

Executive Summary – Rate Study

The purpose of this study is to establish the rates for impact fees for arterial roads in the City of Spokane, Washington.

Rates

The impact fee for roads is based on the cost per p.m. peak hour trip for each of the five service areas identified in the Appendix to this Executive Summary (the “Appendix”). Rates for road impact fees for new development in each service area are listed in the Appendix. The following is a summary of the cost per p.m. peak hour trip in each service area:

<u>District</u>	<u>Cost per pm peak hour trip (95%)</u>
Downtown District	\$ 655
Northwest District	\$ 2,151
Northeast District	\$ 1,274
Southwest District	\$ 963
Southeast District	\$ 3,044

Impact Fees vs. Other Development Contribution

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 terms “developer” or “development” are 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 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), local improvement districts, linkage fees, or land donations or fees in lieu of land.

Adjustment for Other Sources of Revenue for Arterial Street Capital Improvements

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of roads. These other revenues are accounted for by reducing the amount of the impact fee rates to adjust for the portion of road capital projects costs that are paid by the other revenues.

Credits for Other Contributions by Development

A developer who contributes land or improvement to the projects on the impact fee project list 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 all types of new development. An impact fee ordinance may specify exemptions for low-income housing and/or developments having “broad public purposes”, but such exemptions must be paid for by public money, not other impact fees. An ordinance may specify if impact fees apply to changes in use, remodeling, etc. Impact fee rates for new development are based on, and vary according to the type of land use and service area.

Service Areas for Impact Fees

Impact fees are collected and expended within service area(s) that are smaller than the jurisdiction that is collecting the fees. Impact fees are not required to use multiple services areas unless such “service areas” are necessary to establish the relationship between the fee and the development. Arterial road impact fees are collected and expended within five service areas throughout the boundaries of the City of Spokane because of the unique topographic nature of the City and because the accessibility of its arterial system is unique to each service area within the City.

Timing of Payment of Impact Fees

Impact fees are assessed and collected at the time the local government issues a permit or order allowing structures to be built (*i.e.*, building permit). Specifically, impact fees are assessed (*i.e.*, calculated) at the time the complete application for a building permit is submitted for each unit in the development, and the fee is collected at the time the building permit is issued. For phased commercial buildings involving multiple uses, impact fees will be assessed and collected prior to issuance of building permits that authorize completion of tenant improvements for each use.

Uses of Impact Fee Revenue

Impact fee revenue can be used for the capital cost of public facilities as allowed in RCW 82.02.050 *et seq.* Impact fees cannot be used for operating or maintenance expenses. The cost of public facilities that can be paid for by impact fees include design studies, engineering, land surveys, right of way acquisitions, permitting, financing, administrative expenses, construction,

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applicable mitigation costs, and capital equipment (*i.e.*, signals, signs, striping, etc.) pertaining to arterial road capital improvements.

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 Requirement of Impact Fees

Impact fees must be spent on capital projects contained in an adopted capital facilities plan. Impact fee payments that are not expended or obligated within 6 years must be refunded unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fee for longer than 6 years. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the government for each district, and annual reports must describe revenue and expenditures by district.

Developer Options

Development subject to payment of impact fees has several options regarding impact fees. First, the development can pay the impact fee using the rate schedule(s) in the Appendix. The development can submit alternative trip generation data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The development can appeal the impact fee calculation by the City of Spokane.

Refunds

Development can obtain a refund of impact fees if the development does not proceed and no impacts are created. If the local government fails to encumber or expend the impact fee payments within 6 years of receipt of such payments, the development (or subsequent owner of the property) can obtain a refund of the impact fees.

ORANIZATION OF THE RATE STUDY

This impact fee study contains ten technical memoranda, and an appendix.

Technical Memorandum #1: Provides a summary of the methodologies and studies used around the State of Washington to develop impact fees.

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Technical Memorandum #2: Provides a summary of the need for a citywide baseline traffic study/model for use in future comprehensive plan updates and to provide better data and detail for transportation impact fee level of service analysis.

Technical Memorandum #3: Provides a thorough discussion of the use of and how the individual service areas were selected for the City of Spokane.

Technical Memorandum #4: Recommends an exemption of “Low-Income Housing” consistent with the intent of the RCW’s and other jurisdictions around the state.

Technical Memorandum #5: Provides a discussion regarding potential credits to be applied after the impact fee has been calculated for a development.

Technical Memorandum #6: Details the process and data used to project the total number of new, afternoon peak-hour trips for the forecast period (2007–2012), used in calculating the impact fee for each service area.

Technical Memorandum #7: Lists the cost of the transportation improvement projects in each of the five service areas needed to provide capacity for new growth within the service areas over the forecast period.

Technical Memorandum #8: Provides the methodology used for calculating the proportionate development share of the eligible cost of capital projects required for growth.

Technical Memorandum #9: Provides final recommendations for the update and review of impact fees.

Technical Memorandum #10: Provides a summary of the methodology used for calculating transportation impact fees.

Appendix A documents the letter sent by the EWG, with support of the Community Assembly, to the City Council recommending the City fund a baseline study for traffic as described in technical memorandum # 2.

Appendix B documents the observations made by Mr. Donald Samdahl; an independent consultant who provided a review of the draft rate study and impact fee ordinance on behalf of the EWG and ITT – July 20, 2007.

Appendix C is a compilation of independent EWG and ITT team member(s) analysis and update of trip information as discussed in technical memorandum # 6.

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Appendix D documents the information provided to the EWG and ITT by assistant city attorney James Richman regarding the relationship between SEPA and Concurrency.

Appendix

- A. Impact Fee Schedule
- B. Service Area Map