

RATE STUDY
FOR
IMPACT FEES
FOR
PARKS AND RECREATIONAL FACILITIES

CITY OF KIRKLAND, WASHINGTON

March 27, 2007

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EXECUTIVE SUMMARY

The purpose of this study is to establish the rates for impact fees for park land and recreation facilities in the City of Kirkland, Washington.

Rates

The rates for park land and recreation facilities residential impact fees are:

Type Dwelling Unit	Impact Fee
Single Family ¹	\$ 3,621
Multi-Family ²	\$ 2,368

Types of Parks and Recreational Facilities

The City of Kirkland has adopted standards for five types of parks and recreational facilities:

1. Community Parks
2. Nature Parks
3. Indoor Non-Athletic Recreation Space
4. Neighborhood Parks
5. Indoor Athletic Recreation Space

The first three are eligible for impact fees, as explained in the study. The impact fee rates are based on improvements for community parks, nature parks, and indoor non-athletic recreation space. The specific projects that are the basis of the impact fee calculation are listed in the study.

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.

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

¹ Single family includes detached dwelling units.

² Multi-family includes attached, stacked and assisted living units.

payments authorized by SEPA (the State Environmental Policy Act, RCW 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.

Adjustments for Other Sources of Revenue for Parks and Recreation Facilities

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of park land and recreation facilities. These other revenues are accounted for by adjusting (i.e., reducing) the amount of the impact fee rates to adjust for the portion of park land and recreation facility costs that are paid by the other revenues.

Credits for Other Contributions by Developer

A developer who contributes land, improvements or other assets may receive a "credit" which reduces the amount of impact fee that is due. This credit is in addition to the adjustment for other revenues described in the preceding paragraph.

Who Pays Impact Fees

Impact fees are paid by new development. Impact fee rates for new development, including a change in land use, are based on the type of land use. Due to the statutory requirement regarding the relationship between impact fees and the development that pays--and benefits from--the fees, only new residential development (i.e., houses, , condominiums, apartments, mobile home parks, and other residential construction) is charged impact fees for parks and recreational facilities. Non-residential new development is not charged park and recreational facilities impact fees, as explained in Chapter 1.

Service Areas for 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 service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Park land and recreation facilities impact fees are collected and expended throughout the boundaries of the City of Kirkland because of the size of the City and the accessibility of its park system to all residences.

Timing of Payment of Impact Fees

Impact fees are usually collected at the time the local government issues a permit or order allowing land to be developed (i.e., subdivision plat or building permit). In the City of Kirkland impact fees are collected prior to issuance of the building permit for each unit in a development, or prior to occupancy for a

change in land use when no building permit is required.

Uses of Impact Fee Revenue

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 park planning, architectural and/or engineering design studies, land surveys, land acquisition, engineering, permitting, financing, administrative expenses, construction, site improvements, necessary off-site improvements, applicable impact fees or mitigation costs, and capital equipment pertaining to recreation facilities.

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 82.02.050(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 82.02.050(6).

Expenditure Requirements for Impact Fees

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the City for the unused capacity of existing facilities. Impact fee payments that are not expended within 6 years must be refunded. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the City, and annual reports must describe revenue and expenditures.

Developer Options

A developer who is liable for impact fees has several options. The developer can pay the fee adopted by the City, or submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The developer can appeal the impact fee calculation by the City of Kirkland. If the City fails to expend or encumber the impact fee payments within 6 years of receipt of such payments, the developer can obtain a refund of the impact fees. The developer can also obtain a refund if the development does not proceed and no impacts are created.

ORGANIZATION OF THE STUDY

This impact fee rate study contains four chapters, and an appendix:

- Chapter 1 summarizes the statutory basis for developing impact fees, discusses issues which must be addressed, and presents the

methodology and formulas for determining the amount of the impact fee.

- Chapter 2 documents the capital project capacity costs and calculates the eligible cost per unit (acre, square foot, linear foot, mile, individual recreational facility, etc.) for park land and recreational facilities.
- Chapter 3 documents the standards for levels of service, and calculates the eligible costs on a per capita basis.
- Chapter 4 documents the number of persons per dwelling unit and calculates the eligible cost and impact fee per dwelling unit of park land and recreational facilities.
- Appendix A documents the need for additional park land and recreational facilities, including identification of existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development, as specified in RCW 82.02.050(4).

1. STATUTORY BASIS AND METHODOLOGY

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.

This study of impact fees for park land and recreation facilities for Kirkland, Washington describes the methodology that is used to develop the fees, presents the formulas, variables and data that are the basis for the fees, and documents the calculation of the fees. The methodology is designed to comply with the requirements of Washington State Law.

This study uses data and levels of service standards from the City's adopted Capital Facilities Element of the Comprehensive Plan; City of Kirkland Park, Open Space, and Recreation Plan; and City of Kirkland Capital Improvement Program.

