



**CITY OF KIRKLAND**  
**Department of Finance & Administration**  
**123 Fifth Avenue, Kirkland, WA 98033 425.587.3100**  
**www.kirklandwa.gov**

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## **MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Tracey Dunlap, Deputy City Manager  
Kathy Brown, Public Works Director  
Robin Jenkinson, City Attorney  
Jenny Schroder, Director of Parks & Community Services

**Date:** March 26, 2015

**Subject:** IMPACT FEE INTRODUCTION AND POLICY DISCUSSION

### **RECOMMENDATION:**

City Council receives background information on impact fees, an overview of policy issues related to Park and Transportation impact fees, and a tentative schedule for impact fee adoption.

### **BACKGROUND DISCUSSION:**

As part of the Kirkland 2035 efforts, staff is in the process of updating the Park and Transportation impact fees charged to new development. The update of the Comprehensive Plan is an ideal time to review impact fees, since the fees are directly related to the levels of service defined in the Parks and Transportation elements and impact fees need to be expended consistent with the Capital Facilities Plan element.

The purpose of this introduction is to provide background on the legal basis for impact fees, a brief historical recap of the City's impact fee program, highlight policy issues related to this impact fee update, and provide a tentative schedule for impact fee adoption.

#### *Legal Basis*

The Municipal Research and Service Center (MRSC) describes impact fees as follows:

"Impact fees are charges assessed by local governments against new development projects that attempt to recover the cost incurred by government in providing the public facilities required to serve the new development. Impact fees are only used to fund facilities that are directly associated with the new development. They may be used to pay the proportionate share of the cost of public facilities that benefit the new development; however, impact fees cannot be used to correct existing deficiencies in public facilities."

Impact fees are governed by Revised Code of Washington (RCW) [82.02.050](#)-.110 and the Washington Administrative Code (WAC) [365-196-850](#). Pertinent provisions include:

- RCW 82.020.050(3) provides that impact fees:
  - "Shall only be imposed for system improvements that are reasonably related to the new development;
  - Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and
  - Shall be used for system improvements that will reasonably benefit the new development."
- RCW 82.020.050(4) provides that "impact fees may be collected and spent only for the public facilities defined in RCW 82.02.090 which are addressed by a capital facilities plan element of a comprehensive land use plan...continued authorization to collect and expend impact fees shall be contingent on the county, city, or town adopting or revising a comprehensive plan in compliance with RCW 36.70A.070, and on the capital facilities plan identifying:
  - Deficiencies in public facilities serving existing development and the means by which existing deficiencies will be eliminated within a reasonable period of time;
  - Additional demands placed on existing public facilities by new development; and
  - Additional public facility improvements required to serve new development."
- RCW 82.02.060(8) provides that the local ordinance "May provide for the imposition of an impact fee for system improvement costs previously incurred by a county, city, or town to the extent that new growth and development will be served by the previously constructed improvements provided such fee shall not be imposed to make up for any system improvement deficiencies."
- RCW 82.02.070(2) provides that "Impact fees for system improvements shall be expended only in conformance with the capital facilities plan element of the comprehensive plan."
- WAC 365-196-850(2)(a) defines "System improvements" (in contrast to "project improvements") as public facilities included in the capital facilities plan that are designed to provide service to service areas within the community at large.
- RCW 82.02.070(3)(a) provides that "impact fees shall be expended or encumbered for a permissible use within ten years of receipt, unless there exists an extraordinary and compelling reason for fees to be held longer than ten years," with the governing body providing extraordinary or compelling reasons in writing.

### *City Program*

The City currently imposes Transportation, Park, and School impact fees. The discussion that follows focuses on Park and Transportation impact fees, which are being updated as part of the Kirkland 2035 process. The School Impact Fees were first imposed in 2011 and are passed

through to Lake Washington School District. Revised fees were adopted by the City Council at their [December 9, 2014 meeting](#), with single family residential fees currently set at \$9,623.

