Council Meeting: 11/18/2014
Agenda: Unfinished Business
Item #: 10. d.

CITY OF KIRKLAND
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MEMORANDUM

To: Kurt Triplett, City Manager

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

Date: November 6, 2014

Subject: TRANSPORTATION MASTER PLAN UPDATE: IMPACT FEES

RECOMMENDATION:

It is recommended that City Council receives a briefing and provides direction on the Transportation Master Plan (TMP). Specifically, staff is seeking comment on initial information concerning updating Transportation Impact Fees.

BACKGROUND DISCUSSION:

Introduction

Kirkland's TMP will serve two major purposes (Figure 1). Its goals and policies will be the basis of the Transportation Element in the revised Comprehensive Plan. Action items, priorities and other information will also be provided to complete the TMP and form a fuller picture of how the goals and policies are to be implemented. Development of the plan is being guided by the Transportation Commission, as well as extensive public input through the City's overall Comprehensive Plan public involvement process.

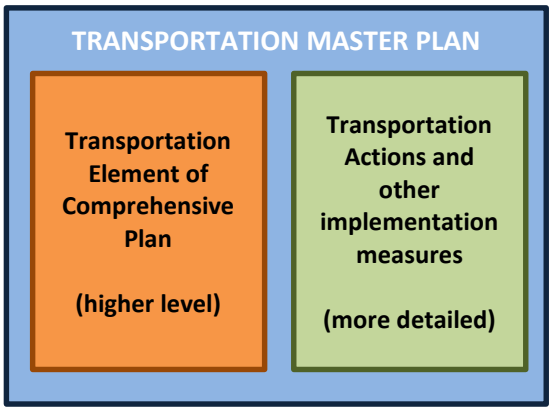


Figure 1 The Transportation Master Plan has two major components.

Impact Fees

This discussion of impact fees is intended to give Council an update on initial findings and raise some questions Council may wish to consider. As the 20 year project list and land use forecasts are finalized, work on impact fees can be advanced. Coordination between Transportation Impact Fees and Park Impact Fees is also underway, and a revised impact fee ordinance will be coming to Council in 2015.

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 are not to exceed a proportionate share of 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, development pays an impact fee to cover its share of the transportation system costs.

During the process of preparing the Transportation Master Plan for the City over the last few months, city staff and the consultant have proposed a network of roadway, biking, walking and transit projects that are substantially different than the projects that are the focus of the City's current impact fees. Historically, Kirkland has narrowly defined the projects eligible for funding with impact fees, notably those that we have identified in our "concurrency network." Given the move to a multimodal concurrency program, the breadth of transportation projects that could be considered for impact fees is expanded.

At the same time, the growth forecasts for the City over the next 20 years are higher than they were back in the 1990's and early 2000's when the current impact fee program was developed. If the growth materializes, there is a larger base over which to spread the impact fee costs. We are working to refine a reasonable expectation for growth that would occur over the 20 year period.

Based on our analysis to date, we expect that the total cost of the impact fee project list will be roughly comparable to the current list, while the amount of growth will increase. Because impact fee rates are proportional to the cost of the projects divided by the number of trips, this could result in impact fee rates that are similar to or less than current rates. The ultimate size of the fee will depend on the extent to which we are successful at including non-motorized and transit projects within the impact fee list.

City staff are also examining possible revisions to the 'change of use' code provisions to make it easier to change land uses within activity centers such as downtown and Totem Lake.

Methodology

The flow of steps involved in the Kirkland impact fee process is shown in Figure 2. The key steps 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.

