

From: [Debbie Tarry](#)
To: [Jesse Salomon](#); [Carolyn Wurdeman](#); [Dan Eernisse](#); [Kendra Dedinsky](#)
Cc: [John Norris](#)
Subject: RE: Tif fee questions
Date: Monday, March 14, 2016 9:00:51 AM

Jesse -

See responses in red below. Please let us know if you have additional questions that we can answer before tonight.

Debbie Tarry
City Manager
City of Shoreline
17500 Midvale Ave N.
Shoreline, WA 98133

-----Original Message-----

From: Jesse Salomon
Sent: Sunday, March 13, 2016 8:14 AM
To: Debbie Tarry; Carolyn Wurdeman; Dan Eernisse
Subject: Tif fee questions

Can businesses borrow for the tif fees?

Response: It depends. As you know, whenever someone applies for a loan, whether it be business, a home, or other need, the lender is looking at the applicants credit worthiness, the underlying assets that are the security for the loan, and the ability of the applicant to contribute a certain amount of equity. Given that there is no "underlying security" tied to the TIF fee, it is likely that the lender would want to make sure that whatever amount is being loaned could be recouped by the sale of assets if the applicant were to default on the loan. A business with assets to serve as the underlying security would have a better chance of getting a loan at a reasonable interest rate. An applicant that has little or minimal assets to serve as the underlying security will probably have a greater challenge getting a loan at a reasonable interest rate (or a loan at all) that could cover TIF or a portion of TIF.

Can you fill me in on the policy and financial implications of the propel described below?

Speaking of which, I just talked with Chris Roberts. He is not supportive of the 100% exemption. However, he was very much in favor of a flat per square foot fee using code 820 General Service/Retail/Shopping Center, which is about \$10/sf, for most uses, excepting grocery stores, motels, hotels, etc. This way the change of use issue basically disappears for most uses in all existing buildings. So the \$10/sf would apply to new construction only. This was an idea I had a few months ago but staff didn't nibble on it. For whatever reason, it really appeals to Chris, since he was already thinking of what he calls "consolidating" the TIF rate table into a few rates.

Response: The City's concurrency model that was used to determine transportation level of service and to determine the projects and rates for the City's Transportation Impact Fee (TIF) program was based on vehicle trips. The ITE codes are based on trips generated by different types of businesses and therefore that is why there is a different charge per square foot by types of businesses. It allows the City to charge the appropriate rate based on this. Even the single family and multi-family charge per unit is based on vehicle trips. Using a single ITE code for all businesses, such as code 820, does not align with the concurrency model that was used and adopted as part of the City's Transportation Master Plan and adoption of the TIF. Going to a single code would require that the City adopt a new concurrency model including redoing the modeling, etc to determine the appropriate allocation of growth projects, trips and TIF fees. Chris asked some questions last week that staff responded to along this line and the responses have been included in the green folder on I-Legislate.

Just to add – the use code 820 – has a specific definition of what is included under this code (part of our response to Chris).

Jesse Salomon, Councilmember
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Sent from my iPad