STATUTORY BASIS FOR IMPACT FEES

The Growth Management Act of 1990 (Chapter 17, Washington Laws, 1990, 1st Ex. Sess.) authorizes local governments in Washington to charge impact fees. RCW 82.02.050 - 82.02.090 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. Two 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); and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments.

The following synopsis of the most significant requirements of the law includes 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 (in jurisdictions that are not part of a fire district). *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(6) 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(6)*

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) and RCW 82.02.060(1)*

Reductions of Impact Fee Amounts

Impact fees 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 and are required as a condition of development approval). *RCW 82.02.060(3)*

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, but all such exemptions must be paid from public funds (other than impact fee accounts). *RCW 82.02.060(2)*

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(5)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.060(4) and RCW 82.02.070(4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend the impact fee payments within 6 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(7), and RCW 82.02.070(2)* The City of Kirkland adopted its initial CFP in 1995. In each subsequent year the City has updated its CFP.

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(7)*) subject to the proportionate share limitation described above.

Accounting Requirements

The local government must separate the impact fees from other monies, expend the money on CFP projects within 6 years, and prepare annual reports of collections and expenditures. *RCW 82.02.070(1)-(3)*

ISSUES RELATING TO IMPACT FEES

Prior to calculating impact fee rates, several issues must be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for new revenue for additional park land and recreation facilities, the benefit of new park land and recreation facilities to new development, and low-cost housing.

Responsibility for Public Facilities

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 Kirkland is legally and financially responsible for the park land and recreation facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private facilities, but it may 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)*). Thus, a city or county may charge impact fees for park land and recreation facilities, and enter into an agreement with school districts for the transfer, expenditure, and reporting of parks impact fees for park land and recreational facilities at school sites.

Need for Additional Park Land and Recreation Facilities

The need for additional park land and recreation facilities is determined by using standards for levels of service for park land and recreation facilities to calculate the quantity of facilities that are required. The required quantity is then compared to the existing inventory to determine needed new facilities. The analysis of needed park land and recreation facilities must comply with the statutory requirements of identifying existing deficiency, reserve capacity and new capacity requirements for facilities. An analysis of the need for additional park land and recreation facilities is presented in Appendix A.

Need for New Revenue for Additional Park Land and Recreation Facilities

The need for new revenue for park land and recreation facilities is demonstrated by comparing the cost of new facilities for the next 6 years to the existing sources of revenue for the same 6 years. The City's 6-year CFP for park land and recreation facilities does not have enough revenues from other sources to pay needed costs without impact fees.

Determining the Benefit to Development

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 80.20.050(3)*).

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 be used by 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 (i.e., acre of park land, square foot of

indoor recreation space, mile of trail, individual recreational facility, etc.), 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, rather than the replacement cost of the facility. Carrying costs may be added to reflect the government's actual or imputed interest expense.

The third aspect of the proportionate share requirement is 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 "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 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 a donated public facility can be required to conform to local standards for such facilities.

Without such adjustments and credits, the fee-paying development might pay more than its proportionate share.

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 for park land and recreation facilities are charged to properties which need (i.e., benefit from) new park land and recreation facilities. The City of Kirkland provides Park land and recreation facilities to all kinds of property throughout the City regardless of the type of use of the property. Impact fees for park land and recreation facilities, however, are only charged to residential development in the City, which includes residential construction,

because the dominant stream of benefits redounds to the occupants and owners of dwelling units. Due to the lack of systematic data quantifying the benefit of parks to commercial property, the City of Kirkland elects as a matter of policy not to charge park impact fees to non-residential properties. Additional research and analysis would need to be undertaken to document this relationship.

- The relative needs of different types of growth are considered in establishing fee amounts (i.e., single family dwelling units versus multi family dwelling units, etc.).
- 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 reduced needs must be permanent and enforceable (i.e., via land use restrictions).

Kirkland's system of parks and recreational facilities serve the entire City, therefore the impact fees for these parks and recreational facilities are based on a single district which encompasses the City.

3. Reasonably Related to Expenditures.

Two provisions of the law tend to reinforce the requirement that expenditures be "reasonably related" to the development that paid the impact fee. First, the requirement that fee revenue must be earmarked for specific uses related to public facilities ensures that expenditures are on identifiable projects, the benefit of which can be demonstrated. Second, impact fee revenue must be expended within 6 years, thus requiring timeliness to the benefit to the feepayer.

Low Income Housing

A fundamental premise of impact fees is that growth should pay for its fair share of the public facilities that it needs. One possible drawback to impact fees paid by residential development is the potential negative effect of the impact fees on the affordability of housing.

The effect of an impact fee on the affordability of housing varies according to the cost of the house. The more expensive the house, the smaller the effect because the impact fee (which is the same for all dwelling units, regardless of cost) adds a smaller percentage to the cost of the house. Thus, the least effect is on the highest price housing and the largest effect is on low income housing. Any given impact fee will be a larger percentage of the cost of a low priced home, and the inelasticity of income of buyers of low income housing may cause some to be priced out of the market if relief is not provided.

