



CITY OF KIRKLAND
City Manager's Office
123 Fifth Avenue, Kirkland, WA 98033 425.587.3001
www.kirklandwa.gov

MEMORANDUM

To: Kurt Triplett, City Manager

From: Tracey Dunlap, Deputy City Manager

Date: August 26, 2021

Subject: TRANSPORTATION IMPACT FEE POLICY DISCUSSION FOLLOW UP

RECOMMENDATION:

City Council finalizes the policy discussion of Transportation Impact Fees that began on April 6, 2021 and continued July 20, 2021 and provides staff with direction to allow an ordinance to be drafted for Council consideration at the September 21, 2021 meeting. The consultant team will present supplemental information requested at the July meeting and will be available to answer questions. No final action is requested on September 7.

BACKGROUND DISCUSSION:

Council received a briefing on the draft results of the Transportation Impact Fee study at the April 6, 2021 City Council meeting and had a discussion of policy issues on July 20, 2021. Councilmembers raised several questions during that discussion, which the consultant, FCS Group, has responded to in an 8-page memorandum included with this staff report as Attachment A.

The results of the Transportation Impact Fee rate study report (Attachment B) are summarized in the table that follows for single family and multifamily.

	Current	Calculated
Fee per Person-Trip	\$4,061	\$5,398
Single-Family	\$5,888	\$7,827
Multifamily	\$3,357	\$4,172

Nonresidential fees are by ITE land use category and are shown in tabular form in the attachments and discussed further below.

Council provided policy direction on the following issues on July 20:

- Should the Transportation Impact Fees be changed based on the study results?
Council Direction: Phase-in increase over 3 years, with the first increase effective on 1/1/22.
- Should Kirkland exempt up to 80% of the impact fee on Early Learning Centers as provided for in RCW 82.02.060 (3a)?
Council Direction: Exempt 80% of the impact fee on Early Learning Centers effective 1/1/2022.

That direction has been incorporated in Attachment A.

As part of that discussion, Council requested an analysis of the impact of the FCS Group recommendation to eliminate the trip length adjustment that had been applied in prior studies.

As a reminder, trip length adjustments multiply the calculated PM peak hour person trip ends that serve as the basis of the impact fee by a trip length factor to adjust for the average length of each trip. The methodological justification for this is that longer trips utilize more of the City's transportation infrastructure than shorter trips and should thus be charged more. The result of applying trip length adjustments is lower impact fees for some categories of development.

FCS Group surveyed other Western Washington communities to determine if their transportation impact fees used a trip length adjustment. The results are shown below.

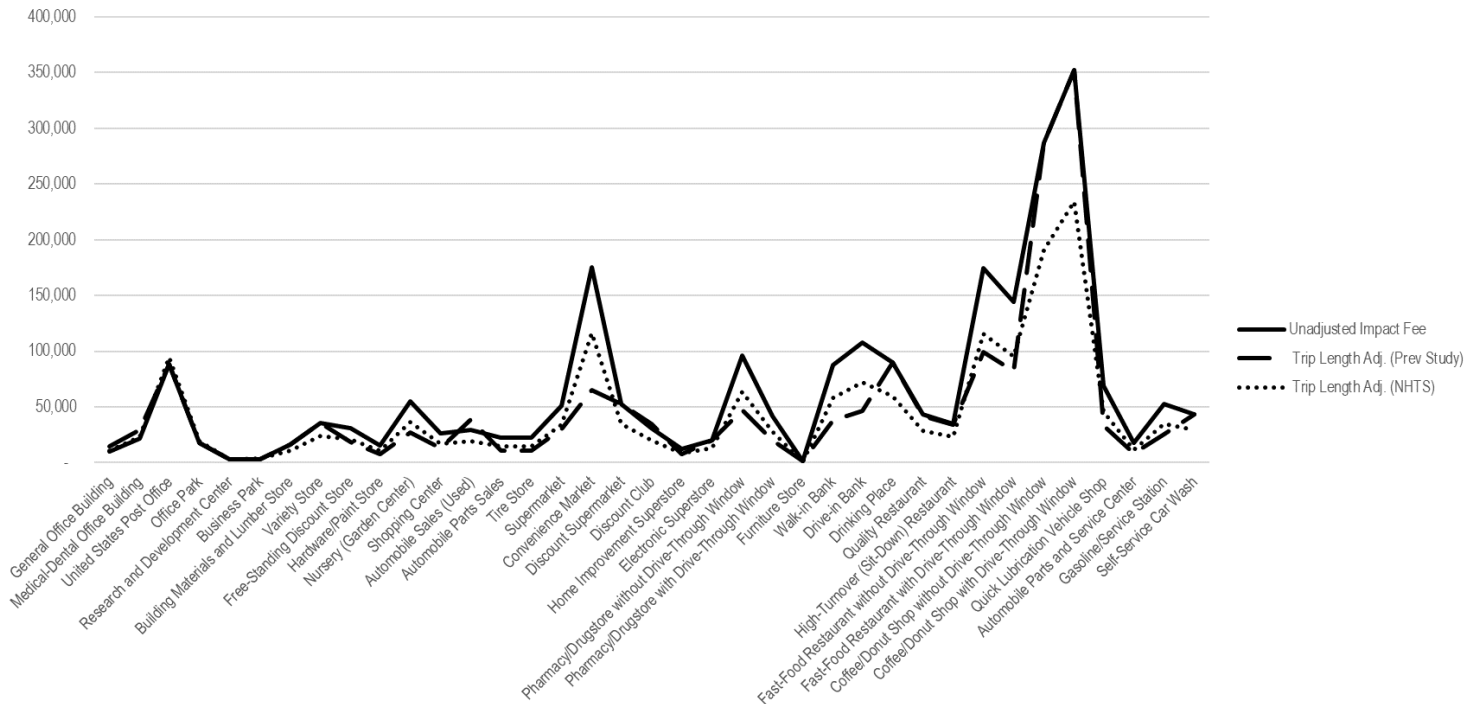
City	TL Adj.?	Source
Sammamish	Yes	FCSG study in process
Renton	Yes	Uncited
Issaquah	No	N/A
Kirkland (current)	Yes	Pinellas Co (FL)
Redmond	Yes	Redmond specific data
Shoreline	Yes	Uncited
Bellevue	Yes	Pinellas Co (FL)

FCS Group discusses the trip fee reduction in detail in Attachment A. One key issue raised by FCS Group is that FCS has been unable to verify the data currently used by Kirkland for trip adjustments. FCS Group was able to find a more recent published source for trip length adjustments, the 2017 National Household Travel Survey (NHTS) conducted by the US Department of Transportation.

Attachment A includes three alternate fee tables:

- Exhibit 4: Phase-In Fee Schedule (No Trip Length Adjustment) – consultant recommendation (as presented in July)
- Exhibit 5: Phase-In Fee Schedule (Previous Study Trip Length Adjustment)
- Exhibit 6: Phase-In Fee Schedule (New NHTS Trip Length Adjustment)

The graphic below illustrates the impacts of each option. The trip length adjustments moderate the increases in selected fee categories as shown in detail in the exhibits in Attachment A.



Attachment A also provides information in response to Council questions related to specific land use categories. Staff is seeking Council direction on which option to bring forward in an ordinance for consideration on September 21.

As noted in the July 20 memo, Lake Washington School District has requested that the Council consider increasing School Impact Fees, which will be brought forward as a separate Council action this Fall.

To: Tracey Dunlap, Deputy City Manager,
City of Kirkland, WA

Date: August 2021

From: John Ghilarducci, Principal
Luke Slaughterbeck, Senior Analyst
Doug Gabbard, Technical Task Manager

RE: Transportation Impact Fee – Follow-up to Council Discussion

INTRODUCTION

In 2020, the City of Kirkland (“City”) contracted with FCS GROUP to calculate a fire impact fee and update the City’s park and transportation impact fees. On July 20, 2021, FCS GROUP presented its proposed transportation impact fee schedule to the City Council, during which several questions were raised by Council members. This memorandum serves to document those questions, and FCS GROUP’s response.

TRIP LENGTH ADJUSTMENT

Much of the discussion revolved around FCS GROUP’s proposal to remove the trip length adjustment from the City’s calculated impact fee. Trip length adjustments multiply the calculated PM peak hour person trip ends that serve as the basis of the impact fee by a trip length factor to adjust for the average length of each trip. The methodological justification for this is that longer trips utilize more of the City’s transportation infrastructure than shorter trips and should thus be charged more. FCS GROUP has two issues with the use of the trip length adjustment in this case.

- **Data Verifiability.** The City currently uses trip length adjustments from a Pinellas County (FL) Impact Fee Study, as well as a Tampa (FL) impact fee study from 2014. FCS GROUP was not able to find the original Pinellas Co study document, and the Tampa study cited does not contain its own trip length data. Instead, it cites a “1989 Tampa Study” which FCS GROUP was also unable to locate. Absent more data, FCS GROUP does not believe the City’s current trip length adjustments are empirically verifiable and would not recommend using them in the future.
- **Adjustment for travel inside the City.** The City charges for trips that begin, end, or take place entirely within the City’s boundaries. Trip length adjustments include trips that begin or end outside the City, calling into question their applicability in a city the size of Kirkland.