Kirkland originally adopted Transportation (Road) impact fees effective in 1999 based on 1998 project costs and Park impact fees were imposed in late 1999. The rate studies completed at that time calculated the maximum supportable charge that the City could implement and, as a matter of policy, the City Council implemented 50 percent of that maximum amount, as shown in the table below for single family residential. Note that Park impact fees are collected from single family and multifamily residential projects only, while Transportation impact fees are also collected from commercial development projects.

<b>Single Family Residential Impact Fees – 1999 Study</b>	
<b>Transportation</b>	
Full Cost	\$1,931
@ Current 50% Recovery	\$ 966*
<b>Parks</b>	
Full Cost	\$1,224
@ Current 50% Recovery	\$ 612*

\*City of Kirkland impact fee collected from 1999 through 2007

In 2007, a major impact fee update was conducted that reflected the following City Council policy direction:

- Set the fees at 100 percent of the full cost;
- Provide for administrative indexing of fees with inflation;
- Base Transportation impact fees on concurrency projects rather than all capacity projects;
- Evaluate alternate methods during the next impact fee update.

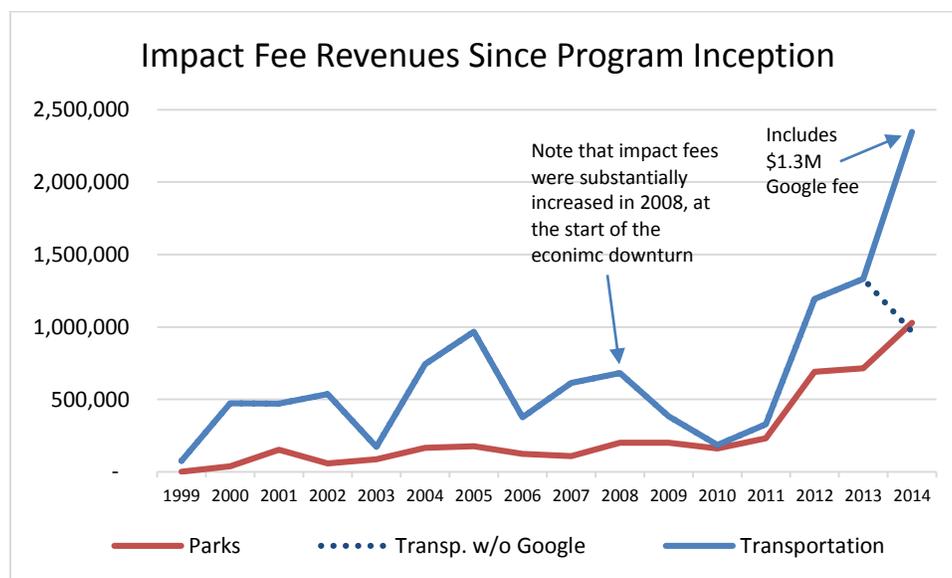
The resulting impact fees shown below were adopted effective January 1, 2008.

<b>Single Family Residential Impact Fees – 2007 Study</b>	
<b>Transportation</b>	\$3,432
<b>Parks</b>	\$3,621

Impact fees were subsequently indexed with inflation, resulting in the current impact fees shown in the table that follows. Note that the six-year moving average of the WSDOT Construction Cost Index (CCI) is used for Transportation and the June-to-June CPI-W is used for Parks, so the fees increased at different rates. No inflationary increases were applied in some years due to the economic downturn and/or that the inflation measures were negative. No change was made after 2013 pending the outcome of the Comprehensive Plan update.

<b>Single Family Residential Impact Fees – Current</b>	
<b>Transportation</b>	\$3,942
<b>Parks</b>	\$3,949

The graph below summarizes the revenues collected since the inception of the impact fee program. Note that the fees increased substantially in 2008, however, that year marked the beginning of the economic downturn, so the higher fees did not result in higher revenue collections. Also note that the 2014 Transportation revenues include a \$1.3 million impact fee paid related to the Google campus expansion.



The current adopted Capital Improvement Program reflects the use of impact fees of \$350,000 per year for Transportation projects, well below the current level of collections. The Parks impact fees are used, if available, to pay the debt service on McAuliffe Park (bonds will be retired in 2021) and a part of the debt on the Teen Center (bond will be retired in 2019). In years where the Parks collections have fallen short, the debt service was backfilled by Real Estate Excise Tax (REET). When those bonds are retired, the related REET is planned to be used to pay debt service on the Build America Bonds that were used to finance the Kirkland Justice Center and Park impact fee revenues will be available for other projects.

