Transportation Impact Fee Rate Study

Prepared for

City of Olympia

JHK & Associates
An SAIC Company

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INTRODUCTION

DEFINITION OF IMPACT FEES

Impact fees are charges on new development to pay for capital improvements (e.g., parks, schools, roadways, etc.) necessitated by that development. *Transportation impact fees* are collected to fund improvements that add capacity to the transportation system to accommodate the travel demand added by new development.

The Revised Code of Washington (RCW) 82.02.090 defines impact fees as "a payment of money imposed upon development approval to pay for public facilities needed to serve growth and development, and that is reasonably related to the facilities, that is a proportionate share of the costs of the public facilities, and that is used for facilities that reasonably benefit the new development." The code, which prohibited the use of impact fees prior to 1988, further states that the "Impact fee does not include a reasonable permit or application fee."

LEGAL AUTHORIZATION

There are two enabling mechanisms for imposing impact fees in Washington: the Local Transportation Act (LTA) and the Growth Management Act (GMA). Prior to the passage of the LTA, the state of Washington, through RCW 82.02.020, prohibited the use of impact fees to generate revenues. State and local agencies then relied on the State Environmental Policy Act (SEPA) process to exact revenues from developers to fund mitigation projects necessitated by the development.

Local Transportation Act (LTA)

The LTA was passed in 1988, giving local agencies the authority to impose impact fees. Under LTA, the impact fee program must include a six-year capital improvement program updated annually. The fee program must describe the formula or method of calculating the fees, and it must provide for a credit for land and off-site traffic improvements provided by the developer to the local government. Furthermore, the fees collected must be spent within six years or be refunded, and they must be applied to improvements identified in the capital improvement program.

The City of Bellevue impact fee program was one of the first to be implemented under the LTA. Development of King County's Mitigation Payment System was also begun under the authorization provided by the LTA.

Growth Management Act (GMA)

The GMA (passed in 1990) changed the portion of RCW 82.02.020 that prohibited impact fees and specifically authorized the use of impact fees for areas planning under the Act. GMA allows impact fees for system improvements that *reasonably* relate to the impacts of new development, and specifies that fees are not to exceed a proportionate share of the costs of improvements.

The following are specific requirements for a municipality to impose GMA impact fees:

- The municipality must have an ordinance authorizing impact fees;
- The fees may apply only to improvements identified in a capital facilities plan;
- The municipality must establish service areas for fees of various land use categories;
- A formula or other method for calculating impact fees must be established;
- The fees cannot be used to finance improvements to existing capacity deficiencies, although the fees can be used to recoup the cost of improvements already made to address future deficiencies;
- The fees may not be arbitrary or duplicative;
- The fees must be earmarked specifically and be retained in special interest-bearing accounts;
- Fees may be paid under protest; and
- Fees not expended within six years must be refunded.

In calculating impact fees, the following components are to be included:

- Cost of public facilities necessitated by development,
- Adjustment to the cost for past or future payments by developer (user fees, debt service payments, taxes, other),
- Availability of other funds,
- Cost of existing facilities improvements,
- Methods by which existing facilities were financed,
- Credit for the value of any dedication of land to facilities identified in the capital facilities plan and required as a condition of approval,
- Adjustment for unusual circumstances, and
- Consideration of studies and data submitted by the developer.

A sound accounting system is therefore important to ensure that the impact fees collected are assigned to the appropriate improvement fee projects and the developer is not charged twice for the same improvement.

OLYMPIA IMPACT FEE STUDY PROCESS

The City of Olympia retained JHK & Associates in October, 1994 to develop a transportation impact fee program for the City. As part of the contract, JHK worked cooperatively with various departments within the City (Executive, Public Works, and Community Planning and Development), and the City's legal advisor (Preston, Gates & Ellis). The City of Olympia provided necessary policy direction in the project, while legal interpretation was given on several issues. The Public Works Department provided technical data on the Capital Facilities Plan (e.g., cost estimates, level of service analysis, fund allocation, etc.). **Figure 1** shows the policy, planning, and analysis steps involved in this project.