ALTERNATIVE TRIP LENGTH ADJUSTMENT SOURCES

FCS GROUP was able to find a more recent published source for trip length adjustments, the 2017 National Household Travel Survey (NHTS) conducted by the US Department of Transportation. This data allowed FCS GROUP to calculate trip length adjustments for broad categories of land use types, shown in **Exhibit 1**.

Exhibit 1: Trip Length Adjustments (NHTS)

Trip Length Adjustments	Purpose Category	Vehicle Trip Adjustment	Person Trip Adjustment
Port and terminal (0xx)	To/From Work	1.25	1.07
Industrial (1xx)	To/From Work	1.25	1.07
Residential (2xx)	All Purposes	1.00	1.00
Lodging (3xx)	To/From Work	1.25	1.07
Recreational (4xx)	Social and Recreational	0.92	0.81
Institutional (5xx)	School/Church	1.03	0.60
Medical (6xx)	To/From Work	1.25	1.07
Office (7xx)	To/From Work	1.25	1.07
Retail (8xx)	Shopping	0.74	0.66
Services (9xx)	Shopping	0.74	0.66

Source : U.S. Department of Transportation, Bureau of Transportation Statistics, Federal Highway Administration, National Household Travel Survey data, May 18, 2018.

As the City calculates its impact fee on the basis of person trips, the person trip adjustment shown in the rightmost column represents the NHTS trip length adjustment for each ITE land use category. FCS GROUP applied these trip length adjustments, as well as the trip length adjustments from the previous study to each fee. The results, along with the unadjusted fees, are shown in **Exhibit 2** and **Exhibit 3**.

Exhibit 2: Adjusted Transportation Impact Fees

Land Use Category	ITE Code	Unit of Measurement	PM Peak Hour Person Trip	Unadjusted Impact Fee	Trip Length Factor (Prev Study)	Trip Length Adj. (Prev Study)	Trip Length Factor (NHTS)	Trip Length Adj. (NHTS)
General Light Industrial	110	1,000 SFGFA	0.92	\$ 4,981	1.59	\$ 7,920	1.07	\$ 5,334
Industrial Park	130	1,000 SFGFA	0.59	3,163	1.59	5,029	1.07	3,387
Manufacturing	140	1,000 SFGFA	0.98	5,297	1.59	8,423	1.07	5,673
Mini-Warehouse	151	1,000 SFGFA	0.25	1,344	1.59	2,137	1.07	1,439
Single-Family Detached Housing	210	Dwelling Units	1.45	7,827	1.00	7,827	1.00	7,827
Multifamily Housing (Low-Rise)	220	Dwelling Units	0.77	4,172	1.00	4,172	1.00	4,172
Residential Suite	231	Dwelling Units	0.50	2,682	1.00	2,682	1.00	2,682
Mobile Home Park	240	Dwelling Units	0.67	3,637	1.00	3,637	1.00	3,637
Senior Adult Housing - Detached	251	Dwelling Units	0.44	2,372	1.00	2,372	1.00	2,372
Senior Adult Housing - Attached	252	Dwelling Units	0.38	2,056	1.00	2,056	1.00	2,056
Congregate Care Facility	253	Dwelling Units	0.38	2,050	0.80	1,640	1.00	2,050
Assisted Living	254	1,000 SFGFA	0.70	3,795	0.80	3,036	1.00	3,795
Hotel	310	Rooms	2.26	12,210	1.14	13,920	1.07	13,076
Motel	320	Rooms	0.56	3,004	1.14	3,425	1.07	3,217
Multiplex Movie Theater	445	Movie Screens	20.11	108,557	0.66	71,648	0.81	88,114
Health/Fitness Club	492	1,000 SFGFA	5.31	28,679	0.89	25,525	0.81	23,279
Middle School/Junior High School	522	1,000 SFGFA	1.74	9,409	0.57	5,363	0.60	5,646
High School	530	1,000 SFGFA	3.00	16,179	0.57	9,222	0.60	9,710
Church	560	1,000 SFGFA	1.48	7,988	1.06	8,467	0.60	4,794
Day Care Center	565	1,000 SFGFA	7.49	40,444	0.57	23,053	0.60	24,271
Library	590	1,000 SFGFA	11.95	64,518	1.00	64,518	0.60	38,718
Hospital	610	1,000 SFGFA	1.50	8,116	1.43	11,606	1.07	8,691
Nursing Home	620	1,000 SFGFA	0.74	4,013	0.80	3,210	1.07	4,297

Exhibit 3: Adjusted Transportation Impact Fees (cont.)

Land Use Category	ITE Code	Unit of Measurement	PM Peak Hour Person Trip	Unadjusted Impact Fee	Trip Length Factor (Prev Study)	Trip Length Adj. (Prev Study)	Trip Length Factor (NHTS)	Trip Length Adj. (NHTS)
General Office Building	710	1,000 SFGFA	1.86	10,056	1.46	14,682	1.07	10,769
Medical-Dental Office Building	720	1,000 SFGFA	3.98	21,478	1.37	29,426	1.07	23,001
United States Post Office	732	1,000 SFGFA	16.42	88,633	1.00	88,633	1.07	94,914
Office Park	750	1,000 SFGFA	3.33	17,963	1.00	17,963	1.07	19,236
Research and Development Center	760	1,000 SFGFA	0.58	3,121	1.00	3,121	1.07	3,342
Business Park	770	1,000 SFGFA	0.62	3,321	1.00	3,321	1.07	3,556
Building Materials and Lumber Store	812	1,000 SFGFA	3.02	16,288	1.00	16,288	0.66	10,822
Variety Store	814	1,000 SFGFA	6.61	35,693	1.00	35,693	0.66	23,717
Free-Standing Discount Store	815	1,000 SFGFA	5.74	30,970	0.60	18,582	0.66	20,578
Hardware/Paint Store	816	1,000 SFGFA	2.92	15,786	0.49	7,735	0.66	10,489
Nursery (Garden Center)	817	1,000 SFGFA	10.17	54,872	0.49	26,887	0.66	36,460
Shopping Center	820	1,000 SFGFA	4.86	26,223	0.49	12,849	0.66	17,424
Automobile Sales (Used)	841	1,000 SFGFA	5.49	29,650	1.31	38,841	0.66	19,701
Automobile Parts Sales	843	1,000 SFGFA	4.10	22,128	0.49	10,843	0.66	14,703
Tire Store	848	1,000 SFGFA	4.18	22,552	0.49	11,051	0.66	14,985
Supermarket	850	1,000 SFGFA	9.45	51,019	0.60	30,612	0.66	33,900
Convenience Market	851	1,000 SFGFA	32.49	175,360	0.37	64,883	0.66	116,519
Discount Supermarket	854	1,000 SFGFA	9.72	52,485	1.00	52,485	0.66	34,874
Discount Club	857	1,000 SFGFA	5.69	30,702	1.14	35,000	0.66	20,400
Home Improvement Superstore	862	1,000 SFGFA	2.31	12,493	0.60	7,496	0.66	8,301
Electronic Superstore	863	1,000 SFGFA	3.74	20,209	1.00	20,209	0.66	13,428
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	17.79	96,038	0.49	47,059	0.66	63,813
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	7.74	41,764	0.49	20,464	0.66	27,750
Furniture Store	890	1,000 SFGFA	0.30	1,637	1.00	1,637	0.66	1,088
Walk-in Bank	911	1,000 SFGFA	16.25	87,740	0.43	37,728	0.66	58,299
Drive-in Bank	912	1,000 SFGFA	20.04	108,162	0.43	46,509	0.66	71,869
Drinking Place	925	1,000 SFGFA	16.64	89,819	1.00	89,819	0.66	59,680
Quality Restaurant	931	1,000 SFGFA	8.00	43,190	0.97	41,895	0.66	28,698
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	6.51	35,125	0.97	34,072	0.66	23,339
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	32.31	174,395	0.57	99,405	0.66	115,878
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	26.67	143,966	0.57	82,061	0.66	95,659
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	53.18	287,087	1.00	287,087	0.66	190,757
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	65.33	352,633	1.00	352,633	0.66	234,309
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	12.74	68,787	0.49	33,706	0.66	45,706
Automobile Parts and Service Center	943	1,000 SFGFA	3.31	17,869	0.49	8,756	0.66	11,873
Gasoline/Service Station	944	Fueling Positions	9.77	52,756	0.49	25,850	0.66	35,054
Self-Service Car Wash	947	Wash Stalls	8.11	43,802	1.00	43,802	0.66	29,105

A graphical representation of these fees can be found in the appendix.

REVISED FEE SCHEDULE ALTERNATIVES

The City also directed FCS GROUP to calculate a three-year phase-in schedule for the City's transportation impact fee. **Exhibits 4, 5, and 6** show the proposed three-year phase-in schedule for each scenario: the unadjusted impact fee schedule, the impact fee schedule with the trip length adjustments from the previous study, and the impact fee schedule with the trip length adjustments from the NHTS. The trip generation rates used are from the *10th Edition ITE Manual*, with an adjustment for pass-by trips.

Finally, the City directed FCS GROUP to discount the fee for early childhood learning centers by 80 percent (ITE code #565). This discount was recently passed by the Washington state legislature (HB 1331) and allows cities to discount impact fees for early childhood education centers by up to 80 percent without backfilling the impact fee fund from other revenue sources. All three of the proposed phase-in schedules below contain this adjustment.

