



**CITY OF KIRKLAND**  
Department of Public Works  
123 Fifth Avenue, Kirkland, WA 98033 425.587.3800  
www.kirklandwa.gov

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## **MEMORANDUM**

**To:** Kurt Triplett, City Manager

**From:** Rob Jammerman, Development Engineering Manager  
Kathy Brown, Public Works Director

**Date:** October 6, 2014

**Subject:** SUSPENSION OF THE CHANGE-IN-USE TRANSPORTATION IMPACT FEE

### **RECOMMENDATION:**

It is recommended that City Council approves the attached Ordinance that extends the suspension of change-in-use Transportation Impact Fees (Impact Fees) within existing buildings to December 31, 2015.

### **BACKGROUND DISCUSSION:**

The City Council approved Ordinance 4288 on January 18, 2011 which temporarily suspended the charging of Impact Fees for "change-in-use" of existing buildings through December 31, 2013. The fees were suspended in response to direction received from the City Council related to the recession's effect on economic development. On December 11, 2012 the Council approved Ordinance 4393 which extended the suspension through December 31, 2014.

Attached is a report used to track the permitted projects that were not charged Impact Fees since the suspension was approved in January 2011. The fee suspension was used heavily in 2011 and 2012 (\$403,889 in 2011 and \$511,996 in 2012) and then tapered off in 2013 and is almost non-existent in 2014 (to date). Staff believes that the number of businesses moving into existing vacant space and receiving the waiver was high during the economic recession because Kirkland had many empty commercial buildings and storefronts. While it is not possible to know whether a lack of fee waiver would have prevented a business from moving to Kirkland in 2011, 2012 or 2013, each of the businesses that received a fee waiver have had a positive impact on Kirkland's economy and filled previously vacant spaces, particularly in the Totem Lake area. Staff thus considers the fee waiver to have been favorable to economic development during this time by removing a significant cost to reuse vacant commercial space. The use of the waiver has tapered off substantially as the economic recovery has occurred in Kirkland and the commercial and retail vacancy rate has been significantly reduced.

The Transportation Master Plan is being updated in 2014 and scheduled to be completed in 2015. Because Impact Fees will be reviewed as part of the Master Plan, staff recommends that the suspension of Change-in-use Impact Fees be extended until December 31, 2015 or until new Impact Fees are adopted in conjunction with the City Council approval of the Transportation Master Plan.

Attachment A: Change-in-use Impact Fee Tracking Report  
Ordinance

<b>2011</b>							
<b>Project Name</b>	<b>Permit #</b>	<b>Application Date</b>	<b>Existing Use</b>	<b>New Use</b>	<b>Sq. Ft.</b>	<b>Fee Not Collected</b>	<b>Issue Date</b>
Skyzone TI	BLD11-00446	8/24/11	Hertz Equip Rental	Indoor Trampolines	18,900	\$28,597	10/6/11
Kirkland Church of Nazarene	BLD11-00591	10/21/11	Church	Childcare (M-F)	N/A	\$23,437.50	
LA Fitness	BLD11-00550	10/13/11	Gi Joes	Fitness Center	49,718	\$73,711	2/24/12
Top Tennis Club	BLD11-00604	10/26/11	Warehouse / Offices	Indoor Tennis Facility	55,785	\$98,739.45	11/21/11
Seattle Met Credit Union	BLD11-00703	12/27/11	Unfinished	Credit Union	1,475	\$58,049	2/2/12
Critter Veterinarian			General Office	Medical Office	3,352	\$23,766	
Fiat Dealership			Misc Retail	Car Sales	3,741	\$26,261.82	
Kiddie Academy			Shopping Center	Childcare (M-F)	10,394	\$ 37,210.52	
Lunal Sol			General Office	Medical Office	4812	\$ 34,117.08	
<b>Total Impact Fees Not Collected in 2011</b>						<b>\$403,889.15</b>	

