



**DEPARTMENT OF PLANNING
AND COMMUNITY DEVELOPMENT**

Application of Park Impact Fees

1. Authority

The Department of Planning and Community Development has established procedural policies and guidelines, authorized under Lake Stevens Municipal Code (LSMC) 14.04.120(a), which state city departments may administratively adopt guidelines, standards, reference materials, forms, or other documents that aide the public, applicant, staff, or decision-maker in interpreting and administering the Lake Stevens Municipal Code.

2. Intent

Clarify how the city can spend park impact fees previously collected from different sources.

3. Analysis

The Lake Stevens City Council adopted Ordinance 794, which updated Chapter 14.120 LSMC (Park Impact Mitigation Fees). Chapter 14.120 LSMC establishes the rationale and methodology for collecting park impact fees. Subsequently, the Lake Stevens City Council adopted a park impact fee by Resolution 2009-10. The impact fee that City Council adopted was based on a land acquisition formula to support the city's identified level of service for parks based on residential growth, pursuant to LSMC 14.120.080.

As written, Ordinance 794 reflects City Council's desire to have a flexible park impact fee program for system improvements, as allowed by the Revised Code of Washington (RCW) 82.02.050(2), that can be used for land acquisition and park development, within the Lake Stevens service area. Specific sections of the implementing code, Chapter 14.120 LSMC relate to the calculation and application of park fees:

- LSMC 14.120.020 – Authority,
- LSMC 14.120.060 – Mitigation of Park and Recreation Impacts Required,
- LSMC 14.120.080 – Calculation of Impact Fee,
- LSMC 14.120.090 – Independent Fee Calculations,
- LSMC 14.120.130 – Uses of Impact Fee Revenues, and
- LSMC 14.120.131 – Expenditure Requirements for Impact Fees.

LSMC 14.120.130(b) clearly lists the types of projects eligible for impact fee expenditures, which include land purchase, design, and construction. Section LSMC 14.120.131(a) states, "Park impact fees must be spent on capital projects either contained in an adopted capital facilities plan or shown in impact fee calculation in Section 14.120.080." Pursuant to LSMC 14.120.080, impact fees may be calculated using the adopted impact fee schedule found in subsection (a), the formula found in subsection (b), or by independent fee calculation pursuant to LSMC 14.120.090.

The city recently adopted Ordinance 854, which updated portions of the *Lake Stevens Comprehensive Plan* including the capital projects list. The Capital Facilities Element identifies a mix of acquisition and site development projects eligible for park impact fee funding. The specific parks project list responds to a community assessment found in the Parks and Recreation Element. The current programmed park project included on the capital facility list is a site development project.

The city has collected mitigation fees from a variety of residential projects developed over the last few years. The city has collected fees at different rates depending on if the project started in Lake Stevens or Snohomish County. The city would like to use available funds.

As noted above, the city has adopted a capital facilities plan with eligible projects, a park mitigation code, and a fees resolution. The previous sections document Council's intent for using park mitigation fees for development and acquisition. The key finding determining the distribution of funds comes directly from the municipal code. LSMC 14.120.130 - 131 clearly establishes the city's regulatory authority to spend impact fees, regardless of the formula used to determine the fee (emphasis added):

- 14.120.130 Uses of Impact Fee Revenues
 - (a) Park impact fee revenue can be used for the capital cost of public facilities, not operating or maintenance expenses.
 - (b) Park impact fees shall be used for 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 application or impact fees, required mitigation costs, and capital equipment pertaining to recreation facilities, relocatable improvement costs previously incurred by the City to the extent that new growth and development will be served by the system improvements, and any other expenses which could be capitalized and are consistent with the capital facilities element.
 - (c) In the event that bonds or similar debt instruments are issued for the advanced provision of system improvements for which impact fees may be expended and where consistent with provisions of the bond covenants, impact fees may be used to pay debt service on such bonds or similar debt instruments to the extent that facilities or improvements provided are consistent with the requirements of this section.
 - (d) Park facilities that can be paid for by impact fees are system improvements, which are typically located outside the development, and designed to provide service to the community at large as provided in RCW 82.02.090(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 82.02.090(6). (Ord. 794, Sec. 1 (Exh. A), 2009)
- 14.120.131 Expenditure Requirements for Impact Fees.
 - (a) Park impact fees must be spent on capital projects either contained in an adopted capital facilities plan or shown in impact fee calculation in Section 14.120.080. They may also be used to reimburse the City for the unused capacity of existing facilities.

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4. Policy Determination

The Planning and Community Development Director has determined the city can use all park impact fees collected to finance the park projects identified in the Capital Facilities Element of the Lake Stevens Comprehensive Plan. The basis of this interpretation is an analysis of the adopting ordinance, a review of the municipal code, and a calculation of an alternate park fee, supported by the finding related to Council intent and the city's identified regulatory authority in city code and state law. This interpretation stands as the guiding policy regulation until the city updates the Park and Recreation element, conducts a rate survey, and completes a formal code revision.