Exhibit 4: Phase-In Fee Schedule (No Trip Length Adjustment)

Land Use Category	ITE Code	Unit of Measurement	Current Fee (w/imputed fee)	Year 1	Year 2	Year 3 (Full Impact Fee)	Difference from Year 3 to Current Fee
General Light Industrial	110	1,000 SFGFA	\$ 6,820	\$ 6,207	\$ 5,594	\$ 4,981	\$ (1,839)
Industrial Park	130	1,000 SFGFA	5,980	5,041	4,102	3,163	(2,817)
Manufacturing	140	1,000 SFGFA	3,985	4,422	4,860	5,297	1,312
Mini-Warehouse	151	1,000 SFGFA	2,250	1,948	1,646	1,344	(906)
Single-Family Detached Housing	210	Dwelling Units	5,888	6,534	7,181	7,827	1,939
Multifamily Housing (Low-Rise)	220	Dwelling Units	3,357	3,629	3,900	4,172	815
Mobile Home Park	240	Dwelling Units	2,736	3,036	3,337	3,637	901
Senior Adult Housing - Detached	251	Dwelling Units	1,784	1,980	2,176	2,372	588
Senior Adult Housing - Attached	252	Dwelling Units	1,546	1,716	1,886	2,056	510
Congregate Care Facility	253	Dwelling Units	674	1,133	1,591	2,050	1,376
Assisted Living	254	1,000 SFGFA	2,855	3,168	3,482	3,795	940
Hotel	310	Rooms	4,037	6,761	9,486	12,210	8,173
Motel	320	Rooms	4,037	3,693	3,349	3,004	(1,033)
Multiplex Movie Theater	445	Movie Screens	37,745	61,349	84,953	108,557	70,812
Health/Fitness Club	492	1,000 SFGFA	11,620	17,306	22,993	28,679	17,059
Middle School/Junior High School	522	1,000 SFGFA	7,078	7,855	8,632	9,409	2,331
High School	530	1,000 SFGFA	12,171	13,507	14,843	16,179	4,008
Church	560	1,000 SFGFA	2,880	4,583	6,285	7,988	5,108
Day Care Center	565	1,000 SFGFA	30,424	6,753	7,421	8,089	(22,335)
Library	590	1,000 SFGFA	13,170	30,286	47,402	64,518	51,348
Hospital	610	1,000 SFGFA	5,270	6,219	7,167	8,116	2,846
Nursing Home	620	1,000 SFGFA	3,019	3,350	3,682	4,013	994
General Office Building	710	1,000 SFGFA	9,360	9,592	9,824	10,056	696
Medical-Dental Office Building	720	1,000 SFGFA	17,590	18,886	20,182	21,478	3,888
United States Post Office	732	1,000 SFGFA	20,250	43,044	65,838	88,633	68,383
Office Park	750	1,000 SFGFA	13,513	14,996	16,480	17,963	4,450
Research and Development Center	760	1,000 SFGFA	2,348	2,606	2,863	3,121	773
Business Park	770	1,000 SFGFA	2,498	2,772	3,047	3,321	823
Building Materials and Lumber Store	812	1,000 SFGFA	12,252	13,597	14,942	16,288	4,036
Variety Store	814	1,000 SFGFA	26,851	29,798	32,746	35,693	8,842
Free-Standing Discount Store	815	1,000 SFGFA	10,810	17,530	24,250	30,970	20,160
Hardware/Paint Store	816	1,000 SFGFA	8,620	11,009	13,397	15,786	7,166
Nursery (Garden Center)	817	1,000 SFGFA	11,690	26,084	40,478	54,872	43,182
Shopping Center	820	1,000 SFGFA	5,800	12,608	19,415	26,223	20,423
Automobile Sales (Used)	841	1,000 SFGFA	13,650	18,983	24,316	29,650	16,000
Automobile Parts Sales	843	1,000 SFGFA	8,200	12,843	17,485	22,128	13,928
Tire Store	848	1,000 SFGFA	16,965	18,827	20,690	22,552	5,587
Supermarket	850	1,000 SFGFA	18,030	29,026	40,023	51,019	32,989
Convenience Market	851	1,000 SFGFA	47,250	89,953	132,656	175,360	128,110
Discount Supermarket	854	1,000 SFGFA	39,482	43,816	48,151	52,485	13,003
Discount Club	857	1,000 SFGFA	14,910	20,174	25,438	30,702	15,792
Home Improvement Superstore	862	1,000 SFGFA	4,020	6,844	9,669	12,493	8,473
Electronic Superstore	863	1,000 SFGFA	8,030	12,090	16,149	20,209	12,179
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	72,246	80,177	88,108	96,038	23,792
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	12,160	22,028	31,896	41,764	29,604
Furniture Store	890	1,000 SFGFA	510	886	1,262	1,637	1,127
Walk-in Bank	911	1,000 SFGFA	20,600	42,980	65,360	87,740	67,140
Drive-in Bank	912	1,000 SFGFA	33,540	58,414	83,288	108,162	74,622
Drinking Place	925	1,000 SFGFA	67,567	74,984	82,401	89,819	22,252
Quality Restaurant	931	1,000 SFGFA	20,190	27,857	35,524	43,190	23,000
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	27,020	29,722	32,424	35,125	8,105
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	37,010	82,805	128,600	174,395	137,385
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	46,200	78,789	111,377	143,966	97,766
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	215,964	239,672	263,379	287,087	71,123
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	265,271	294,392	323,512	352,633	87,362
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	51,746	57,426	63,107	68,787	17,041
Automobile Parts and Service Center	943	1,000 SFGFA	13,442	14,918	16,393	17,869	4,427
Gasoline/Service Station	944	Fueling Positions	12,357	25,823	39,290	52,756	40,399
Self-Service Car Wash	947	Wash Stalls	8,155	20,037	31,920	43,802	35,647

Exhibit 5: Phase-In Fee Schedule (Previous Study Trip Length Adjustment)

Land Use Category	ITE Code	Unit of Measurement	Current Fee (w/imputed fee)	Year 1	Year 2	Year 3 (Full Impact Fee)	Difference from Year 3 to Current Fee
General Light Industrial	110	1,000 SFGFA	\$ 6,820	\$ 7,187	\$ 7,553	\$ 7,920	\$ 1,100
Industrial Park	130	1,000 SFGFA	5,980	5,663	5,346	5,029	(951)
Manufacturing	140	1,000 SFGFA	3,985	5,464	6,944	8,423	4,438
Mini-Warehouse	151	1,000 SFGFA	2,250	2,212	2,175	2,137	(113)
Single-Family Detached Housing	210	Dwelling Units	5,888	6,534	7,181	7,827	1,939
Multifamily Housing (Low-Rise)	220	Dwelling Units	3,357	3,629	3,900	4,172	815
Mobile Home Park	240	Dwelling Units	2,736	3,036	3,337	3,637	901
Senior Adult Housing - Detached	251	Dwelling Units	1,784	1,980	2,176	2,372	588
Senior Adult Housing - Attached	252	Dwelling Units	1,546	1,716	1,886	2,056	510
Congregate Care Facility	253	Dwelling Units	674	996	1,318	1,640	966
Assisted Living	254	1,000 SFGFA	2,855	2,915	2,976	3,036	181
Hotel	310	Rooms	4,037	7,331	10,625	13,920	9,883
Motel	320	Rooms	4,037	3,833	3,629	3,425	(612)
Multiplex Movie Theater	445	Movie Screens	37,745	49,046	60,347	71,648	33,903
Health/Fitness Club	492	1,000 SFGFA	11,620	16,255	20,890	25,525	13,905
Middle School/Junior High School	522	1,000 SFGFA	7,078	6,506	5,935	5,363	(1,715)
High School	530	1,000 SFGFA	12,171	11,188	10,205	9,222	(2,949)
Church	560	1,000 SFGFA	2,880	4,742	6,605	8,467	5,587
Day Care Center	565	1,000 SFGFA	30,424	5,593	5,102	4,611	(25,813)
Library	590	1,000 SFGFA	13,170	30,286	47,402	64,518	51,348
Hospital	610	1,000 SFGFA	5,270	7,382	9,494	11,606	6,336
Nursing Home	620	1,000 SFGFA	3,019	3,083	3,147	3,210	191
General Office Building	710	1,000 SFGFA	9,360	11,134	12,908	14,682	5,322
Medical-Dental Office Building	720	1,000 SFGFA	17,590	21,535	25,480	29,426	11,836
United States Post Office	732	1,000 SFGFA	20,250	43,044	65,838	88,633	68,383
Office Park	750	1,000 SFGFA	13,513	14,996	16,480	17,963	4,450
Research and Development Center	760	1,000 SFGFA	2,348	2,606	2,863	3,121	773
Business Park	770	1,000 SFGFA	2,498	2,772	3,047	3,321	823
Building Materials and Lumber Store	812	1,000 SFGFA	12,252	13,597	14,942	16,288	4,036
Variety Store	814	1,000 SFGFA	26,851	29,798	32,746	35,693	8,842
Free-Standing Discount Store	815	1,000 SFGFA	10,810	13,401	15,991	18,582	7,772
Hardware/Paint Store	816	1,000 SFGFA	8,620	8,325	8,030	7,735	(885)
Nursery (Garden Center)	817	1,000 SFGFA	11,690	16,756	21,821	26,887	15,197
Shopping Center	820	1,000 SFGFA	5,800	8,150	10,500	12,849	7,049
Automobile Sales (Used)	841	1,000 SFGFA	13,650	22,047	30,444	38,841	25,191
Automobile Parts Sales	843	1,000 SFGFA	8,200	9,081	9,962	10,843	2,643
Tire Store	848	1,000 SFGFA	16,965	14,994	13,022	11,051	(5,914)
Supermarket	850	1,000 SFGFA	18,030	22,224	26,418	30,612	12,582
Convenience Market	851	1,000 SFGFA	47,250	53,128	59,005	64,883	17,633
Discount Supermarket	854	1,000 SFGFA	39,482	43,816	48,151	52,485	13,003
Discount Club	857	1,000 SFGFA	14,910	21,607	28,303	35,000	20,090
Home Improvement Superstore	862	1,000 SFGFA	4,020	5,179	6,337	7,496	3,476
Electronic Superstore	863	1,000 SFGFA	8,030	12,090	16,149	20,209	12,179
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	72,246	63,850	55,455	47,059	(25,187)
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	12,160	14,928	17,696	20,464	8,304
Furniture Store	890	1,000 SFGFA	510	886	1,262	1,637	1,127
Walk-in Bank	911	1,000 SFGFA	20,600	26,309	32,019	37,728	17,128
Drive-in Bank	912	1,000 SFGFA	33,540	37,863	42,186	46,509	12,969
Drinking Place	925	1,000 SFGFA	67,567	74,984	82,401	89,819	22,252
Quality Restaurant	931	1,000 SFGFA	20,190	27,425	34,660	41,895	21,705
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	27,020	29,371	31,721	34,072	7,052
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	37,010	57,808	78,607	99,405	62,395
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	46,200	58,154	70,107	82,061	35,861
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	215,964	239,672	263,379	287,087	71,123
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	265,271	294,392	323,512	352,633	87,362
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	51,746	45,733	39,719	33,706	(18,040)
Automobile Parts and Service Center	943	1,000 SFGFA	13,442	11,880	10,318	8,756	(4,686)
Gasoline/Service Station	944	Fueling Positions	12,357	16,855	21,353	25,850	13,493
Self-Service Car Wash	947	Wash Stalls	8,155	20,037	31,920	43,802	35,647