The City's ordinance provides an exemption from park impact fees for low

income housing. As required by state law, the City pays the impact fees on behalf of the exempt low income housing using public revenues (excluding impact fees).

Methodology and Relationship to Capital Facilities Plan

Impact fees for park land and recreation facilities begin with the list of projects in the City's Capital Improvement Program (CIP), or the City's financial records for parks and recreational facilities previously acquired by the City and which have capacity to serve new development. The projects are analyzed to identify capacity costs attributable to new development. The costs are adjusted to reflect other sources of revenue paid by the new development (and any payments that reduce the cost of the facility that is to be paid by impact fees). The costs are calculated per unit of capacity of park land and recreation facility. The costs per unit of capacity are applied to the standard for units of capacity per person (using the same standard for levels of service as is used to develop the projects in the CFP). The amount of the fee is determined by charging each fee-paying development for the number of units of demand that it generates.

Calculation of Impact Fee Amounts

Five formulas are used to determine the amount of impact fees for park and recreational facilities that are required as a result of new development:

1.
$$\begin{array}{rclcl} \text{Park Project Costs} & - & \text{Non-Capacity Costs} & = & \text{Park Capacity Costs} \end{array}$$
2.
$$\begin{array}{rclcl} \text{Park Capacity Costs} & - & \text{Non-Impact Fee Revenues} & = & \text{Eligible Capacity Costs} \end{array}$$
3.
$$\begin{array}{rclcl} \text{Eligible Capacity Costs} & \div & \text{Units of Park Capacity} & = & \text{Eligible Cost per Unit} \end{array}$$
4.
$$\begin{array}{rclcl} \text{Eligible Cost per Unit} & \times & \text{Standard per Capita} & = & \text{Eligible Cost per Capita} \end{array}$$
5.
$$\begin{array}{rclcl} \text{Eligible Cost per Capita} & \times & \text{Persons per Dwelling Unit} & = & \text{Impact Fee per Dwelling Unit} \end{array}$$

2. CAPITAL PROJECT CAPACITY COSTS

This chapter includes a description of the first three formulas and each variable that is used in the formulas, an explanation of the use of data in the formulas, and the calculation of the park land and recreational facilities capital cost, using formulas 1 – 3 (described above). The three formulas are applied separately to each type of park and recreational facility for which additional capacity is required to serve new development.

The City of Kirkland has adopted standards for five types of parks and recreational facilities:

1. Community Parks
2. Nature Parks
3. Indoor Non-Athletic Recreation Space
4. Neighborhood Parks
5. Indoor Athletic Recreation Space

The first 3 are included in the impact fee calculation because the needs analyses in Tables A-2 through A-4 of Appendix A meet the requirements of RCW 82.02. Specifically, each of the three types has sufficient capacity to maintain the level of service for the existing population and enough additional “reserve” capacity to serve new development. As authorized by RCW 82.02.060 (7), the City may impose an impact fee for system improvement costs previously incurred by the City to the extent that new growth and development will be served by the previous improvements.

The other two types, neighborhood parks and indoor athletic recreation space are omitted from the impact fee calculations because the inventory in each category, together with any capacity projects in the Capital Facilities Plan, are not sufficient to maintain the adopted level of service standard. In other words, the City has an existing deficiency of neighborhood parks and indoor athletic recreation space, and impact fees cannot be used to eliminate existing deficiencies. Furthermore, the City’s CFP does not have enough projects to eliminate the existing deficiency and serve new development, therefore there is no basis for an impact fee for these two types of parks and recreational facilities.

This chapter is divided into three sections: 1. community parks, 2. nature parks, and 3. indoor non-athletic recreation space. Each section uses formulas 1-3 to calculate the eligible capital cost per unit (acre of community and nature park, square foot of indoor non-athletic recreation space) for capital projects which provide capacity to serve new development. (Eligible means total cost less any non-impact fee revenue used to pay for park land and recreational facilities).

1. COMMUNITY PARKS

FORMULA 1: CAPACITY COSTS PER TYPE OF FACILITY

The capacity costs are calculated by subtracting the non-capacity project costs from the total cost of eligible community park project costs.

$$1. \quad \begin{array}{l} \text{Park} \\ \text{Project} \\ \text{Costs} \end{array} - \begin{array}{l} \text{Non-} \\ \text{Capacity} \\ \text{Costs} \end{array} = \begin{array}{l} \text{Park} \\ \text{Capacity} \\ \text{Costs} \end{array}$$

There is one variable that requires explanation: (A) the costs of parks and recreational facilities.