As required by statute, the City Council receives a report on each impact fee account showing the source and amount of all moneys collected, earned, or received and system improvements that were financed in whole or in part by impact fees.

### *Policy Context for the Update*

The evaluation of alternate impact fee approaches has been part of the development of the Parks, Recreation & Open Space (PROS) Plan and the Transportation Master Plan.

There are a number of policy issues related to the approach to Park impact fees that will be presented at the April 7 Study Session by Michael Cogle and consultant Randy Young. The City's current approach uses the level of service standards by program area in the existing PROS Plan. This approach results in limiting the use of impact fees to program areas with no deficiencies to the standards, specifically Community Parks (such as McAuliffe Park) and Indoor Non-Athletic Recreation Space (such as the Teen Center), resulting in the use of impact fees for the payment of debt service on the facilities as described above. Attachment A is a technical memorandum discussing the principles behind the alternate approach of using investment per capita as a basis for impact fees. If this approach is selected for implementation, the draft PROS plan will need to be modified to include the required policy language. The key issues include:

- Should Kirkland change its methodology for determining Park impact fees? Kirkland's current methodology for Park impact fees uses level of service standards based on acres of park land and square feet of indoor recreation space. An alternative methodology developed in other cities is to assess new development a fee based on the replacement value of the existing overall park system, divided by population to determine the park value per person (investment per capita).
- Should Kirkland assess Park impact fees to commercial development? Kirkland does not charge Park impact fees to commercial (i.e. non-residential) development. Some cities have determined the impact of commercial development on parks by determining "equivalent population" for different types of development. Park impact fees for commercial development are then assessed on a per square foot basis.

The City Council received a briefing on Transportation impact fee policy issues in November 2014. David Godfrey and consultant Don Samdahl of Fehr & Peers will present additional information regarding the policy basis for Transportation impact fees, as summarized in Attachment B, as part of the April 21 Study Session on the Transportation Master Plan. The key issues include:

- Because of the multimodal nature of the Transportation Master Plan (TMP), a wider variety of transportation improvements will be included in the calculation of impact fees including improvements on the Cross Kirkland Corridor.
- Also because of the multimodal TMP, future impact fees will be based on person trips rather than vehicle trips.
- Although the amount of eligible project costs is increasing, the number of person trips is also increasing, giving a larger basis over which to spread the costs resulting in a per trip impact fee cost that is similar to the existing impact fee.
- Staff will be developing, for Council consideration, a land use designation that would remove the need to pay an impact fee when building tenants change. This is in keeping

with the current suspension of impact fees relating to change in use (Kirkland Municipal Code 27.04.035).

Once staff receives feedback on these policy issues, the impact fee consultants will proceed with preparing the formal rate studies necessary to support revised impact fees, which will result in more refined figures than those presented in the attachments.

#### *Tentative Schedule*

Concurrent with the impact fee process, the detailed evaluation of the Capital Improvement Program (CIP) and closely related development of the Capital Facilities Plan (CFP) will be occurring. Impact fees are a key funding source, so we expect to include discussion of the impact fee recommendations as part of both these processes.

Key Council meeting dates are summarized in the table on the following page, resulting in adoption by December 2015. Depending on the outcome of the rate studies, the need for additional public outreach will be determined and can occur during the Fall.

Date/Time	Meeting	Topic
March 31	Finance & Admin Committee	Draft - Impact Fee Introduction and Policy Discussion
April 7	City Council Study Session	Impact Fee Introduction and Park Impact Fee Policy Discussion
April 21	City Council Study Session	TMP, including Transportation Impact Fee Policy Discussion
May 29	Council Retreat	CIP Funding Discussion (including impact fees)
July 21	City Council Meeting	Draft CIP/CFP (including status report on impact fees)
July or August	Finance & Admin Committee	Draft Impact Fee Rate Studies
September 1	City Council Meeting	Draft Impact Fee Rate Studies/CIP Public Hearing
November 17	City Council Meeting	CIP Study Session (including impact fees)
December 15	City Council Meeting	Impact Fee Adoption