<b>2012</b>							
<b>Project Name</b>	<b>Permit #</b>	<b>Application Date</b>	<b>Existing Use</b>	<b>New Use</b>	<b>Sq. Ft.</b>	<b>Fee Not Collected</b>	<b>Issue Date</b>
Aegis Lodge Remodel	BNR12-01470	6/14/12	Living/Accessory Space	Salon/Employee Lounge	N/A	\$667.00	
Doctor's Express	BNR12-01604	6/19/12	Video Rental	Medical Office	3230	\$18,992.40	8/27/12
Devine & Weier	BSF12-01886	7/6/12	Residential Garage	Catering Kitchen	N/A	\$7,574.00	8/13/12
Bassline Fitness	BNR12-02797	8/28/12	Misc Retail	Gym	2154	\$12,805.88	9/21/12
24 Hour Fitness	BLD11-00550	10/13/11	Mercantile	Assembly / Fitness	25300	\$144,463.00	2/24/12
Creative Sprouts Presch	TRAN12-01143	9/11/12	General Office	Day Care	2243	\$31,379.57	9/19/12
Be One Yoga	BNR12-01777	6/27/12	Video Rental	Yoga Studio	3500	\$72,114.00	8/6/12
Taco Time	BNR12-00922	5/11/12	Gas w/ MiniMart	Fastfood w/ Drive-thru	2275	\$26,203.00	10/19/12
Evergreen AutoRebuild			Industrial	Car Car Center	17920	\$27,238.40	
NW Kidney Center			General Office	Medical Office	17117	\$121,359.53	
Five-Guys Burger			Video Rental	Fastfood w/o Drive-thru	2500	\$49,200.00	
<b>Total Impact Fees Not Collected in 2012</b>						<b>\$511,996.78</b>	

<b>2013</b>							
<b>Project Name</b>	<b>Permit #</b>	<b>Application Date</b>	<b>Existing Use</b>	<b>New Use</b>	<b>Sq. Ft.</b>	<b>Fee Not Collected</b>	<b>Issue Date</b>
Seattle Vet Specialists	TRAN13-00536	4/2/13	General Office	Medical Office	7698	\$34,942.50	
O'Hanlon Veterinary	BNR13-02391	5/7/13	Retail Shopping	Medical Office	6061	\$62,488.91	
Inglewood Vet Clinic	BNR13-02484	5/13/13	Shopping Center	Medical Office	1265	\$13,042.15	
Immediate Clinic	BNR13-04514	8/12/13	General Office	Medical Office	2423	\$17,687.90	
Total Impact Fees Not Collected in 2013						\$128,161.46	

<b>2014</b>							
<b>Project Name</b>	<b>Permit #</b>	<b>Application Date</b>	<b>Existing Use</b>	<b>New Use</b>	<b>Sq. Ft.</b>	<b>Fee Not Collected</b>	<b>Issue Date</b>
110 Central Way	BNR14-00048	1/6/14	Misc Retail	Restaurant	1406	\$8,562.54	
Total Impact Fees Not Collected in 2012						\$8,562.54	

ORDINANCE O-4461

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO IMPACT FEES FOR CHANGES IN USE AND SUSPENDING TRANSPORTATION IMPACT FEES FOR CHANGES OF USE THAT DO NOT RESULT IN INCREASED FLOOR AREA AND AMENDING SECTION 27.04.035 OF THE KIRKLAND MUNICIPAL CODE.

The City Council of the City of Kirkland do ordain as follows:

Section 1. Kirkland Municipal Code Section 27.04.035 is hereby amended to read as follows:

**27.04.035 Temporary suspension of transportation impact fees relating to change of use.**

Notwithstanding any other provision of this chapter, the city temporarily suspends the imposition of transportation impact fees to the extent the assessment of the fee is the result of a change to a land use category that results in a higher fee under Section 27.04.150; provided, that this section shall not apply to a project to the extent it will add, increase or expand the gross floor area of an existing building; and provided further, that this section applies only to the use, renovation or remodeling of existing structures and does not apply to redevelopment projects or other projects in which existing structures are replaced or substantially redeveloped. This section shall apply to projects for which complete building applications are filed with the city between February 1, 2011, and December 31, ~~2014~~ 2015. This section shall automatically expire on December 31, ~~2014~~ 2015.

Section 2. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

Passed by majority vote of the Kirkland City Council in open meeting this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Signed in authentication thereof this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
MAYOR

Attest:

\_\_\_\_\_  
City Clerk

Approved as to Form:

\_\_\_\_\_  
City Attorney