Exhibit 6: Phase-In Fee Schedule (NHTS Trip Length Adjustment)

Land Use Category	ITE Code	Unit of Measurement	Current Fee (w/imputed fee)	Year 1	Year 2	Year 3 (Full Impact Fee)	Difference from Year 3 to Current Fee
General Light Industrial	110	1,000 SFGFA	\$ 6,820	\$ 6,325	\$ 5,829	\$ 5,334	\$ (1,486)
Industrial Park	130	1,000 SFGFA	5,980	5,116	4,251	3,387	(2,593)
Manufacturing	140	1,000 SFGFA	3,985	4,548	5,110	5,673	1,688
Mini-Warehouse	151	1,000 SFGFA	2,250	1,980	1,710	1,439	(811)
Single-Family Detached Housing	210	Dwelling Units	5,888	6,534	7,181	7,827	1,939
Multifamily Housing (Low-Rise)	220	Dwelling Units	3,357	3,629	3,900	4,172	815
Mobile Home Park	240	Dwelling Units	2,736	3,036	3,337	3,637	901
Senior Adult Housing - Detached	251	Dwelling Units	1,784	1,980	2,176	2,372	588
Senior Adult Housing - Attached	252	Dwelling Units	1,546	1,716	1,886	2,056	510
Congregate Care Facility	253	Dwelling Units	674	1,133	1,591	2,050	1,376
Assisted Living	254	1,000 SFGFA	2,855	3,168	3,482	3,795	940
Hotel	310	Rooms	4,037	7,050	10,063	13,076	9,039
Motel	320	Rooms	4,037	3,764	3,491	3,217	(820)
Multiplex Movie Theater	445	Movie Screens	37,745	54,535	71,324	88,114	50,369
Health/Fitness Club	492	1,000 SFGFA	11,620	15,506	19,392	23,279	11,659
Middle School/Junior High School	522	1,000 SFGFA	7,078	6,601	6,124	5,646	(1,432)
High School	530	1,000 SFGFA	12,171	11,351	10,530	9,710	(2,461)
Church	560	1,000 SFGFA	2,880	3,518	4,156	4,794	1,914
Day Care Center	565	1,000 SFGFA	30,424	5,675	5,264	24,271	(6,153)
Library	590	1,000 SFGFA	13,170	21,686	30,202	38,718	25,548
Hospital	610	1,000 SFGFA	5,270	6,410	7,551	8,691	3,421
Nursing Home	620	1,000 SFGFA	3,019	3,445	3,871	4,297	1,278
General Office Building	710	1,000 SFGFA	9,360	9,830	10,299	10,769	1,409
Medical-Dental Office Building	720	1,000 SFGFA	17,590	19,394	21,197	23,001	5,411
United States Post Office	732	1,000 SFGFA	20,250	45,138	70,026	94,914	74,664
Office Park	750	1,000 SFGFA	13,513	15,421	17,328	19,236	5,723
Research and Development Center	760	1,000 SFGFA	2,348	2,679	3,011	3,342	994
Business Park	770	1,000 SFGFA	2,498	2,851	3,203	3,556	1,058
Building Materials and Lumber Store	812	1,000 SFGFA	12,252	11,775	11,299	10,822	(1,430)
Variety Store	814	1,000 SFGFA	26,851	25,806	24,761	23,717	(3,134)
Free-Standing Discount Store	815	1,000 SFGFA	10,810	14,066	17,322	20,578	9,768
Hardware/Paint Store	816	1,000 SFGFA	8,620	9,243	9,866	10,489	1,869
Nursery (Garden Center)	817	1,000 SFGFA	11,690	19,947	28,203	36,460	24,770
Shopping Center	820	1,000 SFGFA	5,800	9,675	13,549	17,424	11,624
Automobile Sales (Used)	841	1,000 SFGFA	13,650	15,667	17,684	19,701	6,051
Automobile Parts Sales	843	1,000 SFGFA	8,200	10,368	12,535	14,703	6,503
Tire Store	848	1,000 SFGFA	16,965	16,305	15,645	14,985	(1,980)
Supermarket	850	1,000 SFGFA	18,030	23,320	28,610	33,900	15,870
Convenience Market	851	1,000 SFGFA	47,250	70,340	93,429	116,519	69,269
Discount Supermarket	854	1,000 SFGFA	39,482	37,946	36,410	34,874	(4,608)
Discount Club	857	1,000 SFGFA	14,910	16,740	18,570	20,400	5,490
Home Improvement Superstore	862	1,000 SFGFA	4,020	5,447	6,874	8,301	4,281
Electronic Superstore	863	1,000 SFGFA	8,030	9,829	11,629	13,428	5,398
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	72,246	69,435	66,624	63,813	(8,433)
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	12,160	17,357	22,554	27,750	15,590
Furniture Store	890	1,000 SFGFA	510	703	895	1,088	578
Walk-in Bank	911	1,000 SFGFA	20,600	33,166	45,733	58,299	37,699
Drive-in Bank	912	1,000 SFGFA	33,540	46,316	59,092	71,869	38,329
Drinking Place	925	1,000 SFGFA	67,567	64,938	62,309	59,680	(7,887)
Quality Restaurant	931	1,000 SFGFA	20,190	23,026	25,862	28,698	8,508
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	27,020	25,793	24,566	23,339	(3,681)
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	37,010	63,299	89,589	115,878	78,868
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	46,200	62,686	79,173	95,659	49,459
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	215,964	207,562	199,159	190,757	(25,207)
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	265,271	254,950	244,630	234,309	(30,962)
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	51,746	49,733	47,719	45,706	(6,040)
Automobile Parts and Service Center	943	1,000 SFGFA	13,442	12,919	12,396	11,873	(1,569)
Gasoline/Service Station	944	Fueling Positions	12,357	19,923	27,488	35,054	22,697
Self-Service Car Wash	947	Wash Stalls	8,155	15,138	22,121	29,105	20,950

As stated previously FCS GROUP recommends the fee schedule contained in **Exhibit 4**, without a trip length adjustment. However, if the City decides to use a trip length adjustment, we believe the NHTS trip length adjustments shown in **Exhibit 6** are more defensible than the trip length adjustments from the previous study shown in **Exhibit 5**.

REGIONAL COMPARISON

FCS GROUP also surveyed other Western Washington communities to determine if their transportation impact fees used a trip length adjustment. The results are shown in **Exhibit 7**.

