



CITY OF KIRKLAND
Department of Finance & Administration
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Michael Olson, Director of Finance and Administration
Carol Wade, Senior Accountant

Date: August 1, 2016

Subject: 2015 ANNUAL TRANSPORTATION AND PARK IMPACT FEES REPORT

RECOMMENDATION:

Council accept the 2015 Annual Transportation and Park Impact Fee Report.

BACKGROUND DISCUSSION:

RCW 82.02.070 related to impact fees provides that: "Annually, each county, city or town imposing impact fees shall provide 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." This report is presented to the City Council in response to that requirement.

The City began collecting impact fees for transportation in June 1999 and for parks in August 1999. Although impact fees are not required to be tracked and applied to projects by zones per the ordinances, impact fees are being tracked by zones for administrative purposes (see Attachment C for map). Tracking the collection and subsequent transfer of impact fees helps to analyze what area(s) of the city development is occurring in and how funding of future capacity projects is related to the amount of development. On June 1, 2011, the North zone was added due to the annexation of the new neighborhoods.

During 2015, \$1,225,155 in transportation impact fees and \$1,210,274 in park impact fees were collected. Attachment A summarizes the 2015 impact fee collections by zone.

The Southwest zone collected 38% of the total 2015 transportation impact fees and 49% of the total 2015 park impact fees. The majority of impact fees collected in the Southwest zone were Multi-Family/Non-Residential. The largest contributor was Kirkland Crossing, LLC, the 185 unit mixed-use project located at the South Kirkland Park and Ride for a total of \$809,892.

The East zone realized the most 2015 single family residential impact fee activity. The largest single family residential impact fee contributor was Toll WA LP's 32 lot Preserve at Kirkland in the amount of \$213,057.

Since June 1, 2010, the Kirkland Municipal Code has provided for the optional deferral of impact fees for single family residences until sale of the property rather than at building permit issuance to assist with economic development. The KMC was amended again as of May 7, 2013, extending the deferral date indefinitely and on November 17, 2015 the deferral was made permanent and the language was updated to be consistent with State legislation passed in 2015. A lien is filed against the title to the property and impact fees are paid upon closing of the sale of property. As of December 31, 2015, the City had 8 applicants who opted to defer transportation impact fees of \$32,487 and park impact fees of \$31,741.

Attachment B is a cumulative report showing total transportation and park impact fees collected by zone since inception. The Southwest zone, at 31%, accounts for the majority of impact fees to date for a total of \$5,485,396. The new neighborhood North zone has generated \$1,587,613 transportation impact fees and \$1,117,395 park impact fees for a total of \$2,705,008.

Park impact fees have continued increasing, while transportation impact fees would be holding steady over the last four years, normalizing out the 2014 Google payment of \$1,373,400. Please see the summary table below.

Year	Transportation	Parks
2009	\$382,549	200,850
2010	\$186,076	161,892
2011	\$327,104	230,248
2012	\$1,192,687	690,487
2013	\$1,332,206	714,395
2014	\$2,347,606	1,029,793
2015	\$1,225,155	1,210,274

Impact fees have been budgeted conservatively in the Capital Improvement Program (CIP) because of the volatility in development activity since impact fees were implemented. The rebound in development activity over the last few years has resulted in the accumulation of reserves. At the June 16, 2015 Council Meeting, Council approved using approximately \$1.5 million of Park Impact Fees to pay off, through defeasance, the remaining 2011 LTGO Bonds (primarily McAuliffe park debt). This action was taken to free up future Park impact fees to be spent under the new standard adopted by Council at the November 17, 2015 Council Meeting.

As part of the Kirkland 2035 efforts in 2015, staff updated the Transportation and Park impact fees charged to new development. Updates to Transportation impact fees included fee increases to be more consistent with Transportation Master Plan. Park impact fee increases were based on the investment per capita approach consistent with the Parks, Recreation and Open Space (PROS) plan.

Council adopted the revised Impact Fee policies and rates at the November 17, 2015 Council Meeting which were effective January 1, 2016. The new policies were incorporated into the 2015-2020 CIP. Additional uses of Impact Fees to fund projects will be included in the upcoming 2017-2022 CIP as the result of revised policies and recent higher revenue trends.

At year-end 2015, the impact fee fund balance after transfers to fund CIP projects and debt was \$6,490,827 (\$4,900,453 for transportation and \$1,590,374 for parks). The City's practice is to allocate impact fee-related revenues to qualifying capital projects in the order that they are received (i.e., first-in, first-out). Note that the Washington State Legislature extended the time

period to expend impact fees to ten years from collection date. The City Council amended the Kirkland Municipal Code to reflect that change on September 20, 2011.

