From: <u>John Norris</u>

To: Chris Roberts; Shari Winstead; Keith McGlashan; Keith Scully; Will Hall; Doris McConnell; Jesse Salomon

Cc: <u>Debbie Tarry; Carolyn Wurdeman</u>
Subject: FW: Impact Fees

 Date:
 Friday, January 08, 2016 4:05:30 PM

 Attachments:
 AWC_Report_08012016_132008.xls

Council -

Please see below responses to questions regarding the Transportation Impact Fee discussion that will be held Monday night. These will be added to the Green Folder. Have a great weekend everyone!

-John

From: John Norris

Sent: Friday, January 08, 2016 3:52 PM

To: Will Hall

Cc: Debbie Tarry (dtarry@shorelinewa.gov); Carolyn Wurdeman (cwurdeman@shorelinewa.gov); Dan Eernissee (deernissee@shorelinewa.gov); Sara Lane; Rick Kirkwood (rkirkwood@shorelinewa.gov); Randy Witt; Tricia Juhnke

(tjuhnke@shorelinewa.gov) **Subject:** Impact Fees

Will,

Attached are responses from Dan Eernissee regarding your TIF questions. We will load these responses into the Green Folder for Monday night. Please let me know if you have any additional questions. Have a great weekend!

-John

From: Dan Eernissee

Sent: Friday, January 08, 2016 12:05 PM

To: Debbie Tarry

Cc: Carolyn Wurdeman; John Norris; Tricia Juhnke; Rick Kirkwood; Julie Ainsworth-Taylor

Subject: CM Hall's request on TIF

Debbie,

Responses to Councilmember Hall's questions are below. I've compiled responses from Rick Kirkwood and Tricia Junkie in the email

> 1. On average, how much funding do we plan to receive from transportation impact fees?

I don't believe that Staff ever calculated an average annual figure; however, based on the fact that the TIF Rate Study estimated that 43% of the overall \$38 million of the growth projects would come from TIF over the 20 year period, that would translate to \$817,000 per year. I used 43% rather than 97% because in the staff report, the consultant points out that many of the growth trips do not emerge from Shoreline, and are therefore not able to be assessed TIF.

Receipts for 2015 appear to be falling far short of that figure, as the City collected under \$300,000 through early December. Please note that accurate accounting for the TIF receipts will not be available until mid-January when credits and collections are reconciled. Note too, that several of the developments currently under construction avoided TIF since they submitted complete applications prior to 1/1/2015 when the TIF began. Therefore, 2015 is somewhat of a transitional year.

> 2. What are some of the other typical startup costs for a business (permit fees, water connection fees, sewer connection fees, architecture/engineering, business capitalization, tenant improvements, telecommunications, etc.)? I don't need exact numbers, but I am trying to put the TIF into perspective to understand how it compares to other common costs of starting a business.

This is a difficult question to answer, as the startup costs range dramatically. Please keep this in mind as I proceed to answer it. For an existing space that is being converted to a similar use, tenant improvements would likely be the \$20 – 50/sf range; however, new restaurant or specialized equipment could easily add \$50/sf to that figure. An existing space that has been allowed to deteriorate may need major system upgrades which may add significantly to the cost. Permit fees would be about 3 - 5% of the total amount, while architecture/engineering would add another 3 - 5% to an existing space, and 10% for new construction. Landlords my offer to pay for some or even all of the tenant improvements, based on the credit of the tenant; however, a landlord would raise the rent accordingly, basically making the landlord into a banker that is giving a construction loan to its tenant.

The owner of the Ridgecrest Public House provides a real-life answer to your question in her email.

"As you know, Ridgecrest Public House was the first new "third place" in Shoreline to be assessed a TIF almost a year ago. Luckily, we were looking at a space that was formerly a bank, which has a higher TIF than a restaurant, so we paid

no fee. Hypothetically, had we landed one door to the west, where the current use is service/retail, we would have faced a \$17,000 TIF. Had we landed one door to the east, where the current use is also service/retail, we would have faced a \$34,000 TIF. In both cases we would have walked away. In fact, to be frank, for any additional fee over about \$5,000 we would have walked away. Our total budget was \$60,000, which included \$30,000 in tenant improvements (including plumbing and electrical upgrades, permitting, and a \$1700 sewer impact fee.) The remaining \$30,000 went to furniture, fixtures, equipment, marketing and starting inventory. Half of our budget was financed by our savings and the sale of our modest sailboat. The other half was financed by family and friends who believe in us, plus over 100 local residents who paid \$50 or \$100 to be a part of our "coaster club" before we opened."

Note that Ridgecrest Public House had a relatively expensive tenant improvement, as it converted a bank to a semi-restaurant space and added a restroom. They did not, though, have to put in some of the more expensive restaurant equipment. The space they occupied is approximately 1,000sf, so you can get your per/sf figures easily; their overall budget was approximately \$60/sf. Note that the "sewer impact fee" she refers to is technically a connection/facility charge from RWD; I am guessing that it was charged due to having to get a larger water meter.