Exhibit 7: Regional Methodology Comparison

City	TL Adj.?	Source
Sammamish	Yes	FCSG study in process
Renton	Yes	Uncited
Issaquah	No	N/A
Kirkland (current)	Yes	Pinellas Co (FL)
Redmond	Yes	Redmond specific data
Shoreline	Yes	Uncited
Bellevue	Yes	Pinellas Co (FL)

OTHER QUESTIONS

There were two other questions noted by the City Council. One was the apparently high fee for espresso stands and other land use types that are typically less than 1,000 sq. ft. An example of the fee for a 250 s.f. espresso stand is shown in **Exhibit 8** for each of the trip length adjustment options outlined above.

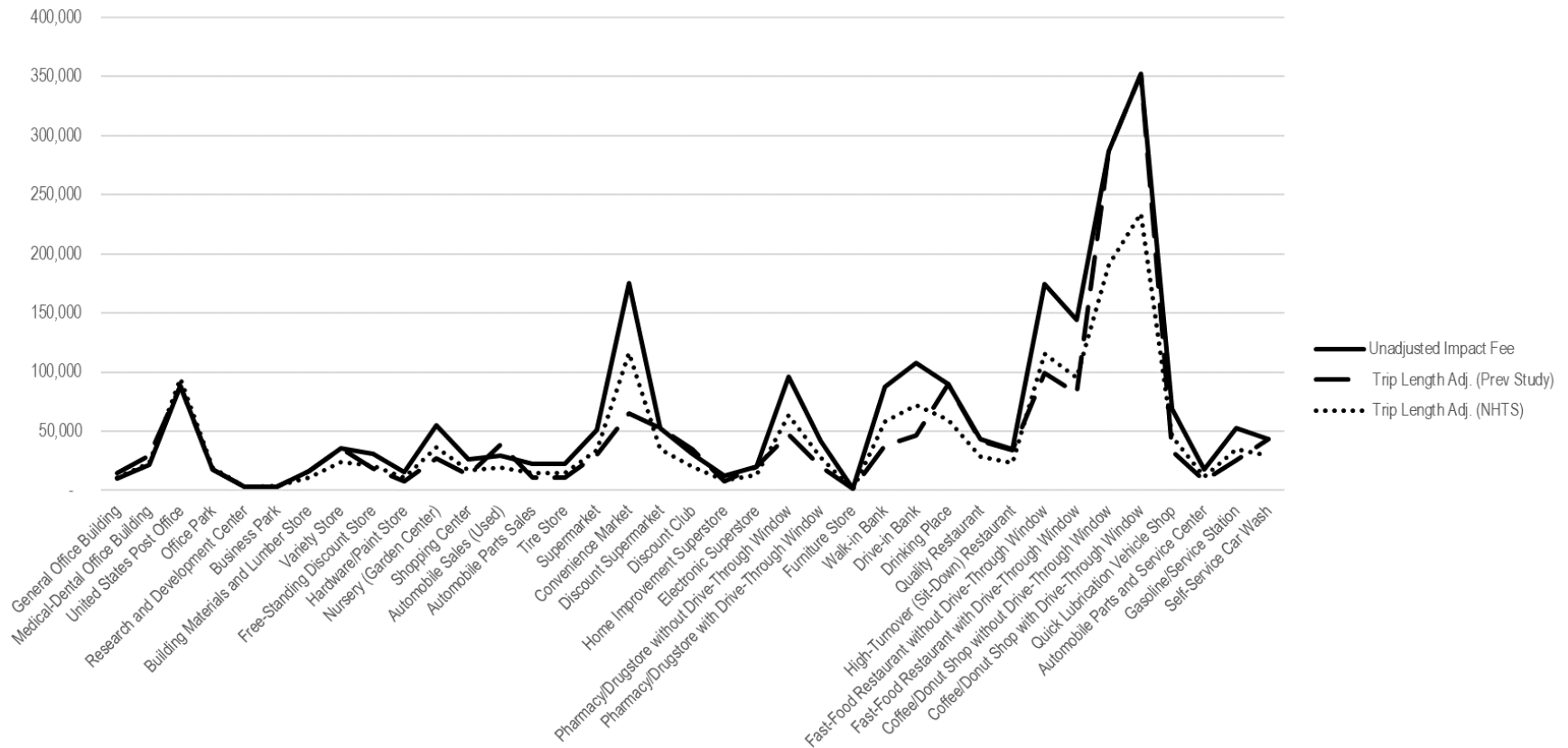
Exhibit 8: Actual Fee Example for a 250 SF Drive-Through Espresso Stand

Option	Fee per 1,000 SF	Fee for Espresso Stand
No TL Adj.	\$ 352,633	\$ 88,158
Prev Study Adj.	352,633	88,158
NHTS Adj.	234,309	58,577

As can be seen, the effective fee for an espresso stand would be significantly lower, although still a large amount. This reflects the high number of trips that a drive-through espresso stand generates.

Finally, another question raised by Council was that the fee for a fast-food restaurant without a drive-through window (ITE code #933) is greater than the fee for a fast-food restaurant with a drive-through window (ITE code #934). This is due to a pass-by trip adjustment factor 0.50 for land use code #934. The *ITE 10th Generation Trip Manual* documents that about half of trips to a fast-food restaurant with a drive-through window are pass-by trips, or trips where the land use is neither the origin nor final destination. Since these trips would occur regardless of that specific land use, it is inappropriate to charge the pass-by land use, since its existence has not generated that trip. If the City is aware of a data source documenting a pass-by trip adjustment for a fast-food restaurant without a drive-through window, it could be incorporated into the analysis.

APPENDIX – FEE COMPARISON BY TRIP LENGTH ADJUSTMENT



City of Kirkland, WA

TRANSPORTATION IMPACT FEE UPDATE

Final Report
July 2021

Washington

7525 166th Avenue NE, Ste. D215
Redmond, WA 98052
425.867.1802

Oregon

5335 Meadows Road, Suite 330
Lake Oswego, OR 97035
503.841.6543

Colorado

PO Box 19114
Boulder, CO 80301-9998
719.284.9168

www.fcsgroup.com

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FCS GROUP
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Section I. INTRODUCTION

The City of Kirkland, Washington (City) is a growing city with increasing demands for transportation infrastructure. To help offset the costs that these demands place upon the City, the City imposes a transportation impact fee on new development in the City. This fee is intended to recover an equitable share of system costs from growth, recognizing both the investments in infrastructure that the City has made and the future investments that the City will have to make to provide capacity to serve growth. The transportation impact fee (TIF) was last studied in 2015, and the City Council adopted transportation impact fees based on that study, which became effective in 2016. The fees have been indexed to inflation over the intervening time period and have thus increased every year. In 2020, the City contracted with FCS GROUP to update the fee. The City has not completed a new transportation master plan since the previous study, so this update relies on the same project list and trip assumptions as the previous study. Once a new transportation master plan is available, the transportation impact fees should be updated. In addition, the City requested an initial impact fee for its fire and emergency medical services, and an update to its park impact fees. These are included in a separate report.

Consistent with these objectives, this study included the following key elements:

- **Overview of Washington Laws and Methodology Alternatives.** We worked with City staff to examine previous impact fee methodologies and evaluate alternative approaches in compliance with Washington law.
- **Develop Policy Framework.** We worked with City staff to identify, analyze, and agree on key policy issues and direction.
- **Technical Analysis.** In this step, we worked with City staff to resolve technical issues, isolate the recoverable portion of existing and planned facilities costs, and calculate fee alternatives. The most important technical consideration involves the identification and inclusion of planned capacity-increasing project costs.
- **Documentation and Presentation.** In this step, we presented preliminary findings to the City Council and summarized findings and recommendations in this report.

Section II. IMPACT FEE LEGAL OVERVIEW

Impact fees are enabled by state statutes, authorized by local ordinance, and constrained by the United States Constitution. Impact fees allow cities to recover some of the cost of expanding public facilities necessitated by growth. These fees allow “growth to pay for growth” in a fair and equitable manner. Impact fees have a specific definition and associated constraints in the state of Washington. Impact fees are allowed under RCW 82.02.050 through 82.02.110 and are permitted for:

- Public streets and roads
- Publicly owned parks, open space, and recreation facilities
- School facilities
- Fire protection facilities

The statute provides specific guidance on the permissible methodology for calculating impact fees. This guidance can be broken down into three major categories:

1. Eligibility Requirements. RCW 82.02.050(3) states that impact fees:

- a. Shall only be imposed for system improvements that are reasonably related to the new development;
- b. Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and;
- c. Shall only be used for system improvements that will reasonably benefit the new development.

These requirements, which exist to protect developers, ensure that impact fees are based on—and spent for—capacity that will directly or indirectly serve new development. That is why careful scrutiny is given to the included project list. Moreover, the impact fee that a developer pays must represent that particular development’s fair share of required capacity. That is why developments pay a unique fee based on land use, anticipated occupancy, and size.

Additionally, RCW 82.02.050(5) states that “Impact fees may be collected and spent only for the public facilities . . . which are addressed by the capital facilities plan element of a comprehensive land use plan.” This means that if a project is not listed in the adopted capital facilities plan element, then it is not eligible to be included in impact fee calculations.

2. Cost Basis. RCW 82.02.060(1) outlines the cost basis of impact fee calculations, stating that the basis must consider:

- a. The cost of public facilities necessitated by new development;
- b. An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or pro-ratable to the particular system improvement;

- c. The availability of other means of funding public facility improvements;
- d. The cost of existing public facilities improvements; and
- e. The methods by which public facilities improvements were financed.