Study Criteria

At the very beginning of this project, the City defined four criteria for developing the impact fee program. These are listed below:

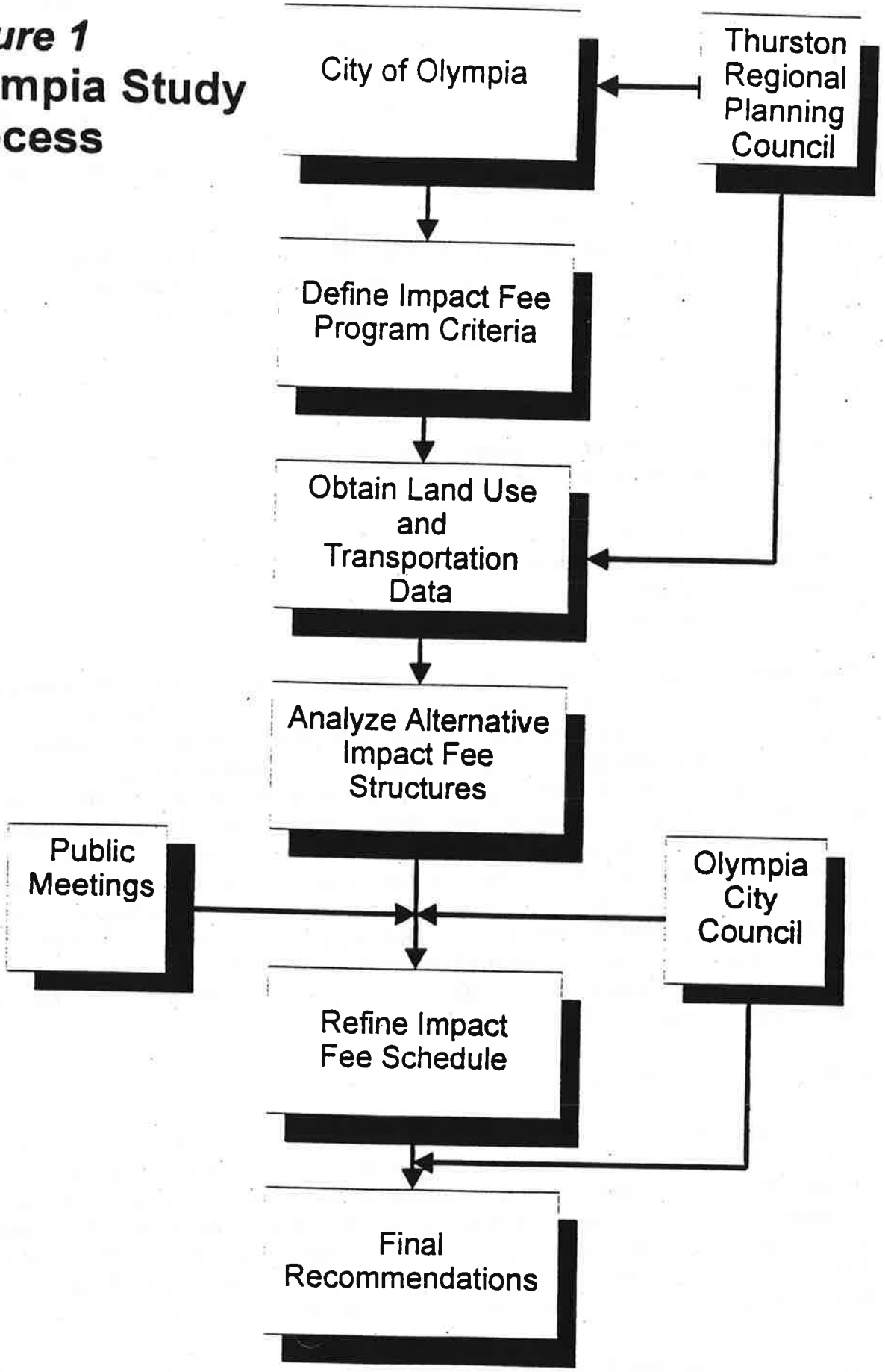
1. Legally Defensible
2. Meets Six Year Revenue Needs
3. Reasonable Rates
4. Simple to Administer

The above criteria were the guiding principles in testing alternative ideas and selecting an appropriate method of calculating impact fees for the City of Olympia. To meet the first criterion, consultants and the City staff took several measures to ensure accuracy in the analysis, making conservative assumptions regarding capacity projects, and seeking legal advice at each critical step of decision making. To meet the second criterion, the Public Works department determined the current shortfall in funds for the growth-related capacity projects in the Capital Facilities Plan (CFP). As part of the third criterion, the City Council directed the consultants not to consider recoupment type projects. Additionally, the City scaled down the scope of some high-cost projects or has decided to phase-in some projects over a longer time period. To fulfill the fourth criterion, the consultants developed a simple impact fee schedule which includes commonly used measurement units (e.g. Gross Floor Area (GFA)) for land use categories typically found in the City of Olympia.