> 3. How much general funding has gone into transportation improvements each year in recent years?

Rick Kirkwood provided the following, but it should be noted, as City Engineer Tricia Junkie points out, that many of these contributions are more for operations and maintenance than capital projects. I would add, too, that these do not appear to take into account the resources given to the Aurora Corridor project.

General Fund Support

Reason for Transfer from General Fund	2012	2013	2014	2015	2016
One-Time for Sidewalks	\$59,353	\$0	\$0	\$0	\$0
One-Time for Grant Match	\$0	\$0	\$300,000	\$500,000	\$200,000
One-Time for Annual Roads Surface Maintenance Program	\$0	\$0	\$0	\$500,000	\$0
One-Time for Westminster & 155th Improvements project	\$0	\$0	\$0	\$0	\$250,000
One-Time for 185th Corridor Study project	\$0	\$0	\$0	\$0	\$600,000
Curb Ramp, Gutter & Sidewalks Maintenance Program	\$152,517	\$152,517	\$152,517	\$152,517	\$152,517
Gambling Tax Transfer	\$449,556	\$339,722	\$239,403	\$126,849	\$101,662
Total Transferred to Roads Capital Fund	\$661,426	\$492,239	\$691,920	\$1,279,366	\$1,304,179
Street Fund Subsidy	\$918,218	\$1,013,203	\$715,721	\$285,206	\$244,403
Total Transferred for Transportation Improvements	\$1,579,644	\$1,505,442	\$1,407,641	\$1,564,572	\$1,548,582

> 4. I think we have this somewhere, but can you point me to a comparison with other jurisdiction transportation impact fees?

Attached is AWC's 2012 Fee Survey related to Transportation Impact Fees. This is the latest year for which data is available.

Please let me know if you need further responses.

Sincerely,

Dan Eernissee

City of Shoreline, Economic Development Manager 17500 Midvale Ave NE, Shoreline WA 98133 deernissee@shorelinewa.gov 206.801.2218 O 206.391.8437 M

----Original Message-----

From: Will Hall

Sent: Tuesday, January 05, 2016 5:17 PM To: Debbie Tarry; John Norris; Dan Eernissee

Cc: Carolyn Wurdeman Subject: Impact fees

- 1. On average, how much funding do we plan to receive from transportation impact fees?
- 2. What are some of the other typical startup costs for a business (permit fees, water connection fees, sewer connection fees,

architecture/engineering, business capitalization, tenant improvements, telecommunications, etc.)? I don't need exact numbers, but I am trying to put the TIF into perspective to understand how it compares to other common costs of starting a business.

- 3. How much general funding has gone into transportation improvements each year in recent years?
- 4. I think we have this somewhere, but can you point me to a comparison with other jurisdiction transportation impact fees?

Will Hall, Councilmember City of Shoreline 17500 Midvale Ave N Shoreline, WA 98133 206-373-1630

Association of Washington Cities - 2012 Tax and User Fee Survey

none

Report Date: 1/8/2016 - Land Use Fees

Cities Report Criteria: Jurisdiction: Population: none Valuation: Cluster: none

Region: none **Counties:** none

Jurisdictions per selection criteria

Absence of data could mean an incomplete survey and/or that a tax/fee isn't levied.

