city shall collect impact fees for parks, open space, and recreation, based on the rates in SMC 3.01.016, from any applicant seeking a building permit from the city unless specifically exempted in SMC 3.70.070.

B. When an impact fee applies to a building permit for a change of use of an existing building, 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. The preceding use shall be determined by the most recent legally established use based on a locally owned business license and development permit documents.

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. If the calculated impact fee is a negative amount, the applicant will not be required to pay impact fees nor will the applicant be compensated by the city for a negative impact fee.

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 SMC 3.01.016.

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. Except as provided in Section 3.70.050(F), 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. Single-Family Residential Deferral Program. An applicant for a building permit for a single-family detached or attached residence may request a deferral of the full impact fee payment until final inspection or 18 months from the date of original building permit issuance, whichever occurs first. Deferral of impact fees are considered under the following conditions:

1. An applicant for deferral must request the deferral no later than the time of application for a building permit. Any request not so made shall be deemed waived.

2. For the purposes of this deferral program, the following definitions apply:

a. “Applicant” includes an entity that controls the applicant, is controlled by the applicant, or is under common control with the applicant.

b. “Single-family residence” means a permit for a single-family dwelling unit, attached or detached, as defined in SMC 20.20.016.

3. To receive a deferral, an applicant must:

a. Submit a deferred impact fee application and acknowledgment form for each single-family attached or detached residence for which the applicant wishes to defer payment of the impact fees;

b. Pay the applicable administrative fee;

c. Grant and record at the applicant’s expense a deferred impact fee lien in a form approved by the city against the property in favor of the city in the amount of the deferred impact fee that:

i. Includes the legal description, tax account number, and address of the property;

ii. Requires payment of the impact fees to the city prior to final inspection or 18 months from the date of original building permit issuance, whichever occurs first;



- iii. Is signed by all owners of the property, with all signatures acknowledged as required for a deed and recorded in King County;
  - iv. Binds all successors in title after the recordation; and
  - v. Is junior and subordinate to one mortgage for the purpose of construction upon the same real property granted by the person who applied for the deferral of impact fees.
4. The amount of impact fees deferred shall be determined by the fees in effect at the time the applicant applies for a deferral.
  5. Prior to final inspection or 18 months from the date of original building permit issuance, the applicant may pay the deferred amount in installments, with no penalty for early payment.
  6. The city shall withhold final inspection until the impact fees have been paid in full. Upon receipt of final payment of impact fees deferred under this subsection, the city shall execute a release of deferred impact fee lien for each single-family attached or detached residence for which the impact fees have been received. The applicant, or property owner at the time of release, shall be responsible for recording the lien release at his or her expense.
  7. The extinguishment of a deferred impact fee lien by the foreclosure of a lien having priority does not affect the obligation to pay the impact fees as a condition of final inspection.
  8. If impact fees are not paid in accordance with the deferral and in accordance with the term provisions established herein, the city may institute foreclosure proceedings in accordance with Chapter 61.12 RCW.
  9. Each applicant for a single-family attached or detached residential building permit, in accordance with his or her contractor registration number or other unique identification number, is entitled to annually receive deferrals under this section for the first 21 single-family residential construction building permits.
  10. The city shall collect an administrative fee from the applicant seeking to defer the payment of impact fees under this section as provided in SMC 3.01.016(B).

**3.70.060 Independent fee calculations.**

A. If, in the judgment of the director, none of the fee categories set forth in SMC 3.01.016 accurately describes or captures the impacts of a new development on park 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. An applicant may opt not to have the impact fees determined according to the fee structure in SMC 3.01.016, 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 SMC 3.01.016.

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 therefor shall be set forth in writing and shall be mailed to the applicant.

### **3.70.070 Exemptions.**

Except as provided for below, the following shall be exempted from the payment of all parks, open space, and recreation 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. Miscellaneous improvements which do not generate increased need for park facilities, including, but not limited to, fences, walls, residential swimming pools, and signs.