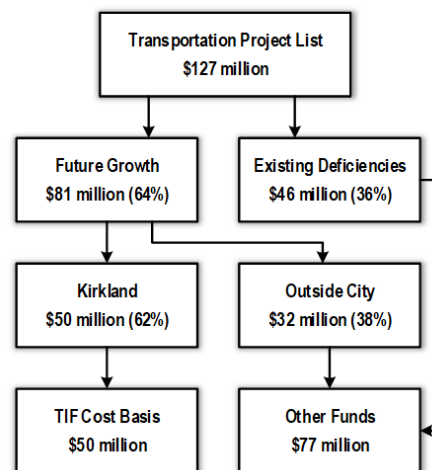
This means that adjustments to the impact fee cost basis must be made for the amount of outstanding debt used to pay for capital facility improvements, as well as other methods of funding public facilities improvements.

3. **Customer Base.** The costs determined to be eligible must be proportionately allocated across the projected customer base.

Section III. TECHNICAL ANALYSIS

FCS GROUP generally followed the same methodology as the City's previous transportation impact fee, analyzed in 2015. Thus, a good starting point is the 2015 study itself. **Exhibit 1** summarizes the derivation of the TIF cost basis. The transportation project list is allocated between projects serving future growth and addressing existing deficiencies, and then between growth inside and outside the City of Kirkland. Only costs associated with future growth within the City are eligible to be included in the impact fee cost basis.

Exhibit 1
2015 Study Methodology & Results



III.A. PROJECT LIST

The first step is to compile the transportation project list. FCS GROUP used the same project list as the previous study, with adjustments made for updated costs. For projects that have been completed, actual costs were used. Projects projected to be completed by 2026 utilized the cost shown in the City's current CIP, and projects to be completed after 2026 costs were escalated to 2021 dollars from the previous study's assumptions. This resulted in an increased transportation project list total of \$186 million, an increase of \$59 million.

The next step is to allocate each project between the portion that serves future growth within the City and the portion that addresses existing deficiencies. In order to remain consistent with estimated planning period growth, each project was allocated using the same percentages as the previous study. This resulted in \$51 million being allocated to curing existing deficiencies, and \$134 million being allocated to growth.

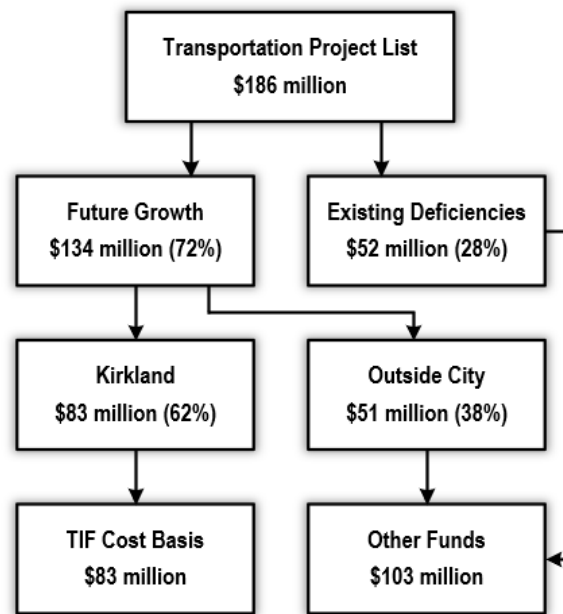
Of the costs allocated to future growth, \$52 million were allocated to growth outside of the City, with the remaining \$83 million allocated to growth inside the City. This is the transportation impact fee cost basis. The project list, with associated deficiency and inside city percentages, can be found in **Exhibit 2**.

Exhibit 2 Project List

TMP Project	TMP Description	2021 \$ Total	Deficiency Percentage (From Prev Study)	Costs Attributable to Growth	Percentage of Growth Within Kirkland (From Prev Study)	Growth Cost Allocated to Impact Fees
TR0096	NE 132nd St/124th Ave NE Intersect'n Imp	7,229,000	0%	7,229,000	51%	3,686,790
TR0093	NE 132nd St/Juanita H.S. Access Rd Intersect'n Imp	1,797,400	0%	1,797,400	51%	916,674
PT0002	Public Transit Speed and Reliability Improvements	633,000	75%	158,250	90%	142,425
PT0003	Public Transit Passenger Environment Improvements	633,000	75%	158,250	90%	142,425
ST0078	NE 132nd St Rdwy Imprv-Phase II (Mid Section)	400,000	0%	400,000	51%	204,000
TR0092	NE 116th St/124th Ave NE N-bound Dual Left Turn Lanes	1,284,720	0%	1,284,720	51%	655,207
TR0095	NE 132nd St/Fire Stn Access Dr Intersect'n Imp	464,000	0%	464,000	51%	236,640
TR0091	NE 124th St/124th Ave NE Intersection Imp	398,500	0%	398,500	51%	203,235
ST0077	NE 132nd St Rdwy Imprv-Phase I (West Section)	1,706,000	0%	1,706,000	51%	870,060
ST0081	Tolem Lake Area Development Opportunity Program	500,000	0%	500,000	0%	-
ST0079	NE 132nd St Rdwy Imprv-Phase III (East Section)	1,416,000	0%	1,416,000	51%	722,160
TR0097	NE 132nd St/132nd Ave NE Intersect'n Imp	1,125,000	0%	1,125,000	51%	573,750
NM0012999	Crosswalk Upgrade Program	5,188,000	0%	5,188,000	95%	4,928,600
TR0125	Kirkland ITS Implementation Phase 4	3,316,000	0%	3,316,000	57%	1,890,120
NM8888100	On-street Bicycle Network	5,568,000	75%	1,392,000	80%	1,113,600
NM0090100	Juanita Drive Bicycle and Pedestrian Improvements	13,476,000	75%	3,369,000	55%	1,852,950
ST0063	120th Avenue NE Roadway Improvements	5,694,000	0%	5,694,000	68%	3,871,920
TR0094	NE 132nd St/108th Avenue NE Intersect'n Imp	1,287,100	0%	1,287,100	51%	656,421
NM9999100	Sidewalk Completion Program	7,715,000	0%	7,715,000	95%	7,329,250
NM0086003	CKC Roadway Crossings	4,265,000	75%	1,066,250	80%	853,000
ST0072	NE 120th Street Roadway Improvements (West Section)	19,968,000	0%	19,968,000	59%	11,781,120
NM0012001	NE 116th St Crosswalk	430,000	0%	430,000	95%	408,500
NM0012002	NE 124th St Crosswalk	370,000	0%	370,000	95%	351,500
NM0012003	132nd Ave NE Crosswalk	250,000	0%	250,000	95%	237,500
NM0087001	N. Kirkland / JFK School	1,002,000	0%	1,002,000	95%	951,900
NM0090	Juanita Drive Quick-Wins	1,930,310	0%	1,930,310	55%	1,061,671
NM0090001	Juanita Drive Multi-Modal	536,000	0%	536,000	55%	294,800
NM0113001	Citywide Greenways Project 75th St	504,059	75%	126,015	90%	113,413
NM0113002	Citywide Greenways Project 128th St	1,284,241	75%	321,060	90%	288,954
NM0115	CKC Emergent Projects Opportunity Fund	405,000	75%	101,250	80%	81,000
ST0083101	100th Ave NE Design	3,249,700	0%	3,249,700	52%	1,689,844
ST0083102	100th Ave NE Construction	17,318,601	0%	17,318,601	52%	9,005,673
TR0122	Tolem Lake Intersection Improvements	6,000,000	0%	6,000,000	51%	3,060,000
NM0086001	NE 124th St / 124th Ave NE Bridge Design	-	0%	-	51%	-
TR0098	NE 132nd St/116th Way NE (I-405) Intersect'n Imp	502,125	0%	502,125	51%	256,084
ST0059	124th Ave NE Roadway Improvements (North Section)	11,616,700	0%	11,616,700	51%	5,924,517
NM0089	Lake Front Ped/Bike Improvements	1,552,118	75%	388,029	80%	310,424
NM0095	124th Ave Sidewalk	2,489,895	0%	2,489,895	95%	2,365,400
ST0089	Juanita Drive Auto Improvements	8,732,200	0%	8,732,200	55%	4,802,710
NM0086002	NE 124th St / 124th Ave NE Bridge Construction	22,361,517	75%	5,590,379	51%	2,851,093
NM0006100	Street Levy Safe School Walk Routes	3,000,000	75%	750,000	95%	712,500
NM0007 (NMC0070)	Cross Kirkland Corridor Connection - NE 52nd Street Sidewalk	1,119,878	75%	279,969	80%	223,976
NM0012	Crosswalk Upgrade Program	70,274	75%	17,568	95%	16,690
NM0087	Citywide School Walk Route Enhancements	3,975,989	75%	993,997	95%	944,297
NM0098	Kirkland Way Sidewalk	2,683,000	75%	670,750	95%	637,213
NM0113	Citywide Greenways Networks	2,400,000	75%	600,000	90%	540,000
TR0079001	NE 85th St/114th Ave Intersection Phase 2	-	-	-	-	-
TR0082	Central Way/Park Place Traffic Signal	-	-	-	-	-
TR0099	120th Ave/Tolem Lake Way Intersection	-	-	-	-	-
TR0100100	6th St/Central Way Intersection Phase 2	-	-	-	-	-
TR0103	Central Way/4th St Intersection	-	-	-	-	-
TR0104	6th St/4th St Intersection	-	-	-	-	-
TR0105	Central Way/5th St Intersection	-	-	-	-	-
TR0109	Tolem Lake Plaza/Tolem Lake Blvd Intersection Improvements	-	-	-	-	-
TR0110	Tolem Lake Plaza/120th Ave NE Intersection	-	-	-	-	-
TR0120	Kirkland Intelligent Transportation System Phase 3	3,200,000	0%	3,200,000	57%	1,824,000
NM0113999	Citywide Greenway Network	4,650,000	75%	1,162,500	90%	1,046,250
Total		\$ 185,697,327		\$ 134,261,520		\$ 82,630,255

Some projects are not included in the cost calculation, and thus show at zero cost in the table, because they are funded by developers or outside parties. The summarized cost basis calculation is shown in **Exhibit 3**.

