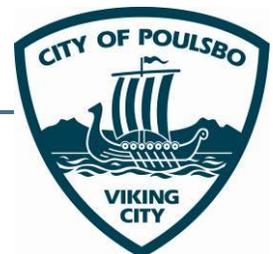


Transportation Impact Fees Technical Document

Attachment to City of Poulsbo
Transportation Impact Fee Ordinance

August 2011

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I. **Introduction.**

The Transportation Impact Fee Technical Document has been prepared to establish the rates for transportation impact fees for transportation facilities in the City of Poulsbo, Washington. The Technical Document describes the methodology and formula for calculating the transportation impact fee, as well as explanation of the variables used in the formula.

The Technical Document was prepared to support the adoption of the City of Poulsbo's Transportation Impact Fee ordinance.

A. **Impact Fees v. Other Developer Contributions.**

Under the Washington State Growth Management Act (GMA), cities and counties are required to make appropriate provisions for transportation needs and impacts during the review of development proposals. The GMA grants local governments the authority to impose transportation impact fees (TIF) for the purpose of supporting the funding of roadway improvements to ensure that adequate facilities are available to serve new growth and development.

Transportation impact fees are assessed by local governments against new development projects to recover a portion of the costs incurred by government in providing the public facilities required to serve the new development. Transportation Impact Fees are a tool to help mitigate development impacts for systemwide traffic impacts and enforces the "growth pays for growth" principle.

The following summarizes the key points for transportation impact fees:

- Funds must be spent on capacity projects that are designed to serve new growth and not fix existing deficiencies.
- Addresses "system" wide impacts
- Must be generally proportional to impacts of development
- Provides funding for six-year Capital Improvement Program
- Funds assessed for several improvement needs can be "pooled" to address City's priority projects

The transportation impact fees are used to help mitigate a development's potential transportation impacts on the City's transportation system and facilities. TIFs are used in conjunction with three other development review regulations: development requirements/frontage improvements, State Environmental Policy Act (SEPA) and Transportation Concurrency.

These three requirements do not go away with adoption of a transportation impact fee. The following summarizes the basic roles of the other development regulations.

1. **Development Regulations/Frontage Improvements.**

When new development is approved, the City requires frontage improvements to insure that the City's street standards are met, and ultimately, that the new development is served by adequate roads. Developers are required to construct the site's frontage and on-site roadways based on the City's adopted Road Standards. Frontage Improvements can apply to both vehicular and non-motorized facilities. These requirements are set forth in the City's Comprehensive Plan policies TR-1.1 and TR-9.1.

Key elements related to addressing impacts to the transportation system through on-site and frontage improvements include:

- Address on-site transportation and safety impacts
- Insures that new development is served by adequate roads
- Developer responsible for frontage along public and private roads

2. **State Environmental Policy Act.**

Washington's State Environmental Policy Act (SEPA), adopted in 1971 (RCW 43.21C), directs State and local decision-makers to consider the environmental consequences of their actions. SEPA is typically used to review impacts within the immediate and nearby vicinity, such as vehicular access points, frontage right-of-way improvements and nearby intersections or roadways. The intention of SEPA, as applied for transportation, is to mitigate a development's significant adverse impact on the transportation system in terms of capacity and/or operations.

The following summarizes key items of SEPA in the review of development projects:

- Uses "significant adverse impact" standard (not just level of service)
- Broad scope can be used to address capacity, safety, operations, non-motorized impacts and transit
- Reviewed on a development by development basis
- Can be used to mitigate both on and off-site impacts
- Mitigation can be in the form of constructing improvements or payment of proportionate share of improvement costs
- Pooling of funds is generally not allowed

3. **Transportation Concurrency.**

The Washington State Growth Management Act (GMA) (RCW 36.70A.070) requires that infrastructure improvements or strategies to accommodate development be available when the impacts of development occur. For transportation facilities, concurrency is defined in the GMA and the Washington Administrative Code (WAC) to mean that any needed transportation improvements or programs be in place at the time of development or that a financial commitment exists to complete the improvements or strategies within six years.

Local governments have a significant amount of flexibility regarding how to set level of service standards and how to apply transportation concurrency within their plans, regulations, and permit systems. Transportation concurrency is addressed in the City's Comprehensive Plan policies TR-2 and TR-3.