Henderson,  
Young &  
Company

## MEMORANDUM

TO: Michael Cogle  
Deputy Director, Department of Parks and Community Services  
City of Kirkland

FROM: Randy Young  
Henderson, Young & Company

DATE: March 25, 2015

RE: Park Impact Fee Methodology

This memo describes two changes that could be made to Kirkland's park impact fee methodology:

1. Level of Service Used in Park Impact Fees
2. Types of Development That Pay Park Impact Fees

Each of these changes will be described using the following topics:

- Kirkland's current methodology
- Limitations of the current methodology
- An alternative methodology developed in other cities
- An explanation of the alternative methodology
- Comparison to other cities

## **1. Level of Service Used in Park Impact Fees**

### ***Kirkland's Current Methodology***

Kirkland's existing park impact fee uses levels of service standards based on the number of acres of park per 1,000 population and the number of square feet of recreation space per 1,000 population, as shown in Table 1.

**Table 1: Level of Service Standards in Existing Park Impact Fee**

<b>Type of Park</b>	<b>Level of Service Standard</b>
Neighborhood Parks	2.1 acres per 1,000 population
Community Parks	2.1 acres per 1,000 population
Nature Parks	5.7 acres per 1,000 population
Indoor Athletic Recreation Space	700 sq. feet per 1,000 population
Indoor Non-Athletic Recreation Space	500 sq. feet per 1,000 population

### ***Limitations of the Current Methodology***

The current method has the following limitations:

1. Standards based on acreage do not reflect the improvements at the parks, such as docks, boardwalks, tennis courts, basketball courts, landscaping, lighting, fences, picnic facilities, etc.
2. When the City has less park acreage than required by its standard, the City has an existing deficiency that cannot be paid by impact fees. The 2007 park impact fee excluded neighborhood parks and indoor athletic recreation spaces because the actual level of service provided by those facilities was less than the City's standard, thus causing a "deficiency" that precluded charging park impact fees for those facilities.
3. The standards for different types of parks based on land limits the City's flexibility to expend park impact fees in ways that best meet the needs of growth.

### ***An Alternative Methodology Developed in Other Cities***

An alternative methodology is to determine the replacement value of the City's existing park land and all improvements, then divide that total value by the existing population which results in the value per person of the existing park system. The park impact fee is calculated to have new development pay the same amount per person, thus ensuring that new development matches the City's current park assets per person.

Cities in Washington that use this methodology include Edmonds (2013), Renton (2011), Sammamish (2006), and Issaquah (1999, and updated in 2008 and 2014). Some cities and counties in other states also use this methodology.

### ***An Explanation of the Alternative Methodology***

Here is an example of how the park value per person method would work in Kirkland. Most of the amounts in the example have been rounded in order to be easier to follow, but they are comparable to more precise amounts for the City.

Table 2 shows the replacement value of Kirkland's parks and recreational assets being divided by the current population. The result is the value per person.

**Table 2: Kirkland Park System Value per Person**

<b>Replacement Value of Existing Park System</b>	<b>Current Population</b>	<b>Value per Person</b>
\$332,000,000	83,000	\$4,000

Table 3 shows the value per person being multiplied by the growth in population. The result is the investment needed for growth. This amount needs to be supported by an adopted Capital Improvement Plan with projects that increase the capacity of the park system by at least that amount.

**Table 3: Park Investment Needed for Growth**

<b>Value per Person</b>	<b>Population Growth</b>	<b>Investment Needed for Growth</b>
\$4,000	4,000	\$16,000,000

Table 4 shows the investment needed for growth being reduced by the amount of revenue from other sources, such as the special levy, REET and grants. The example assumes that those revenues will pay for 60% of the needed investment. The result of the reduction is the investment that will be paid by growth through park impact fees.