Exhibit 3 Updated Study Methodology & Results



As can be seen, the total TIF cost basis increased by \$33 million, compared to an overall project cost list increase of \$59 million. Thus, slightly more than half of the projected cost increases ultimately flow-through to the TIF cost basis of \$83 million.

III.B. ADJUSTMENTS

The City's existing transportation impact fee fund balance (\$1.7 million) was deducted from the TIF cost basis to account for the City's existing resources to fund the project list. This resulted in a final adjusted cost basis of \$81 million.

III.C. TRIP-ENDS

The adjusted cost basis is then divided by growth in the number of person trip-ends. Specifically, it is based on growth in the number of PM peak-hour person trip ends, which represents the maximum period of constraint on the City's transportation infrastructure. As noted previously, this update uses the same number as the 2015 study, 15,000.

III.D. FEE PER TRIP-END

The fee calculation is summarized in **Exhibit 4**.

Exhibit 4		
Fee Calculation		
Eligible Cost Basis	\$	82,630,255
<i>less: Existing TIF fund balance</i>		<u>(1,660,800)</u>
Net Allocable Growth Cost	\$	80,969,455
New PM Peak-Hour Person Trip Er		15,000
Cost per New Person Trip End	\$	5,398

This results in a new cost per PM Peak-Hour Person Trip End of \$5,398, an increase of \$2,056 from the 2015 study result of \$3,342.

III.E. FEE SCHEDULE

The final step is to convert the cost per trip end into a fee for various land-use types. Each land use type generates a different number of trip ends. FCS GROUP uses data from the *Institute of Transportation Engineers Trip Generation Manual* (10th edition), adjusted to approximate person rather than vehicle trips. By multiplying the number of person trip ends for each land use by the cost calculated in **Exhibit 5**, a fee schedule can be calculated, as shown in **Exhibit 5**. It is important to note that the PM Peak Hour Person Trip factors shown in **Exhibit 5** also reflect a reduction for pass-by trips for certain land uses. Unlike the previous study, the factors do not include an adjustment for trip length by land use. Available empirical data on average trip lengths is not sufficient to incorporate into the analysis at this time.

**Exhibit 5a
Fee Schedule**

Land Use Category	ITE Code	Unit of Measurement	PM Peak Hour Person Trip Ends	Impact Fee
General Light Industrial	110	1,000 SFGFA	0.92	\$ 4,981
Industrial Park	130	1,000 SFGFA	0.59	3,163
Manufacturing	140	1,000 SFGFA	0.98	5,297
Mini-Warehouse	151	1,000 SFGFA	0.25	1,344
Single-Family Detached Housing	210	Dwelling Units	1.45	7,827
Multifamily Housing (Low-Rise)	220	Dwelling Units	0.77	4,172
Residential Suite	231	Dwelling Units	0.50	2,682
Mobile Home Park	240	Dwelling Units	0.67	3,637
Senior Adult Housing - Detached	251	Dwelling Units	0.44	2,372
Senior Adult Housing - Attached	252	Dwelling Units	0.38	2,056
Congregate Care Facility	253	Dwelling Units	0.38	2,050
Assisted Living	254	1,000 SFGFA	0.70	3,795
Hotel	310	Rooms	2.26	12,210
Motel	320	Rooms	0.56	3,004
Multiplex Movie Theater	445	Movie Screens	20.11	108,557
Health/Fitness Club	492	1,000 SFGFA	5.31	28,679
Middle School/Junior High School	522	1,000 SFGFA	1.74	9,409
High School	530	1,000 SFGFA	3.00	16,179
Church	560	1,000 SFGFA	1.48	7,988
Day Care Center	565	1,000 SFGFA	7.49	40,444
Library	590	1,000 SFGFA	11.95	64,518
Hospital	610	1,000 SFGFA	1.50	8,116
Nursing Home	620	1,000 SFGFA	0.74	4,013
General Office Building	710	1,000 SFGFA	1.86	10,056
Medical-Dental Office Building	720	1,000 SFGFA	3.98	21,478
United States Post Office	732	1,000 SFGFA	16.42	88,633
Office Park	750	1,000 SFGFA	3.33	17,963
Research and Development Center	760	1,000 SFGFA	0.58	3,121
Business Park	770	1,000 SFGFA	0.62	3,321

Exhibit 5b
Fee Schedule Continued

Land Use Category	ITE Code	Unit of Measurement	PM Peak Hour Person Trip Ends	Impact Fee
Building Materials and Lumber Store	812	1,000 SFGFA	3.02	16,288
Variety Store	814	1,000 SFGFA	6.61	35,693
Free-Standing Discount Store	815	1,000 SFGFA	5.74	30,970
Hardware/Paint Store	816	1,000 SFGFA	2.92	15,786
Nursery (Garden Center)	817	1,000 SFGFA	10.17	54,872
Shopping Center	820	1,000 SFGFA	4.86	26,223
Automobile Sales (Used)	841	1,000 SFGFA	5.49	29,650
Automobile Parts Sales	843	1,000 SFGFA	4.10	22,128
Tire Store	848	1,000 SFGFA	4.18	22,552
Supermarket	850	1,000 SFGFA	9.45	51,019
Convenience Market	851	1,000 SFGFA	32.49	175,360
Discount Supermarket	854	1,000 SFGFA	9.72	52,485
Discount Club	857	1,000 SFGFA	5.69	30,702
Home Improvement Superstore	862	1,000 SFGFA	2.31	12,493
Electronic Superstore	863	1,000 SFGFA	3.74	20,209
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	17.79	96,038
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	7.74	41,764
Furniture Store	890	1,000 SFGFA	0.30	1,637
Walk-in Bank	911	1,000 SFGFA	16.25	87,740
Drive-in Bank	912	1,000 SFGFA	20.04	108,162
Drinking Place	925	1,000 SFGFA	16.64	89,819
Quality Restaurant	931	1,000 SFGFA	8.00	43,190
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	6.51	35,125
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	32.31	174,395
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	26.67	143,966
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	53.18	287,087
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	65.33	352,633
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	12.74	68,787
Automobile Parts and Service Center	943	1,000 SFGFA	3.31	17,869
Gasoline/Service Station	944	Fueling Positions	9.77	52,756
Self-Service Car Wash	947	Wash Stalls	8.11	43,802

III.F. REGIONAL COMPARISON

FCS GROUP conducted a regional comparison to determine how the proposed fees would compare to select jurisdictions in Western Washington. The results of this comparison are shown in **Exhibit 6**.

Exhibit 6
Regional Comparison

City	per SFR
Sammamish	\$ 14,204
Renton	10,862
Issaquah	9,173
Kirkland (calculated maximum)	7,827
Redmond	7,729
Shoreline	7,112
Bellevue	7,060
Kirkland (existing)	5,888

Section IV. IMPLEMENTATION

There are several issues related to the implementation of the updated TIFs, described below.

IV.A. FUNDING PLAN

The fees calculated in this report represent the maximum amounts that the City can legally charge. However, even if the City imposes the full calculated fee, impact fees alone will not be sufficient to complete the project list, as indicated by the funding plan below. The City will need to identify other funding sources to carry out the program, including Real Estate Excise Tax, other City tax and fee revenues, and grants.

Exhibit 7
Funding Plan

Total Costs to be Funded	\$	185,697,327
less: Impact Fee Revenue		(80,969,455)
less: Existing Fund Balance		(1,660,800)
Remainder to be Funded	\$	103,067,071

IV.B. INDEXING

The City already annually indexes its impact fees to the *Engineering News-Record* Construction Cost Index. We recommend that the City continue this practice for its transportation impact fee, as it provides an adjustment which at least partially responds to the cost basis over time. We also recommend that the City continue its practice of periodically updating its impact fees to ensure that they recover the full cost of growth's impacts on City facilities. Specifically, we recommend that the City update its TIFs in conjunction with its new transportation master plan.

IV.C. PHASE-IN

Due to the large increase in the calculated impact fees, City staff suggested the adoption of a 3-year phase-in approach, where TIFs would not reach the calculated maximum until the third year after the adoption of this study. A proposed phase-in schedule from the current fee per person trip end to the calculated fee per person trip end is provided in **Exhibit 8**, along with the phase-in schedule for single-family and multifamily dwellings.