Impact Fee Methodology

The consultants first tested an "average cost method" as a possible option for the City. The average cost method allocates the cost of the facility improvements on a proportional basis to existing and future users on the facility. It assumes that virtually all improvements provide some existing and future year benefits. The method was applied under two conditions: 1) using the 21-year project list based on the Regional Transportation Plan, and 2) using the 6-year project list based on the Capital Facilities Plan (CFP). The test showed that under both conditions the average cost method

Figure 1
Olympia Study Process



would not likely generate the needed dollar amount to close the funding gap in the CFP. The approach of considering a 21-year project list to derive the impact fees had technical merit but did not fit well with the legal defensibility criteria, and as such was dropped from further consideration in the project. Instead, a 6-year project list was used for further analysis because it is based on the adopted CFP, and the funding commitments are far more definitive.

The consultants then tested two marginal cost approaches – "marginal cost method with no grants" and "marginal cost method with grants" -- both applied using the 6-year project list. The first marginal cost method can be interpreted as a true marginal cost approach whereby all growth-related capacity project costs are allocated to new developments who are likely to benefit from the projects. The rationale used is that these improvements would not be needed unless there is new growth within the community. The second marginal cost method is a "subsidized" version of the first one, where the City has assumed some grant money for selected growth-related capacity projects. The latter method produced the needed revenues for the CFP, and thus, was selected for further refinement and analysis of several zone concepts. The resulting draft impact fees from the modified marginal cost approach were presented to the community in a public meeting, and subsequently to the City Council.

METHODOLOGY

OLYMPIA IMPACT FEE STRUCTURE

The impact fee structure for the City of Olympia is designed to determine the fair share of improvement costs that may be charged for a new development. Rather than determining a development's fair share on a case-by-case basis, an impact fee schedule has been developed which provides impact fee rates for different land use categories. The fee structure uses a traffic forecasting model to allocate future trips to the improvement projects and to determine each impact fee zone's share of the cost of the improvements. The following points summarize the key features of the program.

- Based on 6-year Capital Facilities Plan (CFP)
- Includes City and Urban Growth Area (UGA)
- Cost allocation is on a marginal cost basis
- Growth-related capacity project costs are distributed among zones based on future travel patterns
- Recoupment projects are not included
- An easy-to-use fee schedule is produced

The flow of steps involved in the Olympia impact fee structure, under the marginal cost model, is shown in **Figure 2**. The key steps include establishing traffic forecasts and trip patterns (based on land use data and project groups), identifying growth related projects, allocating growth-related costs using the traffic model, and preparing the fee schedule.

Figure 3 shows the more detailed version of the impact fee structure. The starting point in the impact fee structure is the 6-year CFP project list. This list was sorted to group the projects into the following four categories:

- Capacity Projects
- Preservation and Safety Projects
- Bike, Pedestrian, Enhancement, and TDM Projects
- WSDOT Projects

The "capacity" projects are the focus in impact fee funding, and thus carried forward in the impact fee structure. The capacity improvement projects have been programmed by the City of Olympia to bring future level of service (LOS) to acceptable standards. Based on the City's LOS analysis (for signalized intersections and arterial segments) and signal warrant analysis (for unsignalized intersection), it was determined that the majority of capacity improvements projects are "due to new growth" and a few are "due to existing deficiencies". Since impact fees cannot be used to fix existing deficiencies,