Variable (A) Costs of Parks and Recreational Facilities

The City's community parks contain enough acreage to achieve the adopted level of service standard for the existing population, and enough additional ("reserve") acreage to achieve the same adopted standard for new development. As noted above, the City may charge an impact fee for reserve capacity that will serve new growth and development. The cost to be used in the impact fee is the cost of the parks acquired most recently because those are the parks that exceed current needs and create reserve capacity to serve new development.

Some parks projects may provide capacity (i.e., additions to the City's inventory) and others may be non-capacity projects (i.e., repair, maintenance of the existing inventory of park and recreational facilities). Some parks projects may include both capacity and non-capacity elements. The Parks Department has identified the portion of projects that is capacity and the portion that is non-capacity.

The costs of parks and recreational facilities used in this study may include both the land costs and facility development costs, appropriate to the specific capital improvement project.

The cost of parks and recreational facilities does not include any costs for interest or other financing.

CALCULATION OF CAPACITY COSTS

Table 1A presents the most recent community park capacity projects. Columns 1 and 2 list each CIP project and its total cost. If the project is a non-capacity project, the non-capacity cost is shown in Column 3. If the project will add capacity (i.e., acres), the capacity project cost is shown in Column 4. The cost

of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

TABLE 1A COMMUNITY PARKS RECENT CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND				
(1)	(2)	(3)	(4)	
<u>CAPITAL PROJECT</u>	<u>TOTAL COST</u>	<u>NON-CAPACITY COST</u>	<u>CAPACITY COST</u>	
McAuliffe Park	5,750,000	0	5,750,000	
Total	5,750,000	0	5,750,000	

FORMULA 2: ELIGIBLE CAPACITY COST

The eligible capacity cost is determined by subtracting non-impact fee revenues from the capacity costs for each type of park and recreational facility.

$$2. \quad \begin{array}{r} \text{Park} \\ \text{Capacity} \\ \text{Costs} \end{array} - \begin{array}{r} \text{Non-Impact Fee} \\ \text{Revenues} \end{array} = \begin{array}{r} \text{Eligible} \\ \text{Capacity} \\ \text{Costs} \end{array}$$

There is one new variable used in formula 2 that requires explanation: (B) non-impact fee capital improvement project revenues.

Variable (B): Non-Impact Fee Revenues

Impact fee rate calculations must recognize and reflect non-impact fee revenue from new development that are earmarked or proratable to a particular impact fee project. These sources of revenue include locally generated revenues (e.g., taxes, fees or charges, etc.) which are paid by new development and committed to the same parks and recreational facility projects that will serve new development.

Revenues that are used for repair, maintenance or operating costs are not included because impact fees are not used for such expenses. Revenues for payments of *past* taxes paid on vacant land prior to development are not included because recent capital projects have little, if any, prior costs, and the prior taxes on vacant property is not a material portion of the cost of recent projects. If a developer believes that substantial tax payments were made that meet the criteria of RCW 82.02.060(1)(b), the City's impact fee ordinance allows an applicant to submit supporting information and request a special review.

For the purpose of this impact fee study, it is assumed that new development's payment of revenue for parks capacity is the same percent as new development's share of the total population. From 2006 to 2011, the City's population is forecast to grow by 2,612 (not counting annexations). The growth of 2,612 people is 5.2% of the total population of 49,792, therefore it is assumed that 5.2% of revenues to pay for park capacity will be paid by growth.

CALCULATION OF ELIGIBLE CAPACITY COST

The calculation of eligible capacity costs for community parks is presented in Table 1B. Columns 1 and 2 list the capacity projects and costs from Table 1A. The capacity costs are reduced by the amount of non-impact fee revenues in Column 3 (calculated at 5.2% of costs). The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

TABLE 1B COMMUNITY PARKS ELIGIBLE CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>CAPACITY COST</u> (From Column 4 on Table 1A)	<u>NON IMPACT FEE REVENUE</u>	<u>ELIGIBLE CAPACITY COSTS</u>
McAuliffe Park	5,750,000	299,000	5,451,000
Total: Eligible Capacity Costs	5,750,000	299,000	5,451,000

3: ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY

The eligible cost per unit of park and recreational facility (i.e., acre of park land, square foot of indoor recreational facility, etc.) is determined by dividing the eligible cost of capacity projects by the amount of project capacity.

$$3. \quad \begin{array}{c} \text{Eligible} \\ \text{Capacity} \\ \text{Costs} \end{array} \div \begin{array}{c} \text{Units} \\ \text{of Park} \\ \text{Capacity} \end{array} = \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Unit} \end{array}$$

There is one new variable presented in formula 3 that requires explanation: (C) units of park capacity.

Variable (C): Units of Park Capacity

Capacity is a measurement of the size of a capital project, such as number of acres of community and nature parks, and square feet of indoor recreation space. The units of capacity are consistent with the uniform quantity/number of facility(ies) in the City's standards for level of service, as shown in the Capital Facilities Plan Element of the City's Comprehensive Plan.