Rebecca Ableman
Planning and Community Development Director

Date

Appendix A

Alternate Park Impact Fee Calculation and Methodology to Support Park Acquisition and Improvements

Alternate Park Impact Fee Calculation

The city has completed an alternate fee calculation, attached as Appendix A, which addresses the overall parks need, as allowed by LSMC 14.120.090. This calculation shows that the current parks impact fee is less than the alternate park fee. The park fee from Snohomish County, for the same period, is also less than the alternate park fee.

The city has identified a number of parks and recreation system improvements as part of the Capital Facilities Element that supports the acquisition and development of existing and new parks to serve new growth and development. The project lists focus on compliance with the city's adopted level of service, the implementation of master plans, and the incorporation of projects that help reduce deficiencies identified by city residents. To determine how current fee levels compare to capital costs, city staff has prepared a limited fee survey and an alternate fee calculation for park impact fees pursuant to LSMC 14.120.090. The methodology behind the alternate fee calculation was developed from a review of recent fee surveys and calculations from the cities of Issaquah, Kirkland, Renton, and Sammamish. All of these cities used similar formulas, developed by the Henderson and Young Company.

Investment to be Paid by Growth

The planning level cost estimates from the Capital Facilities Element (e.g., unfunded projects and projects on the current improvement plan) are the basis of the alternate mitigation fee. The city has established a 30 percent reduction factor in its adopted park impact fee calculation to address the requirement for city expenditures pursuant to RCW 82.02.050. The same reduction factor of 30 percent is used in this calculation, as the city's investment for park development, ensuring balanced and proportionate funding for system improvements, specifically those that are reasonably related to new development.

The first variable subtracts the city' investment for growth (30 percent of project cost) from the total capital project cost to determine the investment to be paid by growth.

Capital Project Costs	-	City Investment for Growth @ 30%	=	Investment to be Paid by Growth
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Credit for Existing Mitigation Fees Received

This second step applies a credit for the mitigation fees already paid to the city for system improvements to comply with RCW 82.02.050(2) (i.e., balanced public funding) and RCW 82.02.060 (1)(b) (i.e., adjustments to fees).

The second variable subtracts the amount of collected impact fees, as a credit, from the investment to be paid by growth to determine the adjusted capital costs.

Investment to be Paid by Growth	-	Credit for Existing Mitigation Fees Received	=	Adjusted Capital Costs
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Growth Cost per Person

The third step of the fee calculation determines a growth cost per person. This variable uses the draft 2013 Snohomish County Buildable Lands Survey data (BLR) to estimate population growth for Lake Stevens. Using adjusted BLR population capacity assumptions, the City expects to add approximately 8,909 people by 2025.

The third variable divides the revised capital costs by the forecast population growth to determine the growth cost per person (future population).

Revised Capital Costs	÷	Forecast Population Growth	=	Growth Cost per Person
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Cost per Dwelling Unit

The final step is deducing a unit cost (e.g., impact fee) from the forecast population growth. The city anticipates the average household density for single-family use (e.g., single-family, duplexes, and manufactured homes) to be 2.6 persons per dwelling unit and for multifamily use (e.g., 3+ unit apartments/condominiums) to be 1.89 persons per dwelling unit. The data for calculating the persons per dwelling unit comes from the Washington State Office of Financial Management's 2012 Population Worksheet for Lake Stevens.

The cost per dwelling unit is calculated by multiplying the growth cost per person by the number of persons per dwelling unit to determine the unit cost or final impact fee.

Growth Cost per Person	x	Average Persons per Dwelling Unit	=	Cost per Dwelling Unit
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Alternate Park Impact Fee Calculation Table				
Investment to be Paid by Growth				
Capital Project Costs	-	City Investment for Growth @ 30%	=	Investment to be Paid by Growth
\$18,003,000	-	\$5,400,900.00	=	\$12,602,100.00
Credit for Existing Mitigation Fees Received				
Investment to be Paid by Growth	-	Credit for Existing Mitigation Fees Received	=	Revised Capital Costs
\$12,602,100.00	-	\$535,809.40	=	\$12,066,290.60
Growth Cost per Person				
Revised Capital Costs	÷	Forecast Population Growth	=	Growth Cost per Person
\$12,066,290.60	÷	8,909	=	\$1,354.39

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Cost per Dwelling Unit					
Growth Cost per Person	x	Average Persons per Dwelling Unit	=	Cost per Dwelling Unit	
\$1,354.39	x	SFR (SFR/Duplex/ Manufactured Home)	2.61	=	\$3,534.96
\$1,354.39	x	MFR (3+ Unit Apts/Condos)	1.89	=	\$2,556.41
Alternate Park Mitigation Impact Fee					
Type of Dwelling Unit		Impact Fee			
SFR (SFR/Duplex/ Manufactured Home)	=	\$3,691.95			
MFR (3+ Unit Apts/Condos)	=	\$2,669.94			