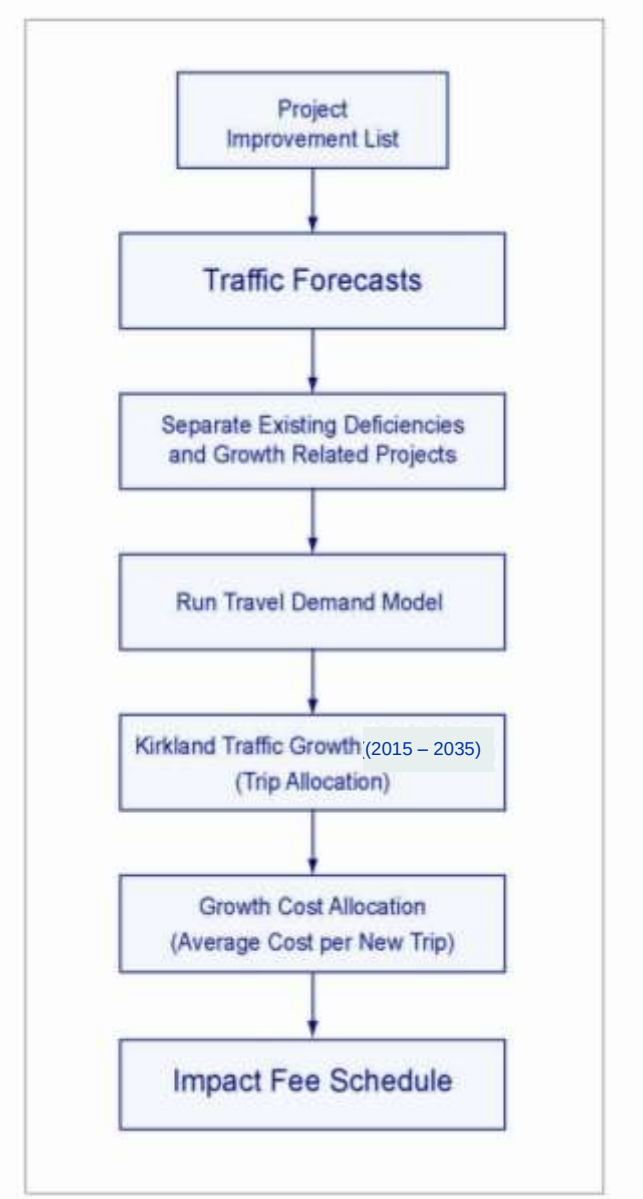


Figure 2- Impact Fee Methodology

Project List

To begin the process, the City compiled the existing impact fee project list and selected other eligible projects from the Capital Improvement Plan (CIP) and the proposed Transportation Master Plan (TMP). As described earlier in this memo, the City is developing a multimodal project list that goes beyond the traditional roadway and intersection capacity projects. Notably, it is the intent to include 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 both the impact fee and concurrency programs.

Allocating the Costs to Impact Fees

A key step in the process involves allocating the project costs to impact fees. As shown in Figure 3, we first remove the 'non capacity' portion of the costs relating to safety or operations and maintenance. The 'capacity projects' are analyzed to determine whether there are

existing deficiencies that do not meet the city's level of service standards. The costs to fix existing deficiencies cannot be charged to new development. The remaining 'growth' portions of the projects are then analyzed to determine who uses the facilities. Trips that pass through Kirkland, but do not have any origins or destinations internal to Kirkland, are not allocated to Kirkland growth. That is, development in Kirkland would not be charged for impacts by growth in trips passing "through" the City. The remaining growth trips that are generated within Kirkland are subject to the impact fee.

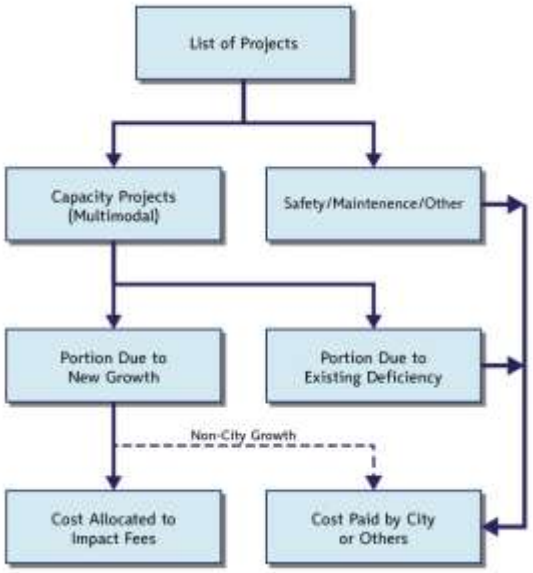
Travel Growth

The analysis considers the growth forecasts for the city over the next 20 years. The new growth forecasts are higher than they were back in the 1990's and early 2000's when the current impact fee program was developed. If the growth materializes, there is a larger base to spread the impact fee costs. We are working to refine a reasonable expectation for growth that would occur over the 20 year period.

Impact Fee Rate

The impact fee eligible costs are divided by the travel growth to produce a "cost per trip." In the final step the "cost per trip" is converted into an impact fee schedule that showed fees as dollars per unit of development for different land use categories.

Figure 3- Impact Fee Cost Allocation Concept



Change of Use

The City Code (27.04.035) has a temporary suspension of transportation impact fees relating to change in use. At their October 21, 2014 meeting, Council voted to extend the suspension through December 31, 2015. The affected changes in use are those that result in higher trip generation than the previous land use on the property, and where the building structure is not increased, replaced, or substantially redeveloped.

This change of use provision primarily affects retail development where one use (e.g. a florist) is replaced by another use (e.g. a restaurant). These changes occur frequently within shopping districts such as downtown.

In the future, the City may want to consider developing a new impact fee land use category called "activity center retail." 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. Using this designation in certain parts of the City would remove the need to calculate a change of use impact fee when building tenants change. Change of use impact fees would still apply when a building is replaced, enlarged, or substantially redeveloped.

Impact Fee Questions

As the impact fee program is being updated, there are several questions that Council may wish to consider:

- It does not currently appear likely, but given it could be supported technically, would an increase to the current impact fee rates be reasonable to consider?
- What reaction does Council have to the concept of an 'activity center retail' land use category?

Next Steps

Implementation of transportation impact fees will be coordinated with the implementation of park impact fees and will be finalized in 2015 in connection with the Comprehensive Plan Update. In order to complete work on impact fees, a 20 year project list will have to be completed and levels of service will have to be established.

The Transportation Commission will continue to provide direction for Plan development on behalf of the Council. Staff will also work closely with the Planning Commission as part of the Comprehensive Plan update.