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY

Table 1C presents the calculation of community parks eligible cost per acre. Columns 1 and 2 contain the eligible capacity costs from Table 1B. Column 3 identifies the number of acres of capacity for each project. In Column 4, the total eligible capacity cost of all community parks projects is divided by the total number of acres to determine the average eligible cost per acre.

TABLE 1C COMMUNITY PARKS ELIGIBLE COST PER ACRE CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>ELIGIBLE CAPACITY COST</u>	<u>UNITS OF CAPACITY</u>	<u>ELIGIBLE COST (\$) PER UNIT</u>
McAuliffe Park	5,451,000	11.60	See Below
Total: Community Parks	5,451,000	11.60	469,913.79

2. NATURE PARKS

In this section of Chapter 2, the first three formulas are applied to nature parks. Formulas 1-3 and an explanation of the variables in each formula are described in the first section (community parks) of this Chapter.

CALCULATION OF CAPACITY COSTS (Formula 1)

Table 2A presents recent nature park acquisitions. Columns 1 and 2 list each project and its total cost. If the project is a non-capacity project, the non-capacity cost is shown in Column 3. If the project will add capacity (i.e., acres), the capacity project cost is shown in Column 4. The cost of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

(1)	(2)	(3)	(4)
<u>CAPITAL PROJECT</u>	<u>TOTAL COST</u>	<u>NON-CAPACITY COST</u>	<u>CAPACITY COST</u>
Heronfield Wetlands	850,000	0	850,000
Yarrow Bay Wetlands	157,000	0	157,000
Total	1,007,000	0	1,007,000

CALCULATION OF ELIGIBLE CAPACITY COST (Formula 2)

The calculation of eligible capacity costs for nature parks is presented in Table 2B. Columns 1 and 2 list the capacity projects and costs from Table 2A. The capacity costs are reduced by the amount of non-impact fee revenues from new development in Column 3. The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	<u>CAPACITY COST (From Column 4 on Table 2A)</u>	<u>NON IMPACT FEE REVENUE</u>	<u>ELIGIBLE CAPACITY COSTS</u>
Heronfield Wetlands	850,000	44,200	805,800
Yarrow Bay Wetlands	157,000	8,164	148,836
Total: Eligible Capacity Costs	1,007,000	52,364	954,636

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY (Formula 3)

Table 2C presents the calculation of nature parks eligible cost per acre. Columns 1 and 2 contain the eligible capacity costs from Table 2B. Column 3

identifies the number of acres of capacity for each project. In Column 4, the total eligible capacity cost of all nature park projects is divided by the total number of acres to determine the average eligible cost per acre.

(1) <u>CAPITAL PROJECTS</u>	(2) <u>ELIGIBLE CAPACITY COST</u>	(3) <u>UNITS OF CAPACITY</u>	(4) <u>ELIGIBLE COST PER UNIT</u>
Heronfield Wetlands	805,800	7.50	See Below
Yarrow Bay Wetlands	148,836	3.61	See Below
Total: Eligible Capacity Costs	954,636	11.11	85,925.83

3. INDOOR NON-ATHLETIC RECREATION SPACE

In this section of Chapter 2, the first three formulas are applied to indoor non-athletic recreation space. Formulas 1-3 and an explanation of the variables in each formula are described in the community parks section of this Chapter.

CALCULATION OF CAPACITY COSTS (Formula 1)

Table 3A presents the most recent indoor recreation space project. Columns 1 and 2 list each CIP project and its total cost. Column 3 lists any non-capacity costs. Capacity costs (i.e., added square feet), are shown in Column 4. The cost of any project that has both capacity and non-capacity elements is allocated to Columns 3 and 4.

(1) <u>CAPITAL PROJECT</u>	(2) <u>TOTAL COST</u>	(3) <u>NON- CAPACITY COST</u>	(4) <u>CAPACITY COST</u>
Kirkland Teen Union Building	1,500,000		1,500,000
Total	1,500,000		1,500,000

CALCULATION OF ELIGIBLE CAPACITY COST (Formula 2)

The calculation of eligible capacity costs for indoor recreation space is presented in Table 3B. Columns 1 and 2 list the capacity projects and costs from Table 2A. The capacity costs are reduced by the amount of non-impact fee revenues in Column 3. The non-impact fee revenues are subtracted from the capacity costs, and the eligible balance is shown in Column 4.