If a "development causes the level of service on a locally owned transportation facility to decline below the standards adopted in its transportation element", jurisdictions are required to prohibit development approval unless transportation improvements or strategies to accommodate the impacts of development are made **concurrent** with the development. Transportation is the only area of concurrency that specifies denial of development.

Concurrency is a tool to insure that transportation facilities are constructed as growth occurs. The following identifies key requirements for concurrency programs.

- Compliance with GMA
- Local governments have flexibility in applying concurrency
- Measured with level of service standards as defined by the City's Comprehensive Plan
- Addresses systemwide impacts
- Developments are not to be approved if development causes the level of service to decline below identified standards

B. Developer Options.

A developer who is responsible for impact fees has several options regarding payment of impact fees as set forth in the Transportation Impact Fee Ordinance (new Poulsbo Municipal Code Section 3.86):

- 1) Payment of fee as set forth in the Transportation Impact Fee Ordinance (Section 3.86.090).
- 2) Submit data and/or analysis to demonstrate that the impacts of the proposed development are less than the impact fees calculated by the City. (Section 3.86.130).
- 3) Appeal the impact fee calculation by the City of Poulsbo. (Section 3.86.160).
- 4) Obtain a refund if the development does not proceed and no impacts are created (Section 3.86.180).
- 5) Obtain a refund if the City of Poulsbo fails to expend the impact fees within the prescribed timeframe (Section 3.86.130).

II. Background and Authority for Impact Fees.

Traffic mitigation in the City of Poulsbo has been collected under the State Environmental Policy Act (SEPA) as a SEPA mitigation for many years. However, it is the City's intent is to move to collecting Transportation Impact Fees under the Growth Management Act (GMA) as authorized by RCW 82.02 and consistent with the adopted City of Poulsbo 2009 Comprehensive Plan. The

fees are calculated based on the City's 2025 Capital Facilities Plan. The groundwork for this was laid in the City's 2006 Transportation Plan Update (adopted as an appendix to the 2009 Comprehensive Plan) and further supported by the policies in the Comprehensive Plan.

The Comprehensive Plan references GMA impact fees in policy TR-1.2, as well as setting concurrency level of service (LOS) goals in policy TR-2.1 - 2.7. In goal TR-7 the Comprehensive Plan calls for the City to "develop a funding strategy and financing plan to meet the City's programmatic needs identified in the City's Capital Facilities Plan." Development of a GMA impact fees ordinance and fee structure is a part of this funding strategy and financing plan.

In the 2006 Transportation Plan Update a funding strategy using GMA impact fees was developed and presented. In the plan it is assumed that developers will pay 100% of the costs of newly constructed road networks to support newly platted developments. The remaining existing roadway and intersection improvements are to be funded with a combination of public and private funding, the private funding portion being provided through GMA based impact fees and developer frontage improvement requirements. This funding strategy for transportation improvements was also set forth in the 2009 Comprehensive Plan Capital Facilities Plan for transportation facilities.

III. **2006 Transportation Plan Update – Basis for Impact Fees.**

A. **Level of Service.**

Transportation Level of Service (LOS) standards are a requirement of the Washington Growth Management Act. As required by the GMA, the City of Poulsbo has established LOS standards for its transportation facilities. Both the 2006 Transportation Plan Update and the adopted 2009 Comprehensive Plan discuss the LOS concept (*reference: 2006 Transportation Plan Update p. 8 and City of Poulsbo 2009 Comprehensive Plan Transportation Element p. 68-69.*) As discussed in both of these references, in general, the City of Poulsbo has established an LOS of E as the minimum standard for transportation facilities in the City.

B. **Transportation Facility Needs.**

The GMA requires that an evaluation of existing transportation conditions in light of the adopted level of service standard be completed. This evaluation is to identify any existing conditions resulting from past growth, before planning of improvements needed for future growth. This analysis was completed in the 2006 Transportation Plan Update and summarized in the 2009 Comprehensive Plan's Capital Facilities Plan (*reference: 2006 Transportation Plan Update p. 11-12 and City of Poulsbo 2009 Comprehensive Plan p. 210-211*).

In the 2006 Transportation Plan Update, there were a number of existing deficiencies identified based on the LOS E standard. All have since been corrected.

The next evaluation completed in the 2006 Transportation Plan update was to evaluate the City's transportation network with the projected 2025 travel demand due to City's population allocation, while maintaining the LOS standard. This analysis resulted in a list of needed capital improvements to be implemented as growth occurs, to ensure maintenance of the identified LOS E standard. This evaluation provided the basis for the "2025 Transportation Facilities Improvement" section in the 2009 Comprehensive Plan's Capital Facilities Plan.