C. Demolition or moving of a structure.

D. Properties that have undergone prior State Environmental Policy Act (SEPA), Chapter 43.21C RCW, 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.

E. Any development that creates insignificant and/or temporary additional impacts on any parks, open space, and recreation facility, including, but not limited to:

1. Home occupations that do not generate any additional demand for park facilities;
2. Special events permits;
3. Temporary structures not exceeding a total of 30 days.

F. Low-income housing provided by a non-profit entity. “Low-income housing” means housing with a monthly housing expense that is no greater than 30 percent of 60 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, a nonprofit entity, as defined in RCW 84.36.560(7)(f), as amended, shall be entitled to an exemption of impact fees under the following conditions:

1. 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;

2. The covenant shall, at a minimum, address price restrictions and household income limits for the low-income housing;
3. The covenant shall run with the land and apply to subsequent owners and assigns;
4. 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;
5. Any claim for an exemption for low-income housing must be made no later than the time of application for a building permit;
6. Any claim for an exemption for low-income housing not made shall be deemed waived;
7. The developer/applicant or any subsequent property owner shall file a notarized declaration with the city manager as provided in SMC 3.27.080(A), as amended, within 30 days after the first anniversary of the date of issuance of the building permit and each year thereafter.

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

**3.70.080 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 or more of the projects listed in Exhibit B1 of the rate study as the basis for calculating the parks, open space, and recreation 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 Chapter

18.40 RCW 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 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.

### **3.70.090 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 park facilities which will serve the new development. The impact fees in SMC 3.01.016 have been reasonably adjusted for taxes and other revenue sources which are anticipated to be available to fund parks, open space, and recreation improvements.

### **3.70.100 Establishment of impact fee accounts.**

A. The city shall establish a separate impact fee account for the parks, open space, and recreation 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 parks, open space, and recreation improvements that were financed in whole or in part by impact fees.

C. Impact fees shall be expended or encumbered within 10 years of receipt, unless the council identifies in written findings extraordinary and compelling reasons for the city to hold the fees beyond the 10-year period, pursuant to RCW 82.02.070(3).

**3.70.110 Refunds and offsets.**

A. If the city fails to expend or encumber the impact fees within 10 years of the date the fees were paid, unless extraordinary or compelling reasons are established pursuant to this section, 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 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 section 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 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 year. At the end of one year, any remaining funds shall be retained by the city, but must be expended for the park 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 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 SMC 3.70.140.

**3.70.120 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 park 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.

**3.70.130 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 changes as in the most recent annual change of the Construction Cost Index published in the Engineering News Record (ENR) for the Seattle area.

**3.70.140 Appeals.**

Determinations and decisions by the director that are appealed by an applicant shall follow the procedures for a Type B administrative decision as set forth in Chapter 20.30 SMC, Subchapter 4.

**3.70.150 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. Such mitigation shall not duplicate the impact fees charged under this chapter.



**ORDINANCE NO. 786  
EXHIBIT B**

**ADDING A NEW SECTION 3.01.016 PARK IMPACT FEES  
TO SMC CHAPTER 3.01 FEE SCHEDULES**

**SMC 3.01.016 Park Impact Fees**

<b>A. Rate Table</b>		
<b>Use Category</b>	<b>Impact Fee</b>	
Single Family Residential	\$3,979.00	per dwelling unit
Multi-Family Residential	\$2,610.00	per dwelling unit

<b>B. Administrative Fees</b>		<b>2017 Fee Schedule</b>
1	Administrative fee – All applicable projects	Hourly rate, 1-hour minimum \$187.00
2	Administrative fee – Impact fee estimate/preliminary determination	Hourly rate, 1-hour minimum \$187.00
3	Administrative fee – Independent fee calculation	Hourly rate, 1-hour minimum \$187.00
4	Administrative fee – Deferral program	Hourly rate, 1-hour minimum \$187.00