**Table 4: Park Investment to be Paid by Growth**

<b>Investment Needed for Growth</b>	<b>Portion Paid by Other Sources of Funding (assume 60%<sup>1</sup>)</b>	<b>Investment to be Paid by Growth</b>
\$16,000,000	\$9,600,000	\$6,400,000

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<sup>1</sup> The percent that is paid by other sources of revenue is directly affected by the City's choices and policies about other funding sources and how they are used. If the percentage is lower, the impact fees will be higher, and vice versa.

Table 5 shows the investment to be paid by growth being divided by the growth in population. The result is growth's cost per person that will be paid through park impact fees.

**Table 5: Growth Cost per Person**

<b>Investment to be Paid by Growth</b>	<b>Population Growth</b>	<b>Growth Cost per Person</b>
\$6,400,000	4,000	\$1,600

Table 6 shows the growth cost per person being multiplied by the average number of persons per dwelling unit. The result is the park impact fee for each type of dwelling unit.

**Table 6: Park Impact Fee Rates**

<b>Type of Development</b>	<b>Growth Cost per Person</b>	<b>Persons per Dwelling Unit</b>	<b>Impact Fee per Dwelling Unit</b>
Single-family	\$1,600	2.5	\$4,000
Multi-family	\$1,600	1.9	\$3,040

***Comparison to Other Cities***

Table 7 lists park impact fees in Kirkland and 13 cities to which Kirkland is often compared. The list is in order from the highest impact fee per single-family dwelling unit to the lowest.

**Table 7: Park Impact Fees in Comparable Cities**

<b>City</b>	<b>Single-Family Dwelling Unit Park Impact Fee</b>	<b>Multi-Family Dwelling Unit Park Impact Fee</b>
Issaquah	\$5,659.81	\$4,874.36
Bellingham	4,808.35	3,523.53
Kirkland (current fee)	3,949.00	2,583.00
Auburn	3,500.00	3,500.00
Redmond	3,291.36	2,645.80
Edmonds	2,734.05	2,340.16
Sammamish	2,605.82	2,340.00
Kenmore	2,329.26	1,522.98

City	Single-Family Dwelling Unit Park Impact Fee	Multi-Family Dwelling Unit Park Impact Fee
Vancouver	2,084.00	1,523.20
Bellevue	2,000.00	2,000.00
Renton	1,827.58	1,239.92
Woodinville	1,726.00	1,726.00
Bothell	1,345.00	1,883.00
Kent	5% of land @ 150% of assessed value	5% of land @ 150% of assessed value

## **2. Types of Development That Pay Park Impact Fees**

### ***Kirkland's Current Methodology***

Kirkland's existing park impact fee is charged to new residential development, including both single-family and multi-family dwelling units based on the impact per dwelling unit as measured by the average number of persons per dwelling unit (at the time the 2007 study was prepared).

**Table 8: Impact per Unit of Development in Existing Park Impact Fee**

Type of Development	Impact per Unit
Single-family Residences	2.547 persons per dwelling unit
Multi-family Residences	1.666 persons per dwelling unit

### ***Limitations of the Current Methodology***

The current method does not charge park impact fees to commercial (i.e., non-residential) development, thus creating the following limitations:

1. The benefits that new businesses receive from Kirkland's parks are charged to Kirkland's new residences.
2. Charging new residences for the benefits to new businesses causes the residential impact fees to be higher than they would be if new businesses paid their proportionate share.

### ***An Alternative Methodology Developed in Other Cities***

An alternative methodology is to determine the impact of commercial development on parks using the “equivalent population” at different types of development. Equivalent population accounts for the number of employees, customers, visitors, and the amount of time they spend in the City. The residential population is also adjusted to “equivalent population” to account for the time that they are at their residence, excluding the time that they are at work, school, or other locations.

The park impact fee is calculated on the amount per “equivalent person”, and each type of new development pays an impact fee for the number of equivalent persons associated with their development.

Cities in Washington that use this methodology include Edmonds (2013), Redmond (year not known), Issaquah (2014), and eleven others. Some cities and counties in other states also use this methodology.

### ***An Explanation of the Alternative Methodology***

The following is an example of how the “equivalent population” method would work in Kirkland. Some of the amounts in the example have been rounded in order to be easier to follow, but they are comparable to more precise amounts for the City.