C. Forecast Funding Needs.

In the 2006 Transportation Plan Update, the funding needs for the improvements needed to meet the forecast growth are calculated. The plan identified \$55 million in existing roadway segment and intersection improvements that are to be funded with a combination of public and private contributions.

Of the \$55 million, it was forecast that the City would be able to contribute \$11 million through a variety of funding sources including taxes, grants, other agency assistance, (*reference: 2006 Transportation Plan Update p. 41-42*), thereby leaving a total of \$44 million to be funded by development through impact fees and frontage improvements.

D. Forecast Transportation Growth.

The City's future traffic growth has been forecast on a 20 year timeline, starting in 2005 and is based on the City's 2025 population allocation of 14,808 and the net total undeveloped acreage that is zoned for commercial development.

The 2006 Transportation Plan Update identified predicted growth from 2005 to 2025 in Poulsbo in terms of average daily trips as a gross growth of 95,000 daily trips. However the commercial portion of this amount is adjusted for the purpose of calculating impact fees by discounting pass-by and previously accounted for trips in order to avoid double-counting. After adjustment the net new amount of trip growth for calculating impact fees is 43,000 daily trips (*reference: City of Poulsbo 2006 Transportation Plan Update, p. 42*).

IV. Update of Calculation for 2011 Conditions.

In order to calculate impact fees for a 2011 transportation impact fee ordinance, the assumptions set forth in the 2006 Transportation Plan Update needs to be adjusted for 2011 conditions.

The predicted trip growth will need to be adjusted due to approved and/or constructed projects since 2006. In addition, the Capital Facilities plan has been updated to account for projects funded/constructed since 2006, as well as new needs identified.

The 2009 Comprehensive Plan's Capital Facilities Plan Transportation section provides the initial basis for the 2011 conditions update.

A. 2011 Remaining Transportation Growth.

The remaining trip growth forecast is calculated by subtracting the trips accounted for in projects already constructed and/or reserved in currently approved projects (“in pipeline”) from the forecast total trip growth in the 2006 Transportation Plan Update. (See Attachment A – Tally of Projects with Current TIA Trip Reservations). Therefore, the remaining predicted trip growth is calculated as follows:

Predicted Trip Growth per 2006 Transportation Plan Update: 43,000 daily trips

2006-2011 accounted for trips (in pipeline): 6,900 daily trips

Remaining Predicted Trip Growth: 36,100 daily trips

B. Transportation Capital Improvement Project Costs.

The Comprehensive Plan’s Capital Facilities Plan Transportation section identifies a number of projects necessary to ensure the continuation of the City’s adopted level of service during the 2025 anticipated population growth. These projects were based on the 2006 Transportation Plan Update, with some projects removed that had been completed. The comprehensive plan identifies three types of facility improvements:

- Table CFP-5 “2025 Required Transportation Improvement Projects”
- Table CFP-6 “2025 Required New Roadway Segments”
- Table CFP-7 “Required Intersection Improvement Projects”

All three tables identify transportation improvement projects that are growth-related improvements. Further, the 2025 required new roadway segments identified in Table CFP-6, are necessary due to new residential development in the underdeveloped areas of the City, and therefore would be completed under the requirements of development regulations and frontage improvements, and not impact fees. Therefore, the remaining lists of capital improvements qualify to use transportation impact fee as a funding source.

As part of the development of the transportation impact fee ordinance and this technical document, the City reviewed the transportation improvement projects in Tables CFP-5 and CFP-7, and prioritized the impact fee eligible projects for actual inclusion in the TIF, to assure that full funding would be reasonable within the planning period. Tables 1 and 2 summarize the transportation improvement projects prioritized for the TIF program. The cost of each the projects has been updated from the initial estimate in the 2006 Transportation Plan Update. The cost estimate is based on 2011 dollars, and includes the cost of the improvement and any necessary right of way acquisition.