TABLE 3B INDOOR RECREATION SPACE ELIGIBLE CAPACITY CAPITAL PROJECT COSTS CITY OF KIRKLAND			
(1)	(2)	(3)	(4)
<u>CAPITAL PROJECTS</u>	CAPACITY COST (From Column 4 on Table 3A)	NON IMPACT FEE REVENUE	ELIGIBLE CAPACITY COSTS
Kirkland Teen Union Building	1,500,000	78,000	1,422,000
Total: Eligible Capacity Costs	1,500,000	78,000	1,422,000

CALCULATION OF ELIGIBLE COST PER UNIT OF PARK AND RECREATIONAL FACILITY (Formula 3)

Table 3C presents the calculation of indoor recreation space eligible cost per square foot. Columns 1 and 2 contain the eligible capacity costs from Table 2B. Column 3 identifies the number of square feet of capacity for each project. In Column 4, the total eligible capacity cost of all indoor recreation space projects is divided by the total number of square feet to determine the average eligible cost per square foot.

TABLE 3C
 INDOOR RECREATION SPACE
 ELIGIBLE COST PER SQUARE FOOT
 CITY OF KIRKLAND

(1)	(2) ELIGIBLE CAPACITY COST	(3) UNITS OF CAPACITY	(4) ELIGIBLE COST (\$) PER UNIT
<u>CAPITAL PROJECTS</u>			
Kirkland Teen Union Building	1,422,000	6,885	See Below
Total: Indoor Recreation Space	1,422,000	6,885	206.54

3. ELIGIBLE COST PER CAPITA

In this chapter the eligible cost per unit (acre and square foot) from Chapter 2 is converted to the eligible cost per capita. As in the previous chapter, this chapter includes a description of the formula and each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of the eligible cost per capita, using formula 4.

FORMULA 4: PARKS ELIGIBLE COST PER CAPITA

The eligible cost of parks per person is calculated by multiplying the eligible cost per acre or square foot by the standard per capita for community and nature parks, and indoor non-athletic recreation space:

$$4. \quad \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Unit} \end{array} \times \begin{array}{c} \text{Standard} \\ \text{per} \\ \text{Capita} \end{array} = \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Capita} \end{array}$$

Variable (D) Level of Service (LOS) Standards for Park Land and Recreational Facilities

The City has adopted a level of service (LOS) identified in the City’s Capital Facilities Plan for each category of park land and development projects. These adopted LOS standards are listed below in Table 4:

TABLE 4 PARK LAND AND RECREATIONAL FACILITIES COMPREHENSIVE PLAN DESIRED LEVEL OF SERVICE STANDARDS	
<u>Park Land/Facility</u>	<u>Standard</u>
Community Parks	2.1 acres per 1,000 population
Nature Parks	5.7 acres per 1,000 population
Indoor Recreation Space	500 square feet per 1,000 population

CALCULATION OF PARKS AND RECREATIONAL FACILITIES ELIGIBLE COST PER CAPITA

The eligible cost per capita is calculated for each park and facility by multiplying the standard for park land and facilities per capita times the cost per unit of park land or facility. Table 5 contains the calculations: each standard is divided by 1,000 to compute the standard per capita and the result is multiplied

by the eligible cost per unit (from tables in Chapter 2), and the result is the eligible cost per capita.

Table 5 also includes an adjustment to conform to the requirement in RCW 82.02.050 (2) that financing for public improvements to serve new development "... cannot rely solely on impact fees." This requirement prohibits the City from charging 100% of growth's proportionate share to new development, but the statute does not specify how much less than 100% may be charged. Earlier, in Tables 1B, 2B, and 3B, the impact fee calculations reduced growth's share by 5.2% to account for other taxes, fees, etc. that are paid by growth for the same public facilities as the impact fee. Arguably, the remaining 91.9% is within the parameters of 82.02.050 (2). However, in order to be extra conservative in our calculations, Table 5 subtracts an additional 10% so that no more than 90% of the eligible cost per capita is charged to new development in the form of impact fees.

TABLE 5 PARK LAND AND FACILITIES ELIGIBLE COSTS PER CAPITA CITY OF KIRKLAND			
(1) <u>COMPONENT</u>	(2) <u>STANDARD PER 1,000 POPULATION</u>	(3) <u>ELIGIBLE COST (\$) PER UNIT</u>	(4) <u>ELIGIBLE COST (\$) PER CAPITA</u>
Community Parks (acres)	2.1	469,913.70	986.82
Nature Parks (acres)	5.7	85,925.83	489.78
Indoor Recreation Space (sf)	500	206.54	<u>103.27</u>
Eligible Cost per Capita			1,579.86
Percent Not Charged to Growth			<u>10.0%</u>
Amount Not Charged to Growth			<u>157.99</u>
Portion Charged to Growth			1,421.88

4. ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

In this chapter the eligible cost per capita (from chapter 3) is converted to the eligible cost per dwelling unit. As in the previous chapter, this chapter includes a description of the formula and each variable that is used in the formula, an explanation of the use of data in the formula, and the calculation of the park land and facility development capital cost per dwelling unit, using formula 5.