Impact Fees by Type/Unit

City Name

Transportation

	Single Family Per unit	Multi-fan	nily Per unit	Non-reside	ential Per unit
				Fees based on use of bui	lding per Appendix
Anacortes	\$900 Single family		\$900 Unit	C of the transportation of	rdinance
Arlington	\$3,355 p.m. peak trip	Same		Same	
Auburn	\$3,882.61 Unit		\$2,519.58 Unit	Varies	Varies
Bellevue	\$1,768 dwelling		\$907 dwelling		\$5.33 sf/GFA
Bonney Lake	\$4,035 New home		\$2,477 Unit	Varies	PM Peak Hour Trip
Buckley	\$4,153 \$9.57 trip/unit		\$2,877 6.53 trip/unit		\$434 1 trip
Burien	\$957 Dwelling unit		\$588 Dwelling unit		\$5,000 1000 sq ft gross floor area
Burlington	\$3,633 P.M. peak hour trip & ITE fac	tor	\$3,633 P.M. peak hour trip & ITE factor	r	\$3,633 P.M. peak hour trip & ITE factor
Camas	\$3,410 Unit		\$2,240 Unit		sq ft or employees
Carnation	\$636 Dwelling unit		\$394 Dwelling unit		\$68.50 ADT
Covington	\$4,505 Dwelling unit		\$3,078 Dwelling unit		\$8,181 1000 Sq. Ft.
Deer Park	\$350 Parking space		\$350 Parking space		\$250 Parking space
Des Moines	\$2,838.77 Dwelling unit		\$1,845.12 Dwelling unit	Varies	Varies
Duvall	\$7,480 P.M. peak trip	\$Multi-family mut	iplier varies		\$7,480 P.M. peak trip
Edgewood	\$1,162 SFU		\$598 Varies		\$1,150 Peak Hour Trip
Ellensburg	\$1,758 Peak Hour Trip		\$1,758 Dwelling unit	Varies	Varies
Enumclaw	\$2,937 dwelling		\$2,039 dwelling		\$5.63 square foot
Everett	\$900 PM peak hour trip	\$522.00/900.00	Dwelling unit		\$900 PM peak hour trip
Federal Way	\$3,111.94 residence		\$2,019.46 residence	\$.40 - 8302.45	per sf/Gross floor area
Gig Harbor	\$2,124 Dwelling unit		\$1,472 Dwelling unit		\$2,102.65 Trip
Gold Bar	\$624.70 \$65.08 / trip		\$423.02 65.08 / trip		
Granite Falls	\$2,500 dwelling unit	\$2500 x AWDT	project	\$2500xAWDT	project
Issaquah	\$1,646.62 Dwelling Unit		\$1,000.88 Dwelling Unit	Varies	sq ft
Kent	\$3,702 unit		\$2,403 unit		\$4,084 trip end
Kirkland	\$3,825 Dwelling Unit		\$2,242 Dwelling Unit		\$3,787 trip end
La Center	\$2,838.10 Single-Family Home		\$1,742.20 Unit		\$2,810 ERU
Lacey	\$1,616 Dwelling Unit	Varies	Trip	Varies	Trip
Lake Stevens	Based on a project specific traffic report				
Lynden	\$2,016 Single family unit		\$1,238 Multi family unit		\$1,997 Peak hour trip
Lynnwood	\$3,209.20 Dwelling		\$1,906.40 Dwelling		\$7.16 Sq. Ft.
Maple Valley	\$6,272	\$1.01 Varies			\$6,272 PM peak hour trip
Marysville	\$6,300 dwelling unit		\$3,906.50 dwelling unit		\$2,220 PM peak hour trip
Mount Vernon	\$3,176.50 Unit		\$3,176.50		\$1,788 PM peak hr trip
Mill Creek	\$2,939 PM peak hour vehicle trip		\$2,939 PM peak hour vehicle trip		\$2,939 per PM peak hour trip

	\$714.00 plus \$140.00 add'l in TC per new
Per new peak hour trip plus adm. fee	peak hour trip plus adm. fee \$528.00 per

\$0.39 Square foot of Structure

			3714.00 plus 3140.00 add Fill TC per flew		
	Per new peak hour trip plus adm. fee	Per new peak hour trip plus adm. fee	peak hour trip plus adm. fee \$528.00 per		
Mountlake Terrace	\$714 528.00 per project	\$714 528.00 per project	project	New peak hour trip	
Mukilteo	\$1,875 Dwelling Unit/1 PM Peak Hour Trip	\$1,875 Per Dwelling Unit/1 PM Peak Hour Trip		\$1,875 Per PM Peak Hour Trip	
Newcastle	\$1,704.98 Dwelling	\$962.22 dwelling		\$3,376.21 trip	
Oak Harbor	\$907 Unit	\$907 Unit		\$589 Peak hour trip	
Olympia	\$3,054 Unit	\$1,982 Unit	Varies	Varies	
Orting	\$2,149 Dwelling unit	\$2,149 Dwelling unit		\$2,149 Peak pm trip	
Pasco	\$709 Unit	\$435 Unit		\$43 Vehicle trip	
Poulsbo	\$283.50 Trip	\$283.50 trip	\$283.50 trip		
Puyallup	\$4,500 peak hour trip				
Redmond	\$6,916.19 Dwelling unit	\$4,245.58 Dwelling unit		\$17.96 square foot gross floor area	
Renton	\$75 Daily trip	\$75 Daily trip		\$75 Daily trip	
Richland	\$1,519.10 Dwelling unit	\$941.84 Dwelling unit		\$1,519.10 PM peak hr trip	
Ridgefield	\$1,943 Dwelling unit	\$203 Daily trip		\$203 Daily trip	
Sammamish	\$14,853.96	\$13,368.56			
Sequim	\$2,893 Dwelling	\$1,865 Dwelling	Varies	SF/GFA	
Shelton	\$3,282.39 Peak trip rate	\$2,076.32 Peak trip rate	Varies	peak trip rate	
Stanwood	\$2,216.12 Unit	\$1,556.15 Unit			
Sumner	\$1,165 Pm peak trip	\$1,165 pm peak trip		\$1,165 pm peak trip	
Tukwila see table					
Tumwater	\$2,828.49 Unit	\$1,835 Unit	Varies	Varies	
University Place	\$3,230 dwelling unit	\$2,495 dwelling unit		\$3,199 peak hr trip	
Vancouver	\$1,458.34 Trip	\$1,458.34 trip		\$1,458.34 trip	
Wenatchee	\$4,830 1	\$4,830	1 N/A		
West Richland	\$1,247.35 House	\$731 unit		\$2,500 1000 GSF	
Yacolt	\$2,050				
Yelm	\$1,334.21 Unit	\$792.60 Unit		\$1,321 P.M. peak trip	

\$0.39 Square foot of Structure

\$0.39 Square foot of Structure

Zillah