Transportation Impact Fee Table 1
2025 Roadway Transportation Improvement Projects
(related to Capital Facilities Plan Table CFP-5)

Project Name	From	To	Improvements Needed	Length/ft	Total Project Cost
10 th Avenue	600' north of Liberty	200' north of Liberty	Turn Lane; sidewalks	400	\$198,400
8 th Avenue	Hostmark	7 th Avenue	Sidewalk one side; resurface; widen	1,600	\$368,000
Pugh Road	Lincoln	City Limits	Sidewalks; resurface	2,600	\$1,612,000
Lincoln Road	Laurie Vei	Pugh	Widen road; resurface; sidewalks; bike lanes; turn lanes	700	\$634,200
Lincoln Road	Pugh	UGA Boundary	Widen road; resurface; sidewalks; bike lanes; turn lanes	3,300	\$2,989,800
Mesford	20 th	Noll Road	Sidewalks; widen; overlay	1,275	\$393,250
Hostmark	4 th	6 th	Sidewalks; resurface	700	\$133,000
Caldart	Hostmark	Gustaf	Sidewalks; resurface	2,500	\$750,000
11 th Avenue	Hostmark	Sol Vei Way	Sidewalks	500	\$150,000
Noll Road	SR 305	NK School Property	Turn lane; sidewalks; thru lanes; bike lanes	4,000	\$4,001,920
4 th Avenue	Iverson	Torval Canyon	Sidewalks; resurface	1,800	\$684,000
Finn Hill	W City Limits	Olhava Way	Sidewalks; widen road; resurface; bike lanes	3,700	\$2,168,000
Finn Hill	Olhava Way	Rasmusseen Court	Add thru lanes; TDM strategy	1,300	\$100,000
Finn Hill	Rasmussen Court	Viking Avenue	TDM Strategy		\$50,000
Liberty	Viking Avenue	New Road M	Sidewalks; resurface	1,500	\$570,000
Bernt Road	SR 307	Little Valley Road	Sidewalks; resurface	1,800	\$828,000
Johnson Road	SR 305	Sunset Ridge Extension, New Road M	Sidewalks; resurface; bike lanes	800	\$604,800
Hamilton Court	Jensen	1 st Avenue	Sidewalk one side; resurface; drainage	500	\$115,000

Little Valley Road	Forest Rock Lane	UGA Boundary	Sidewalks; resurface	1,800	\$684,000
Lindvig Way	Viking Avenue	Bond Road	TDM Strategy		\$50,000
Total Improvement Costs				21,775	\$17,084,370

Note: The projects from Capital Facilities Plan Table CFP-5 not included in the Transportation Impact Fee Table 1 list of prioritized projects are those projects where: 1) it is conjunction with a WSDOT project improvement; 2) will be or have been made through developer frontage improvements; 3) was required as part of an approved large development project (Edward Rose Master Plan); or 4) are TDM projects not prioritized for transportation impact fee funding at this time. For these reasons, those projects were not included in the calculation of transportation impact fees.

Transportation Impact Fee Table 2
Required Intersection Improvement Projects
(related to Capital Facilities Plan Table CFP-7)

Project Name/Location	Improvement Needed	Total Project Cost
Finn Hill at Rude/Urdahl	Intersection Control/Signal	\$300,000
Hostmark at 8 th Avenue	Intersection Control/Turn Lanes	\$200,000
Lincoln at Noll Road	Roundabout	\$250,000
Lincoln at 10 th Avenue	Signal	\$300,000
SR 307 at Bernt Road	Channelization	\$100,000
Vetter Intersection at SR 305	Channelization	\$100,000
Hostmark at Caldart	Channelization	\$100,000
Lincoln at Pugh	Signal and Channelization	\$400,000
Finn Hill at Rasmussen Court	Signal and Channelization	\$400,000
Finn Hill at New Road M	Signal and Channelization	\$400,000
Viking Way at Stendahl Court Extension	Signal and Channelization	\$400,000
Front Street at Sunset (3 rd Extension)	TDM Strategy	\$100,000
Front Street at Lincoln/Hostmark	TDM Strategy	\$100,000
Total Improvement Costs		\$3,150,000

Note: The projects from Capital Facilities Plan Table CFP-7 not included in the Transportation Impact Fee Table 2 list of prioritized projects are those intersections that are exempt from the Level of Service standards per Policy TR-2.2, but were included in the CFP in order to ensure safety and facilitate traffic flow. For these reasons, those projects were not included in the calculation of transportation impact fees.

C. Transportation Improvement Costs to be paid by new development.

The total 2025 Transportation Improvement costs of \$20.2 million must be shared between the City and new development. This is referred to as an “adjustment factor” and reflects the contribution of public funds, as the financing system cannot rely solely on impact fees. The adjustment factor is based on the City’s evaluation of likely collection of payments and the availability of public funds for future transportation capital improvements.