The following table shows impact fee revenues expended on projects and debt service payments since 1999.

Year	Project Name (Project Number)	Transportation	Parks
1999 through 2008		\$4,312,680	\$1,035,623
2009	NE 120th St Roadway Extension (CST0057000)	672,000	
	NE 68th/108th Ave Intersection Improvements (CTR0085000)	562,000	
	Teen Center Debt Service Payment		44,650
	McAuliffe Park Debt Service Payment		231,415
2010	No CIP Projects were funded from impact fees		
	Teen Center Debt Service Payment		44,650
	McAuliffe Park Debt Service Payment		229,803
2011	No CIP Projects were funded from impact fees		
	McAuliffe Park Debt Service Payment		97,500
2012	No CIP Projects were funded from impact fees		
	Teen Center Debt Service Payment		40,185
	McAuliffe Park Debt Service Payment		100,000
2013	100th Ave/NE 132nd Intersection Improvements (CTR0083000)	350,000	
	Teen Center Debt Service Payment		44,650
	McAuliffe Park Debt Service Payment		251,492
2014	6th St/Kirkland Way Traffic Signal (CTR0065000)	1,200,550	
	100th Ave/NE 132nd Intersection Improvements (CTR0083000)	350,000	
	Teen Center Debt Service Payment		49,115
	McAuliffe Park Debt Service Payment		243,380
2015	Lakefront Ped Bicycle Improvement (CNM0089000)	11,000	
	Juanita Drive Quick Wins (CNM0090000)	27,000	
	100th Ave Roadway Corridor (CST0083101)	181,000	
	Teen Center Debt Service Payment		22,325
	McAuliffe Park Debt Service Payment		93,008
	Teen Center Bond Defeasance		230,907
	McAuliffe Park Bond Defeasance		1,135,969
Total impact fee revenues transferred to projects through 2015 *		\$7,666,230	\$3,894,672
	Impact fees collected through 2015	12,104,329	5,345,239
	Interest accrued through 2015	462,353	139,807
Total impact fee collections and interest		\$12,566,683	\$5,485,046
Impact fee balance		\$4,900,453	\$1,590,374

* Includes transfer of interest on impact fee balances

Attachments (3)

cc: Kathy Brown, Public Works Director
 Dave Snider, Capital Projects Manager
 Rob Jammerman, Development Engineering Manager
 Lynn Zwaagstra, Parks & Community Services Director
 Michael Cogle, Parks Planning & Development Manager
 Teresa Swan, Senior Planner
 Tom Mikesell, Financial Planning Manager