FORMULA 5: PARK ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

The eligible cost of parks per dwelling unit is determined by multiplying the park eligible cost per person times the number of persons per dwelling unit:

$$5. \quad \begin{array}{c} \text{Eligible} \\ \text{Cost} \\ \text{per Capita} \end{array} \times \begin{array}{c} \text{Persons} \\ \text{per Dwelling} \\ \text{Unit} \end{array} = \begin{array}{c} \text{Impact Fee} \\ \text{per} \\ \text{Dwelling Unit} \end{array}$$

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 5 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 eligible cost of parks and recreational facilities per capita into impact fees per dwelling unit. The eligible cost per capita (from formula 4) is multiplied by the number of persons per dwelling unit to calculate the impact fee per dwelling unit of each type of park and recreational facility.

The number of persons per dwelling unit in the City of Kirkland ranges from 2.547 persons per single family detached dwelling unit to 1.666 persons per multi-family, attached or stacked unit, according to the City of Kirkland. (The number of persons per dwelling unit is sometimes referred to as persons per household in U.S. census information. These terms are interchangeable in this study). Specific numbers of persons per dwelling unit for various types of housing is shown in Column 3 of Table 6.

CALCULATION OF ELIGIBLE COST AND IMPACT FEE PER DWELLING UNIT

The calculation to establish the eligible cost and impact fee per dwelling unit involves multiplying the eligible cost per capita from Table 5 by the number of persons per dwelling unit. Table 6 presents the eligible cost and impact fee per dwelling unit.

TABLE 6
PARK LAND AND FACILITIES
ELIGIBLE COSTS AND IMPACT FEE PER DWELLING UNIT
City of Kirkland

(1) <u>Type of Housing</u>	(2) <u>Eligible Cost Per Capita</u>	(3) <u>Average Persons Per Dwelling Unit</u>	(4) <u>Impact Fee Per Dwelling Unit</u>
Single Family	1,421.88	2.547	3,621.52
Multi-Family	1,421.88	1.666	2,368.85

APPENDIX A

6-YEAR PARK AND RECREATIONAL FACILITIES NEEDS

6-Year Need for Additional Parks and Recreational Facilities

RCW 82.02 requires impact fees to 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). The purpose of this appendix is to summarize existing deficiencies and reserves, and needs for additional capacity for new development (based on data provided in the City's comprehensive plan).

The need for additional parks and recreational facilities is determined by using standards for levels of service for each type of park and recreational facility to calculate the quantity of facilities that are required. The required quantity is then compared to the existing inventory to determine needed new land and facilities.

The park land and recreational facilities system in the City of Kirkland consists of five types of parks and recreational facilities. Table A-1 summarizes the current inventory.

<u>Park Land/Facility</u>	<u>Inventory³</u>
1. Community Parks	140.34 acres
2. Nature Park	295.45 acres
3. Indoor Non-Athletic Recreation Space	28,685 square feet
4. Neighborhood Parks	87.88 acres
5. Indoor Athletic Recreation Space	0. square feet

³ See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-2				
COMMUNITY PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 2.1 ACRES PER 1,000 POPULATION				
(1) <u>TIME PERIOD</u>	(2) <u>CITY-WIDE POPULATION</u>	(3) ACRES REQUIRED @ 0.0021 <u>PER CAPITA</u>	(4) COMMUNITY PARK ACRES <u>AVAILABLE*</u>	(5) NET RESERVE OR <u>DEFICIENCY</u>
2006 ACTUAL	47,180	99.08	140.34	41.26
2007-2011 GROWTH	2,612	5.48	0.00	-5.48
TOTAL AS OF 2011	49,792	104.56	140.34	35.78

TABLE A-3				
NATURE PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 5.7 ACRES PER 1,000 POPULATION				
(1) <u>TIME PERIOD</u>	(2) <u>CITY-WIDE POPULATION</u>	(3) ACRES REQUIRED @ 0.0057 <u>PER CAPITA</u>	(4) NATURE PARK ACRES <u>AVAILABLE*</u>	(5) NET RESERVE OR <u>DEFICIENCY</u>
2006 ACTUAL	47,180	268.93	295.45	26.52
2007-2011 GROWTH	2,612	14.88	0.00	-14.88
TOTAL AS OF 2011	49,792	283.81	295.45	11.64

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-4				
INDOOR NON-ATHLETIC RECREATION SPACE CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 500 SQUARE FEET PER 1,000 POPULATION				
(1) <u>TIME PERIOD</u>	(2) <u>CITY-WIDE POPULATION</u>	(3) SQ. FT. REQUIRED @ 0.5 <u>PER CAPITA</u>	(4) INDOOR NON- ATHLETIC SQ. FT. <u>AVAILABLE*</u>	(5) NET RESERVE OR <u>DEFICIENCY</u>
2006 ACTUAL	47,180	23,590	28,685	5,095
2007-2011 GROWTH	2,612	1,306	0.00	-1,306
TOTAL AS OF 2011	49,792	24,896	28,685	3,789