Table 9 (on the next page) shows the equivalent population coefficient<sup>2</sup> for different land uses being multiplied by Kirkland’s resident population or employment. The result is Kirkland’s 2014 equivalent population. The residential equivalent population is 74% of the total equivalent population, therefore residential development will pay 74% of growth’s cost instead of 100% if commercial development is not charged.

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<sup>2</sup> Equivalent Population Coefficients are calculated from variables that include the number of employees per 1,000 square feet, the number of hours the employee works at the location, the number of visitors per employee, and the number of hours per week that the establishment is open.

**Table 9: Kirkland's Equivalent Population (2014)**

Type of Land Use	Equivalent Population Coefficient	2014 Population or Employment	2014 Equivalent Population
Permanent Population	0.9375	82,590	77,428
Construction	0.1986	2,454	488
Finance, Insurance, Real Estate	0.5056	2,874	1,453
Manufacturing	0.5814	1,429	831
Retail	2.0038	4,055	8,126
Services	0.5056	22,098	11,174
Wholesale, Transportation and Utilities	0.6004	1,991	1,195
Government	0.7060	4,376	3,090
Education	0.5357	2,561	1,372
Total	n.a.	124,838	105,156

Tables 10 - 14 use the same format and sequence as Tables 2 – 6, but substitute equivalent population for residential population.

**Table 10: Kirkland Park System Value per Equivalent Person**

Replacement Value of Existing Park System	Current Equivalent Population	Value per Equivalent Person
\$332,000,000	105,000	\$3,162

**Table 11: Park Investment Needed for Growth**

Value per Equivalent Person	Equivalent Population Growth	Investment Needed for Growth
\$3,162	6,000	\$18,970,000

**Table 12: Park Investment to be Paid by Growth**

Investment Needed for Growth	Portion Paid by Other Sources of Funding (assume 60%)	Investment to be Paid by Growth
\$18,970,000	\$11,380,000	\$7,590,000

**Table 13: Growth Cost per Equivalent Person**

Investment to be Paid by Growth	Population Growth	Growth Cost per Equivalent Person
\$7,590,000	6,000	\$1,265

**Table 14: Park Impact Fee Rates**

Type of Development	Growth Cost per Equivalent Person	Equivalent Population Coefficient	Impact Fee per Dwelling Unit or Square Foot
Single-family	\$1,265	2.3438	\$2,964
Multi-family	\$1,265	1.7813	2,252
Retail	\$1,265	0.0020	2.53
Office	\$1,265	0.0005	0.64
Manufacturing	\$1,265	0.0006	0.74

***Comparison to Other Cities***

Table 15 lists park impact fees for commercial development in the three cities to which Kirkland is often compared.

**Table 15: Park Impact Fees in Comparable Cities**

City	Park Impact Fee per Square Foot of Commercial Development
Issaquah	\$0.49 – 4.94
Redmond	0.49 – 1.12
Edmonds	1.34

**Conclusion**

The City of Kirkland should consider two changes to its park impact fee methodology based on the approaches developed in other cities that are described in this memo:

1. Level of service based on the replacement value of the park system per person.
2. Developing equivalent population factors and using them to charge park impact fees to commercial development in addition to residential development.



**CITY OF KIRKLAND**  
**Department of Public Works**  
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**MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** David Godfrey, P.E., Transportation Engineering Manager  
 Kathy Brown, Public Works Director

**Date:** March 26, 2015

**Subject:** TRANSPORTATION MASTER PLAN UPDATE: IMPACT FEES

**RECOMMENDATION:**

It is recommended that City Council receive a briefing and provide direction concerning the updating of Transportation Impact Fees.

**BACKGROUND DISCUSSION:**

Council received a briefing on transportation impact fees in November 2014. Since that time, staff has refined the 20 year project list and land use forecasts and has made preliminary calculation of impact fee rates.