1. Predicted Public Funding Sources.

The City anticipates contributing \$10 million through a variety of funding sources including taxes and grants over the 2025 planning period. The predicted public funding amounts has been revised from the amount identified in the comprehensive plan to reflection completion of major projects and decreasing grant opportunities.

State/Federal Grants:	\$4,500,000
Legislative Grants:	\$500,000
Other Agency Assistance:	\$500,000
Engineer Share of Fund 101:	\$1,000,000
Banked property tax revenue:	\$3,000,000
Gas Tax:	\$500,000

Total 2025 Estimated Public Funding: \$10M

2. Adjustment Factor.

Based on the City’s predicted public funding sources over the 2025 planning horizon of \$10M, the City anticipates financing 49% of the needed transportation facility improvements eligible for impact fee funding.

Therefore the total transportation improvement needs to be funded by development through impact fees is as follows:

Transportation Facility Improvement project costs to be partially funded by impact fees: \$20,234,370 million

Predicted Public Funding Sources: \$10 million

Remaining balance to be funded by developer contribution: \$10,234,370

V. **Transportation Impact Fee Calculation.**

The follow formula represents the calculation of a transportation impact fee:

Transportation Impact Fee:

Developer Contribution of Transportation Improvement Costs/Predicted Trip Growth = Fee

$$\$10,234,370/36,100 \text{ new trips} = \$283.50 \text{ per daily trip}$$

VI. **Calculation of Impact Fee for New Developments.**

The transportation impact fee to be paid by new development shall be calculated by multiplying \$283.50 times the number of average daily trips generated by the development that is the subject of the building permit or development approval. Average daily trips shall be determined using the latest version of the Trip Generation Manual published by the Institute of Transportation Engineers (ITE) for the land use(s) that are the subject of the permit.

As allowed by the Transportation Impact Fee Ordinance, a developer may elect to prepare an independent fee calculation study for a proposed development, pursuant to the requirements in Section 3.86.130.

Further, as set forth in RCW 82.02.060(3), if a developer dedicates right-of-way and/or makes a transportation improvement identified in the City's Capital Facilities Plan and included in the City's impact fee calculation methodology, then a credit to the transportation impact fee may be requested. Procedures for impact fee credits are set forth in the TIF ordinance Section 3.86.110.

The City will have the authority to adjust the transportation impact fee annually for cost indexing. At the end of any 12 month period in which the City's Capital Facilities Plan transportation system improvements that are the basis for transportation impact fees is not updated, the City Engineer may adjust the transportation impact fee amount by the same amount as the percentage change in the Washington State Department of Transportation Construction Cost Index.

VII. **Summary**

The City of Poulsbo intends to enact a transportation impact fee ordinance in order to collect impact fees as authorized under RCW 82.02. The 2006 Poulsbo Transportation Plan Update prepared the technical analysis necessary to support an impact fee ordinance, which has been included and updated in the City's 2009 Comprehensive Plan Capital Facilities Plan transportation section. The total cost of the prioritized transportation system improvements eligible for impact fee funding and related to new growth is \$20.2 million. The impact fee of \$283.50 per daily trip could generate approximately \$10.2 million during the 2025 planning horizon, representing approximately 51 percent of the total funding needs for transportation improvement projects eligible for impact fees.

**Attachment A
Tally of Projects with Current TIA Trip Reservations**

Date	Project	Dwelling Units	Commercial Square Feet	PM Peak Trips	Daily Trips
10/11/2007	Summerset	104		105	995
11/14/2007	Hamilton Court	10		8	83
11/16/2007	Poulsbo Meadows	46		46	440
11/29/2007	City Hall (net new trips - credit for existing)	0	30,000.00	16	167
11/30/2007	Blue Heron	84		85	804
1/2/2008	Mountain Aire	144		145	1378
1/11/2008	Johnson Ridge	80		81	766
2/28/2008	North Point Church (net new trips)	0	19,340.00	13	176
5/15/2008	Westerland Estates	8		11	102
8/7/2008	Kitsap Transit (net new trips)	0	17,167.00	0	262
11/5/1008	Moldon Office Building	0	7,700.00	12	88
2/11/2009	Languinet	26		26	248
3/6/2009	Fernwood II	0	2,800.00	5	32
7/28/2009	Mesford	90		91	861
9/30/2009	Christiansen	52		52	498
Total Trips in Pipeline:				696	6900