TABLE A-5				
NEIGHBORHOOD PARKS CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 2.1 ACRES PER 1,000 POPULATION				
(1) <u>TIME PERIOD</u>	(2) <u>CITY-WIDE POPULATION</u>	(3) ACRES REQUIRED @ 0.0021 <u>PER CAPITA</u>	(4) NEIGHBORHOOD PARK ACRES <u>AVAILABLE*</u>	(5) NET RESERVE OR <u>DEFICIENCY</u>
2006 ACTUAL	47,180	99.08	87.88	-11.20
2007-2011 GROWTH	2,612	5.48	0.00	-5.48
TOTAL AS OF 2011	49,792	104.56	87.88	-16.68

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

TABLE A-6				
INDOOR ATHLETIC RECREATION SPACE CITY OF KIRKLAND ANALYSIS OF CAPITAL FACILITY REQUIREMENTS				
LEVEL OF SERVICE (LOS) = 700 SQUARE FEET PER 1,000 POPULATION				
(1) <u>TIME PERIOD</u>	(2) <u>CITY-WIDE POPULATION</u>	(3) SQ. FT. REQUIRED @ 0.7 <u>PER CAPITA</u>	(4) INDOOR ATHLETIC SQ. FT. <u>AVAILABLE*</u>	(5) NET RESERVE OR <u>DEFICIENCY</u>
2006 ACTUAL	47,180	33,026	0.00	-33,026
2007-2011 GROWTH	2,612	1,828	0.00	-1,828
TOTAL AS OF 2011	49,792	34,854	0	-34,854

*See Appendix B for listing of parks and recreation spaces in the City's inventory.

APPENDIX B

Inventory of Kirkland Parks and Recreational Facilities

Park Name	Park Address	Size
<u>Community Parks</u>		
Crestwoods	1818 Sixth Street	26.63
Everest	500 Eighth Street S	18.58
Heritage Park	111 Waverly Way	10.12
McAuliffe Park	11609 & 11615 108th Avenue NE	11.60
Peter Kirk Park	202 Third Street	12.48
School Sites		60.93
	Total Acres	140.34
<u>Nature Parks/Open Space</u>		
Heronfield Wetlands	NE124th and 120th	28.12
Juanita Bay	2201 Market Street	110.83
Watershed	4500 110th Avenue NE	73.37
Yarrow Bay Wetlands	NE Points Drive	73.33
South Norway Hill Park	NE 145th & 124th Ave NE	9.80
	Total Acres	295.45
<u>City Recreation Facilities (Non-Athletic)</u>		
North Kirkland Community Center	12421 103rd Ave NE	12,000
Peter Kirk Community Center	352 Kirkland Ave	9,800
Kirkland Teen Union Building	348 Kirkland Ave	6,885
	Total Square Feet	28,685
<u>Neighborhood Parks</u>		
Brookhaven	100th Ave NE & about 126th/128th	0.95
Carillon Woods	NE 55th & 106 Ave NE	8.71
Cedar View Park	11400 NE 90th St	0.20
Cotton Hill Park (undeveloped)	NE 100th & 110 Ave NE	1.91
Forbes Creek	11615 NE 106th Lane	2.02
Highlands	11210 NE 102nd Street	2.73
Houghton Neighborhood / Phyllis Needy	10811 NE 47th Street	0.50
Mark Twain	10625 132nd Avenue NE	6.60
North Kirkland Community Center	12421 103rd Avenue NE	5.49
North Rose Hill Woodlands Park	9930 124th Avenue NE	20.96
Ohde Pea Patch	300 Ohde Avenue	0.89
Reservoir	1501 Third Street	0.62
Rose Hill Meadows	8300 124th	4.10
Snyders Corner	NE 70th & 132nd Avenue NE	4.50
South Rose Hill Park	12730 NE 72nd Street	2.19
Spinney Homestead	11710 NE 100th Street	6.54
Terrace	10333 NE 67th Street	1.81
Tot Lot	111 Ninth Avenue	0.52
Van Aalst	335 13th Avenue	1.59
School Sites		15.05
	Total Acres	87.88

Park Name	Park Address	Size
<u>City Recreation Facilities (Athletic)</u>		
No facilities	Total Square Feet	0.00
<u>Waterfront Parks</u>		
David E. Brink	555 Lake Street S	0.87
Forbes Lake Park (undeveloped)	9500 124th Ave NE	7.32
Houghton Beach	5811 Lake Washington Blvd	3.80
Juanita Beach Park	9703 Juanita Drive	21.94
Kiwanis	1405 10th Street W	2.57
Lake Avenue West	Lake Avenue West	0.25
Marina Park	25 Lakeshore Plaza	3.59
Marsh Park	6605 Lake Washington Blvd NE	4.18
Settlers Landing/10th Street	10th Street	0.10
Street End Park	501 Lake Street South	0.10
Waverly Beach	633 Waverly Park Way	2.76
	Total Acres	47.48