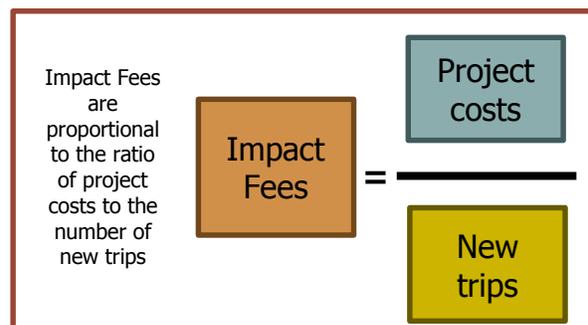
Transportation impact fees are designed to collect a fair share of transportation improvement costs from new development. The Growth Management Act allows impact fees to be charged for system improvements that reasonably relate to the impacts of new development and specifies that fees should be proportionate to the costs of improvements.

Impact fees are part of a development's transportation mitigation requirements. Developments also must undergo a concurrency evaluation, which determines whether there is sufficient transportation infrastructure to support the new development. Assuming that concurrency is achieved, the development moves forward, and pays an impact fee to cover its share of the transportation system costs. Developments are also subject to SEPA review and to required improvements that arise from code requirements; for example installing sidewalk along a property's frontage.

As shown in the illustration to the right, impact fee rates are a function of the ratio of:

1. The costs of capital capacity projects to support growth to
2. The number of new trips that are expected from new development over the same period.

As part of the Transportation Master Plan, city staff and the consultant have proposed a 20 year network of roadway, biking, walking and transit projects. To help implement this multimodal vision, it is being proposed that the breadth of transportation projects considered for impact fees be expanded to include a wider range of project types, including pedestrian and bicycle projects. This approach provides person trip capacity across multiple



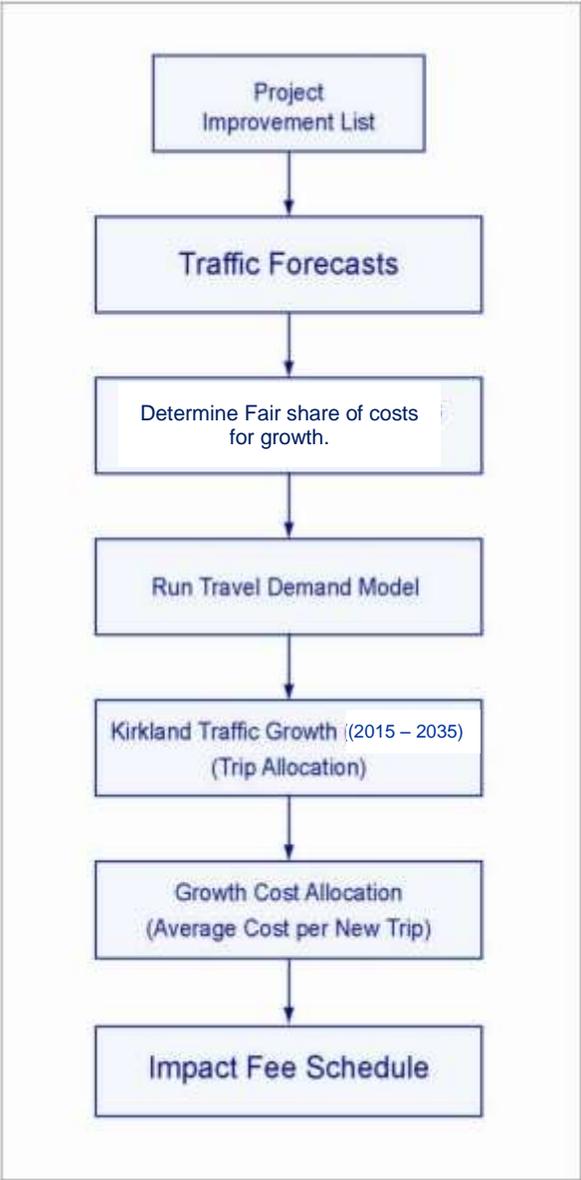
transportation modes, rather than only auto trip capacity. This proposal would be a departure from the current impact fee program that was developed 15 to 20 years ago.

This change in approach to impact fees allows for a larger project list, with impact fees used to fund a wider range of projects. This means that there will be more costs to be accounted for by impact fees. At the same time, however, the growth forecasts for the City over the next 20 years are higher than they were when the current impact fee program was developed. This higher growth rate yields a larger base over which to spread the impact fee costs, counteracting the effect on rates of increasing the number of projects. The end result is that impact fee rates would remain relatively unchanged.