Figure 2

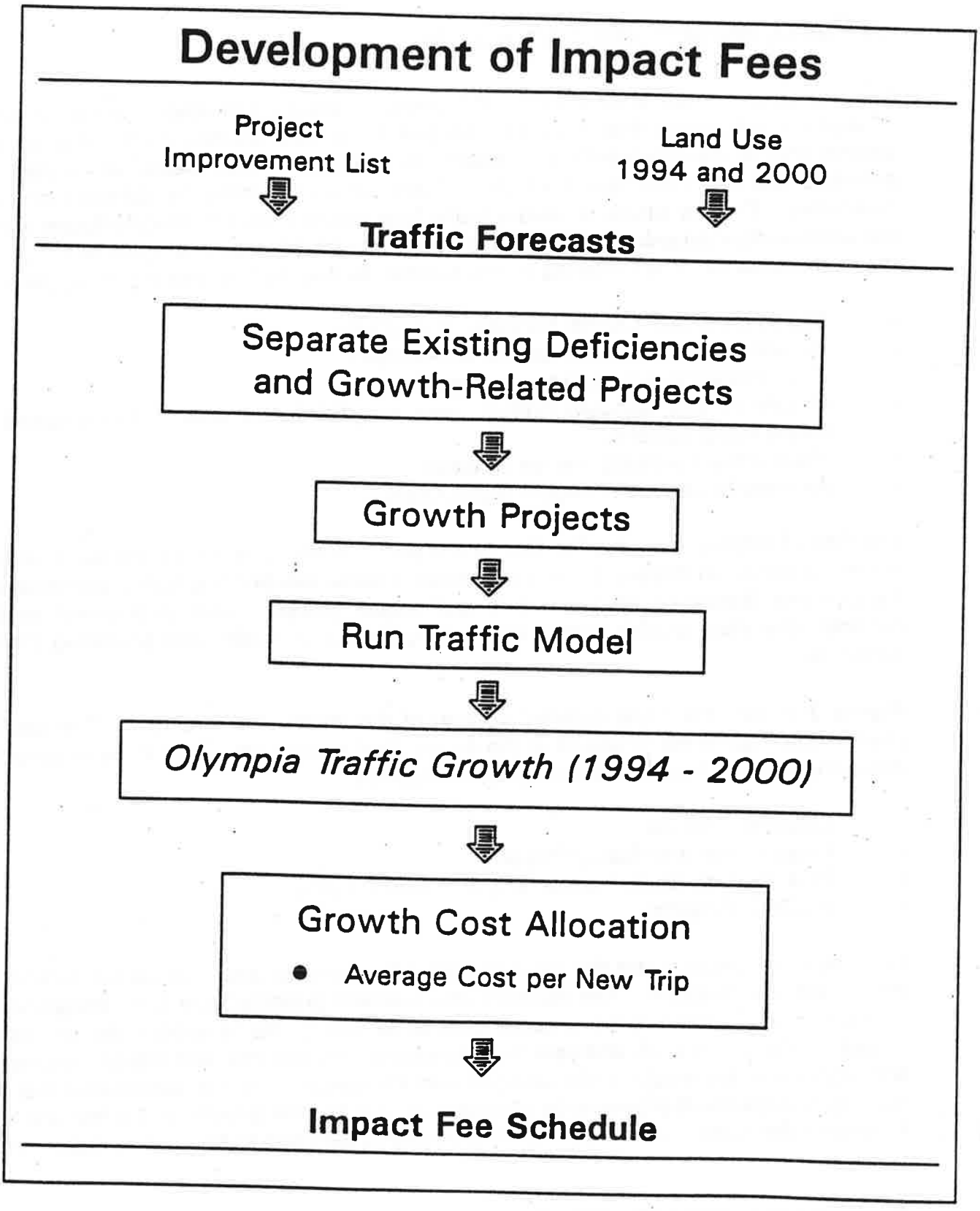