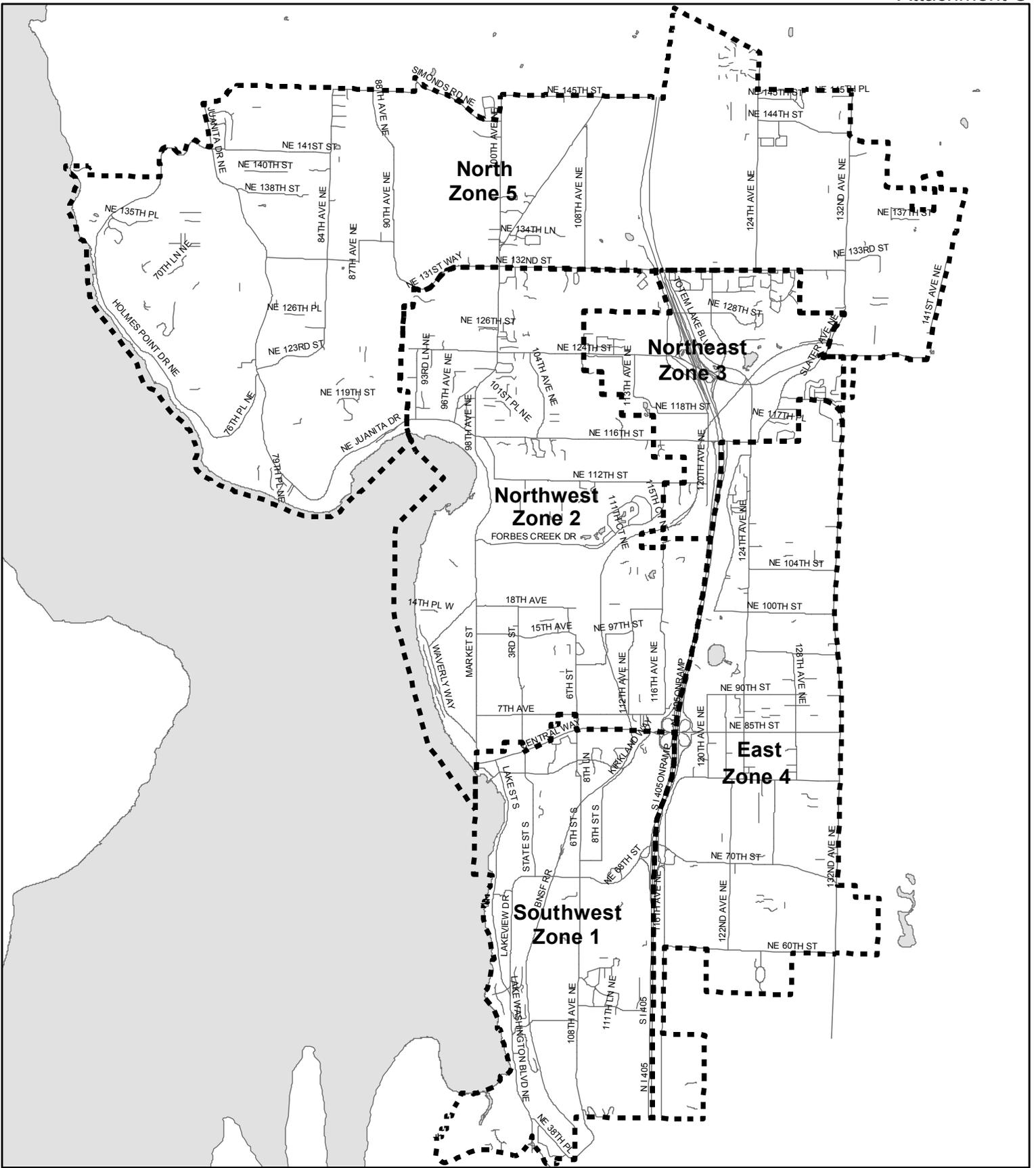
City of Kirkland
2015 Impact Fee Report - Summary

Zone Collected	Amount Collected	
	Transportation	Parks
East		
Multi-Family/Non-Residential	\$132,244	\$0
Single Family Residential	\$307,476	\$308,022
Subtotal East	\$439,720	\$308,022
North		
Multi-Family/Non-Residential	\$11,853	\$0
Single Family Residential	\$173,448	\$240,889
Subtotal North	\$185,301	\$240,889
Northeast		
Multi-Family/Non-Residential	\$25,128	\$0
Subtotal Northeast	\$25,128	\$0
Northwest		
Multi-Family/Non-Residential	\$41,084	\$0
Single Family Residential	\$68,374	\$70,167
Subtotal Northwest	\$109,458	\$70,167
Southwest		
Multi-Family/Non-Residential	\$360,746	\$465,275
Single Family Residential	\$104,803	\$125,921
Subtotal Southwest	\$465,549	\$591,196
Total Collected - All Zone	\$1,225,155	\$1,210,274

**City of Kirkland
Cumulative Impact Fee Report - Summary**

1999-2015

Zone Collected	Amount Collected	
	Transportation	Parks
East		
Multi-Family/Non-Residential	\$1,982,903	\$336,854
Single Family Residential	\$1,250,364	\$1,148,898
Subtotal East	\$3,233,267	\$1,485,752
North		
Multi-Family/Non-Residential	\$571,029	\$12,575
Single Family Residential	\$1,016,584	\$1,104,820
Subtotal North	\$1,587,613	\$1,117,395
Northeast		
Multi-Family/Non-Residential	\$1,661,595	\$57,700
Single Family Residential	\$13,485	\$4,457
Subtotal Northeast	\$1,675,080	\$62,157
Northwest		
Multi-Family/Non-Residential	\$1,073,787	\$545,007
Single Family Residential	\$593,244	\$590,870
Subtotal Northwest	\$1,667,031	\$1,135,877
Southwest		
Multi-Family/Non-Residential	\$3,334,025	\$986,402
Single Family Residential	\$607,314	\$557,656
Subtotal Southwest	\$3,941,338	\$1,544,058
Total Collected - All Zone	\$12,104,329	\$5,345,239



Legend

-  Transportation Subarea
-  Lakes
-  Street Centerline

City of Kirkland Impact Fee Subareas