#### Methodology

As shown below, the key steps involved in the Kirkland impact fee process include:

- Establishing travel forecasts and trip patterns (based on land use data and the future transportation network);
- Identifying growth-related transportation projects and costs; and,
- Preparing the fee schedule.



Project List

The City compiled a multimodal project list that goes beyond the traditional roadway and intersection capacity projects. The total project list includes the following modal components:

Element	Cost
Motor Vehicles (traffic capacity; efficiency-ITS)	\$55 million
Transit (speed & reliability; passenger environment)	\$10 million
Walk (sidewalks; CKC)	\$29 million
Bike (bike lanes; greenways)	\$24 million
<b>Total Impact Fee Project List</b>	<b>\$118 million</b>

The total project list cost of \$118 million is over double the amount of the current impact fee program.

These projects all add person capacity to the City's transportation network. Notably, the list includes a portion of the Cross Kirkland Corridor (CKC) costs, since the CKC will provide a vital north-south transportation link within the City. To facilitate calculation of the CKC component and other non-motorized portions of the fee, we are focusing on person movement rather than traffic volumes as the base for the impact fee program.

Based on the Council discussion on February 17, the project list is not settled, but for the purposes of estimating impact fees is adequate to illustrate a close approximation of the final list.

Costs and trips for Impact Fees

Impact fees can only be charged for the portion of project costs reasonably related to the impacts of new growth within Kirkland. Adjustments are made to account for existing trips on the transportation system and the growth impacts that occur from growth outside of Kirkland.

The analysis to date indicates that approximately \$40-50 Million (34-42%) of the total project costs could be attributable to impact fees. The percentage allocated to impact fees accounts for the fair share of costs attributable to new development. The final dollar value will be determined when the project list is finalized.

The new 20-year growth forecasts are about 70 percent higher than the previous forecasts at 14,800 trips.

Impact Fee Rate

The impact fee eligible costs are divided by the travel growth to produce a "cost per trip." Dividing the \$40 to \$50 million by the 15,000 trips gives a PM Peak Hour Cost per Person Trip of \$2,670 to \$3,330.

To compare this rate to the current impact fee rate (which is based on vehicle trips), we converted the person trips to vehicle trips, resulting in an approximate range of \$3,500 to \$4,400 per vehicle trip end. The current rate is \$3,903.26 per vehicle trip end. This rate is at the lower to mid-range of impact fee rates being charged on the Eastside.

In the final step of the impact fee process, the “cost per trip end” will be converted into an impact fee schedule that shows fees as dollars per unit of development for different land use categories. **Table 1** gives a preliminary comparison of impact fee rates for selected land use types. The housing rates would be relatively higher under the new program, since housing generates proportionately higher numbers of person trips compared to other land uses.

**Table 1:** Preliminary Comparison of Impact Fees for selected land use.

Land Use Type	Unit of Measure	Existing Rates	New Rates (Low End)	New Rates (High End)
Detached Housing	Dwelling	\$3,942	\$4,350	\$4,830
Attached Housing	Dwelling	\$2,311	\$2,961	\$3,290
Restaurant	Square Feet	\$22.72	\$21.30	\$23.70
Shopping Center	Square Feet	\$4.62	\$4.30	\$4.80
General Office	Square Feet	\$7.63	\$6.90	\$7.70
Industrial Park	Square Feet	\$5.33	\$4.40	\$4.90

A final fee schedule will be produced as part of the rate study and ordinance.

#### Change of Use

Based on Council’s comments at the November 18, 2014 Council meeting, revisions to the ‘change of use’ code provisions are needed to streamline land uses changes within activity centers such as downtown and Totem Lake. Staff will be developing, for Council consideration, a land use designation that would remove the need to pay an impact fee when building tenants change. Uses within this category would function similarly to a shopping center, which by its nature has a mixture of land uses that change over time. Change of use impact fees would still apply when a building is replaced, enlarged, or substantially redeveloped. This is in keeping with the current suspension of impact fees relating to change in use City Code (27.04.035).