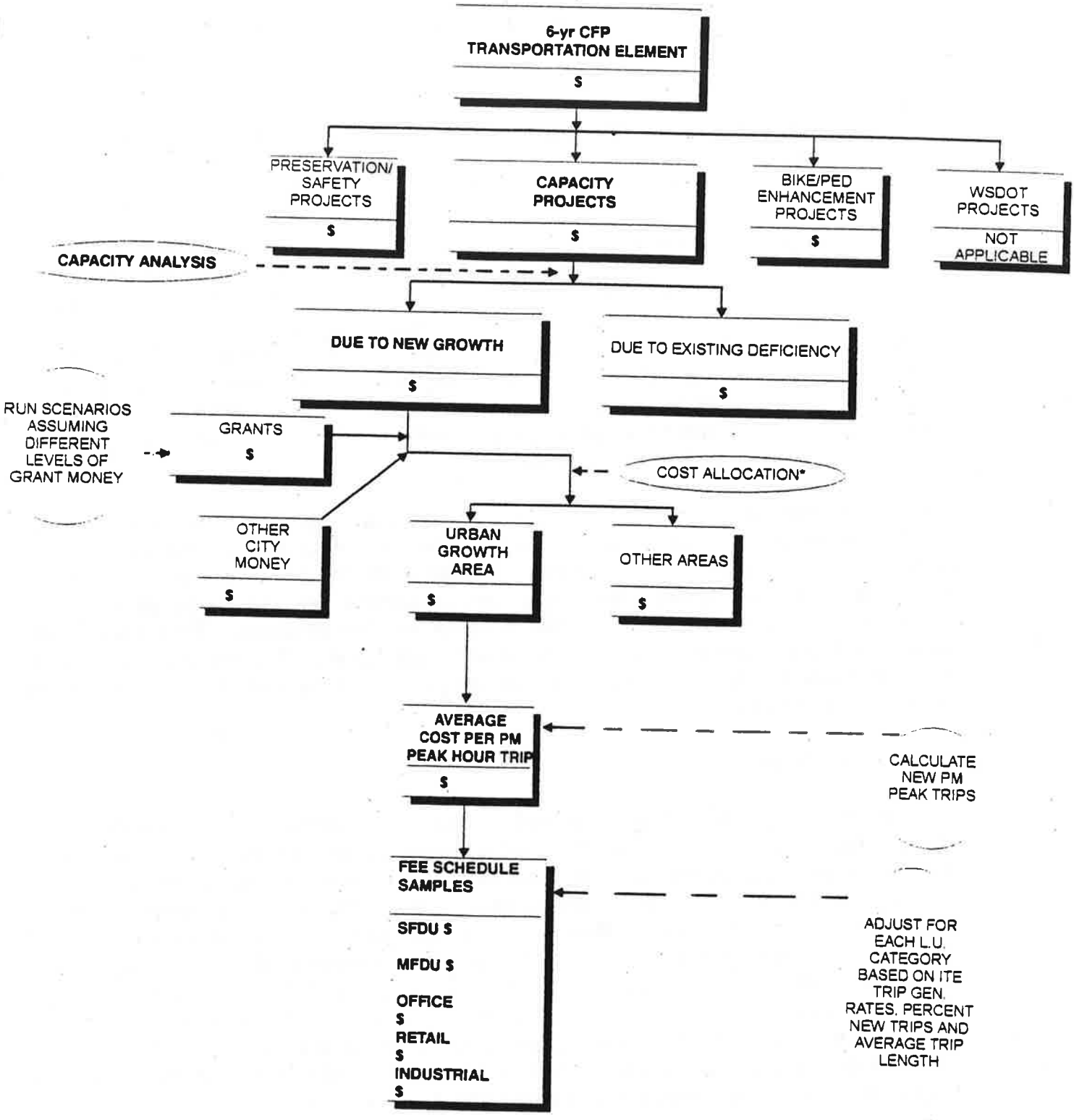

