

## Technical Memorandum No. 5 Transportation Impact Fee Work Group

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**Subject:**

Credit Options/Determinations

**Background:**

RCW 82.02.060(3) sets forth provisions that must be included in an ordinance imposing the impact fees authorized under the Growth Management Act (GMA). One of these required provisions relates to credits, and provides that the ordinance:

[s]hall provide a credit for the value of any dedication of land for improvement to, or new construction of any system improvements provided by the developer to facilities that are identified in the capital facilities plan and that are required by the county, city, or town as a condition of approving the development activity;

As the above-quoted provision indicates, the credits apply only to offsite transportation system improvements. No credits are given for project improvements or right-of-way dedications for direct access improvements to and/or within the subject development. In addition, the system improvements identified in the capital facilities plan must be capacity improvement projects that will address new growth.

**Options:**

Most jurisdictions in Washington allow credits only for dedicated land or system improvements provided by a developer as outlined in RCW 82.02.060(3). Some jurisdictions go beyond the basic credit to encourage developer participation in achieving goals in their Comprehensive Plan. For example, the City of Olympia has identified alternate modes of transportation as one of their primary goals.

Olympia allows transportation impact fee credits, at the discretion of their director, for Transportation Demand Management strategies (TDMs). The impact fees are reduced by a percentage if a developer incorporates various TDMs into their project, up to a 20% credit. What follows is a fee reduction table for implementing these strategies:

ACTION	TRANSPORTATION IMPACT FEE REDUCTION
<p><u>Operational Improvements:</u></p> <ul style="list-style-type: none"><li>• Installation of centralized Transportation Demand Management (TDM) information center with maintained information.</li><li>• Commercial development which would be occupied by employees subject to Commute Trip Reduction ordinance or evidence to voluntarily comply with Commute Trip Reduction ordinance.</li></ul>	<p>1% (Not Recommended)</p> <p>3% (Not Recommended)</p>

<ul style="list-style-type: none"> <li>• Installation of parking spaces which are designated as paid parking (by residents or employees).</li> <li>• Signage and enforcement designating parking lots to be used for carpool or vanpool parking for non-building occupants.</li> </ul>	<p>3% (Not Recommended)</p> <p>1% (Recommended)</p>
<p><u>Physical Improvements:</u></p> <ul style="list-style-type: none"> <li>• Installation of on-site sheltered bus stop, or bus stop within 1/4 mile of site with adequate walkways as determined by Engineering Services /Transportation staff.</li> <li>• Installation of bike lockers or employee showers.</li> <li>• Construction of on-site internal walk/bikeway network which connects to existing City bicycle/pedestrian networks.</li> <li>• Installation of preferential carpool/vanpool parking facilities.</li> <li>• Under build median parking requirements by at least 20% OR under build by at least 30% OR under build by at least 40%. (Because there are no parking requirements in the Downtown Service Area, if applied to the Downtown, these under build percentages will be established using Center and Corridors parking requirements.</li> </ul> <p style="text-align: center;">OR</p> <ul style="list-style-type: none"> <li>• Downtown construction that provides no parking.</li> </ul>	<p>1% (Not Recommended)</p> <p>1% (Recommended)</p> <p>1% (Recommended)</p> <p>2% (Recommended)</p> <p>2% or 4% or 7% (Recommended)</p> <p>10% (Recommended)</p>
<p><u>Other:</u></p> <ul style="list-style-type: none"> <li>• Other operational or physical Transportation Demand Management measures identified by the developer (Per the Transportation Demand Management Handbook, Highway Research Board).</li> </ul>	<p>Up to 20% based upon peak hour trip reductions (Recommended)</p>
<p>Maximum Reduction</p>	<p>Up to 20%</p>

Until recently, the City of Issaquah recognized previous land use in their impact fee calculations. The City awarded a credit towards impact fees for up to three years after a business or residence had become vacant. The rationale for this credit is that the previous business or

residence contributed to the existing transportation system when it was constructed. The following table illustrates a method for calculating a credit for a previous use:

<b>Medical Office 3,500 sq. ft.</b>		
<b>Calculation – Impact Fee</b>		
Generated by Proposed Medical Office	= 3,586 / 1,000 X 2.06 <sup>1</sup>	= 7.39
Trips Generated by Previous Use (Office)	= 3,500 / 1,000 X 1.13 <sup>2</sup>	= 3.95 Trips
Net “New” Trips Generated by the Office Use	=	= 3.44
Impact Fee Rate for the Proposed Office	= \$ 995 per PM peak hour trip	
Required Impact Fee	= 3.44 X \$ 995	= \$ 3423

<sup>1</sup> 2.06 is the PM peak hour trip equivalency factor for a Medical Office

<sup>2</sup> 1.13 is the PM peak hour trip equivalency factor for an Office

Recently, the City of Issaquah has done away with this credit.

**Additional Considerations:**

During the ordinance development process, a thorough review took place regarding potential for additional credits and exemptions and how this issue was handled in other jurisdictions. The discussions centered on what is consistent with the City’s comprehensive plan (Center and Corridors, Focused growth, TDM strategies, etc...), consideration for prior use of existing and/or vacant property/buildings and what types of development should receive credits as a strategy to encourage growth in certain areas of the City. Several iterations of this portion of the ordinance were drafted in consultation with the External Work Group (EWG) and City legal staff input.

Mr. Donald Samdahl, a consultant retained by the City to provide input and advice regarding the City’s development of a transportation impact fee, encouraged the City to limit credits to activities that demonstrably reduce the impacts of a proposed development on traffic generation. Consistent with this advice, Mr. Samdahl recommended removal of TDM credits because these considerations are already reflected in ITE trip rates for particular development activities. Mr. Samdahl also encouraged the City to limit credits for existing land use/buildings beyond five years. Ultimately, the EWG and staff agreed with and incorporated Mr. Samdahl’s recommendations.

**Recommendations:**

RCW 82.02.060(3) requires the City to provide a credit for certain system improvements provided by developers. Consequently, the City’s ordinance must include a provision for such credits. The ordinance includes provisions for the administration, review, and approval of requests for credits and appeal of the same.

TDM strategy credits may be an incentive for developers to participate in designing and building projects that comply with the vision of our Comprehensive Plan. As indicated above, however, due to Mr. Samdahl’s recommendation and reasoning, the EWG concurred with removing this credit from the final draft of the ordinance.

A maximum of 20% cumulative credit is allowed for development that is located in centers and corridors, provides mixed use with an “active” first floor and developments that go beyond code requirements in providing a full block of green street improvements. This provision is consistent with the City’s Comprehensive Plan and the goals of reducing vehicular trips.

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The issue of providing credits for prior use is closely related to the question whether new growth and development is creating additional demand for transportation system improvements, and any language allowing a credit for prior uses must be carefully drafted in order to avoid a double credit. Two options are provided in the final draft ordinance for consideration.