Exhibit 8
Phase-In Schedule

	Current	Year 1	Year 2	Year 3
Fee per Person-Trip	\$4,061	\$4,507	\$4,952	\$5,398
Single-Family	\$5,888	\$6,534	\$7,181	\$7,827
Multifamily	\$3,357	\$3,629	\$3,900	\$4,172

In addition, phase-in schedules for two sample multi-use projects are shown in **Exhibit 9**. The first, “South Tower”, consists of 266,054 sq. ft. of office space, 12,335 sq. ft. of retail/shopping, and an 8-screen movie theater. The second, “MRM Building”, consists of 171 multi-family dwelling units, as well as a 19,795 sq. ft. supermarket. The cost of each is shown below.

Exhibit 9a
Phase-In Schedule (South Tower)

	Office	Retail/Shopping	Movie Theater	Total
Unit	266,054 Sq. Ft.	12,335 Sq. Ft.	8 Screens	n/a
Current Rate	\$9.36	\$5.80	\$37,745.00	n/a
Current Fee	\$2,490,265.44	\$71,543.00	\$301,960.00	\$2,863,768.44
Year 1 Rate	\$9.59	\$12.61	\$61,349.02	n/a
Year 2 Rate	\$9.82	\$19.42	\$84,953.05	n/a
Year 3 Rate	\$10.06	\$26.22	\$108,557.07	n/a
Year 1 Fee	\$2,555,026.00	\$155,515.86	\$490,792.18	\$3,198,334.04
Year 2 Fee	\$2,613,786.57	\$239,488.71	\$679,624.37	\$3,532,899.65
Year 3 Fee	\$2,675,547.13	\$323,461.57	\$868,457.55	\$3,867,465.25

Exhibit 9b
Phase-In Schedule (MRM Building)

	Residential	Supermarket	Subtotal	less: Credits	Total
Unit	171 Dwelling Units	19,795 Sq. Ft.	n/a	n/a	n/a
Current Rate	\$3,357.00	\$18.03	n/a	n/a	n/a
Current Fee	\$577,125.00	\$356,903.85	\$934,028.85	(\$198,974.88)	\$735,053.97
Year 1 Rate	\$3,628.67	\$29.03	n/a	n/a	n/a
Year 2 Rate	\$3,900.33	\$40.02	n/a	n/a	n/a
Year 3 Rate	\$4,172.00	\$51.02	n/a	n/a	n/a
Year 1 Fee	\$620,502.00	\$574,578.72	\$1,195,080.72	(\$198,974.88)	\$996,105.84
Year 2 Fee	\$666,957.00	\$792,253.60	\$1,459,210.60	(\$198,974.88)	\$1,260,235.72
Year 3 Fee	\$713,412.00	\$1,009,928.47	\$1,723,340.47	(\$198,974.88)	\$1,524,365.59

APPENDIX: FEE PHASE-IN SCHEDULE

This appendix contains the full transportation impact fee schedule, with the phase-in for years 1, 2, and 3. Some land use codes did not have current transportation impact fees listed in the City's 2021 impact fee schedule, or the unit of measurement was different than ITE's *10th Generation Trip Manual*. In those cases, the base fee to begin the phase-in was imputed based on the 2021 fee per trip-end of \$4,060.66.

Exhibit A-1 Transportation Impact Fee Phase-In Schedule

Land Use Category	ITE Code	Unit of Measurement	Current Fee (w/imputed fee)	Year 1	Year 2	Year 3 (Full Impact Fee)
General Light Industrial	110	1,000 SFGFA	\$ 6,820	\$ 6,207	\$ 5,594	\$ 4,981
Industrial Park	130	1,000 SFGFA	5,980	5,041	4,102	3,163
Manufacturing	140	1,000 SFGFA	3,985	4,422	4,860	5,297
Mini-Warehouse	151	1,000 SFGFA	2,250	1,948	1,646	1,344
Single-Family Detached Housing	210	Dwelling Units	5,888	6,534	7,181	7,827
Multifamily Housing (Low-Rise)	220	Dwelling Units	3,357	3,629	3,900	4,172
Mobile Home Park	240	Dwelling Units	2,736	3,036	3,337	3,637
Senior Adult Housing - Detached	251	Dwelling Units	1,784	1,980	2,176	2,372
Senior Adult Housing - Attached	252	Dwelling Units	1,546	1,716	1,886	2,056
Congregate Care Facility	253	Dwelling Units	674	1,133	1,591	2,050
Assisted Living	254	1,000 SFGFA	2,855	3,168	3,482	3,795
Hotel	310	Rooms	4,037	6,761	9,486	12,210
Motel	320	Rooms	4,037	3,693	3,349	3,004
Multiplex Movie Theater	445	Movie Screens	37,745	61,349	84,953	108,557
Health/Fitness Club	492	1,000 SFGFA	11,620	17,306	22,993	28,679
Middle School/Junior High School	522	1,000 SFGFA	7,078	7,855	8,632	9,409
High School	530	1,000 SFGFA	12,171	13,507	14,843	16,179
Church	560	1,000 SFGFA	2,880	4,583	6,285	7,988
Day Care Center	565	1,000 SFGFA	30,424	33,764	37,104	40,444
Library	590	1,000 SFGFA	13,170	30,286	47,402	64,518
Hospital	610	1,000 SFGFA	5,270	6,219	7,167	8,116
Nursing Home	620	1,000 SFGFA	3,019	3,350	3,681	4,013
General Office Building	710	1,000 SFGFA	9,360	9,592	9,824	10,056
Medical-Dental Office Building	720	1,000 SFGFA	17,590	18,886	20,182	21,478
United States Post Office	732	1,000 SFGFA	20,250	43,044	65,838	88,633
Office Park	750	1,000 SFGFA	13,513	14,996	16,479	17,963
Research and Development Center	760	1,000 SFGFA	2,348	2,606	2,863	3,121
Business Park	770	1,000 SFGFA	2,498	2,772	3,047	3,321

Exhibit A-2
Transportation Impact Fee Phase-In Schedule

Land Use Category	ITE Code	Unit of Measurement	Current Fee (w/imputed fee)	Year 1	Year 2	Year 3 (Full Impact Fee)
Building Materials and Lumber Store	812	1,000 SFGFA	12,252	13,597	14,942	16,288
Variety Store	814	1,000 SFGFA	26,851	29,798	32,746	35,693
Free-Standing Discount Store	815	1,000 SFGFA	10,810	17,530	24,250	30,970
Hardware/Paint Store	816	1,000 SFGFA	8,620	11,009	13,397	15,786
Nursery (Garden Center)	817	1,000 SFGFA	11,690	26,084	40,478	54,872
Shopping Center	820	1,000 SFGFA	5,800	12,608	19,415	26,223
Automobile Sales (Used)	841	1,000 SFGFA	13,650	18,983	24,316	29,650
Automobile Parts Sales	843	1,000 SFGFA	8,200	12,843	17,485	22,128
Tire Store	848	1,000 SFGFA	16,965	18,827	20,690	22,552
Supermarket	850	1,000 SFGFA	18,030	29,026	40,023	51,019
Convenience Market	851	1,000 SFGFA	47,250	89,953	132,656	175,360
Discount Supermarket	854	1,000 SFGFA	39,482	43,816	48,151	52,485
Discount Club	857	1,000 SFGFA	14,910	20,174	25,438	30,702
Home Improvement Superstore	862	1,000 SFGFA	4,020	6,844	9,669	12,493
Electronic Superstore	863	1,000 SFGFA	8,030	12,090	16,149	20,209
Pharmacy/Drugstore without Drive-Through Window	880	1,000 SFGFA	72,246	80,176	88,107	96,038
Pharmacy/Drugstore with Drive-Through Window	881	1,000 SFGFA	12,160	22,028	31,896	41,764
Furniture Store	890	1,000 SFGFA	510	886	1,262	1,637
Walk-in Bank	911	1,000 SFGFA	20,600	42,980	65,360	87,740
Drive-in Bank	912	1,000 SFGFA	33,540	58,414	83,288	108,162
Drinking Place	925	1,000 SFGFA	67,567	74,984	82,401	89,819
Quality Restaurant	931	1,000 SFGFA	20,190	27,857	35,524	43,190
High-Turnover (Sit-Down) Restaurant	932	1,000 SFGFA	27,020	29,722	32,424	35,125
Fast-Food Restaurant without Drive-Through Window	933	1,000 SFGFA	37,010	82,805	128,600	174,395
Fast-Food Restaurant with Drive-Through Window	934	1,000 SFGFA	46,200	78,789	111,377	143,966
Coffee/Donut Shop without Drive-Through Window	936	1,000 SFGFA	215,964	239,671	263,379	287,087
Coffee/Donut Shop with Drive-Through Window	937	1,000 SFGFA	265,271	294,391	323,512	352,633
Quick Lubrication Vehicle Shop	941	1,000 SFGFA	51,746	57,426	63,107	68,787
Automobile Parts and Service Center	943	1,000 SFGFA	13,442	14,918	16,393	17,869
Gasoline/Service Station	944	Fueling Positions	12,357	25,823	39,290	52,756
Self-Service Car Wash	947	Wash Stalls	8,155	20,037	31,920	43,802