Development of Impact Fees
Project Improvement List
Land Use 1994 and 2000
Traffic Forecasts
Separate Existing Deficiencies and Growth-Related Projects
Growth Projects
Run Traffic Model
Olympia Traffic Growth (1994 - 2000)
Growth Cost Allocation
Average Cost per New Trip
Impact Fee Schedule

FIGURE 3 CITY OF OLYMPIA IMPACT FEE STRUCTURE



* Cost Allocation is Based on Origin and Destination of Future Trips using the Projects in the p.m. peak hour

those projects which are not attributable to growth are not included as impact fee eligible costs. The resulting "growth-related" improvement costs were the basis for impact fee calculation.

The next component in the Olympia impact fee structure considers funding sources other than impact fees. It involves subtracting any local funds and committed (or likely) levels of grant money that the City would obtain from ISTEA, STP, and TIA funds.

Cost allocation is the next step in the process. Eligible project costs are distributed either within the study area (i.e., Olympia Urban Growth Area) or to the external areas (e.g., Tumwater, Lacey, County areas outside the UGA). The Thurston Regional Planning Council (TRPC) provided traffic modeling and land use data. The traffic modeling data included origin-destination trip matrices for base year (1992) and future year conditions (2000 and 2015). The land use data included residential units (single family & multi family) and employment in different sectors (retail, office, industrial, etc.) for base year (1992) and future year (2015) conditions. Year 2000 land use data were estimated based on 1992 and 2015 data.

The next component deals with calculating the "cost per trip" by dividing the total cost by the number of new trips in the study area. The last component adjusts the "cost per trip" information to prepare a detailed fee schedule for the UGA area. The fee schedule is a table where fees are shown as dollars per unit of development for different land use categories. The Institute of Transportation Engineers' (ITE) published trip generation rates (*Trip Generation, 5th Edition*, ITE) are used to compute the magnitude of impact for each land use category with adjustments made for pass-by trips and trip lengths.

Impact Fee Project List

The impact fee project list is composed of selected capacity projects from the City's Capital Facilities Plan (CFP), which cover a 6-year period. Of the CFP projects, only those determined to be growth related are included in the impact fee project list. These are generally projects that add capacity (e.g., new streets, additional lanes, widening, signalization, etc.). Maintenance-only projects, such as re-paving and reconstruction of intersections due to sinking, are not included. Those projects do not add capacity or enhance the movement of additional people and goods, and, therefore are not eligible for impact fees. Although the law allows the City to include recoupment projects (i.e., projects that have already been constructed to serve projected growth), the City decided not to include recoupment projects in the impact fee project list. The final impact fee project list is presented in **Appendix A**.

Each project listed in **Appendix A** was identified during the City's transportation planning process as being needed during the next 6 years to meet the adopted "Level of Service (LOS)" standards. These capital projects formed the basis for the City's transportation funding program, which includes public and private sources. Therefore,

the imposition of transportation impact fees to meet a fair-share portion of the project costs is consistent with the City's overall program to maintain acceptable levels of service.

For each project, the list shows total estimated project cost and the cost assumed to be eligible for the impact fee program. The eligible impact fee cost for growth-related projects is equal to the total project cost minus the assumed grants and certain non-eligible costs.

The impact fee projects are combined into "Project Groups" to provide a manageable number for the cost allocation process. Projects in the same vicinity that are expected to serve similar travel patterns are grouped together. A total of ten project groups were defined based on the project list. These ten project groups were modeled in TModel using "select-link" assignments. The project groups are schematically shown in **Figure 4** and briefly described below (see **Appendix A** for full descriptions):

- Project Group 1 – Mud Bay Road project
- Project Group 2 – Not included in the impact fee program because not in the current CFP
- Project Group 3 – Yauger Street Extension
- Project Group 4 – Cooper Point Road intersection improvements
- Project Group 5 – 4th/5th Ave improvements
- Project Group 6 – Not included in the impact fee program
- Project Group 7 – Not included in the impact fee program
- Project Group 8 – Fones Road improvements
- Project Group 9 – 22nd Ave Connection
- Project Group 10 – Log Cabin Road Connection

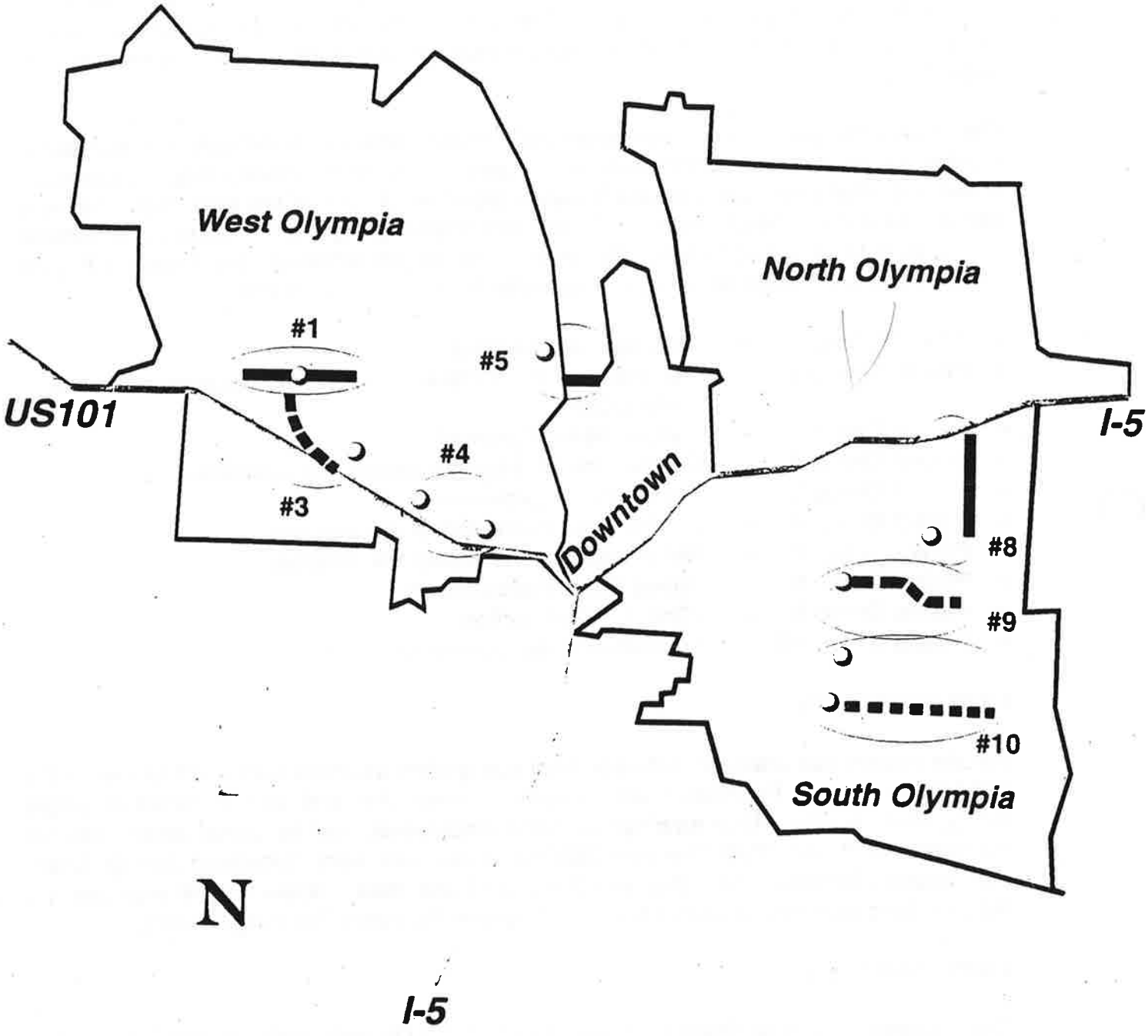
Land Use Growth

For the impact fee analysis, a 6-year land use growth estimate was used to match the 1994-2000 Capital Facilities Plan. **Table 1** shows the land use in terms of single family, multi family, office employees, retail employees, and industrial employees for the years 1992 and 2000. The year 2000 land use data were calculated through linear interpolation between the 1992 and 2015 land use data. **Appendix B** provides the detailed land use data obtained from the Thurston Regional Planning Council.

Traffic Forecasts

The Thurston Regional Planning Council's (TRPCs) Olympia traffic model was used in this study to prepare traffic forecasts. Detailed technical information about the model can be found in the report titled "Documentation for the Development of the Olympia City-Wide Traffic Model, "S. Chamberlain & Associates, February 1994." The model is a "p.m. peak hour model" and has 533 traffic analysis zones (TAZ's). The model first generates p.m. peak hour vehicle trip-ends (technically called trip "productions" and

Figure 4 Project Groups



(Note: Project Group #2, #6, #7 are not included in the impact fee program)

LEGEND

- Road Connection
- Road Widening
- Intersection improvement
- # Project Group Number

Table 1
LAND USE GROWTH

LAND USE CATEGORY	1992	2000	Growth 1992-2000	Percent Change
Single Family (Units)	11329	13518	2189	19%
Multi Family (Units)	7673	10074	2401	31%
Office Employees	28615	32658	4043	14%
Retail Employees	7194	9915	2721	38%
Industrial Employees	4511	5286	775	17%

Source: TRPC's TModel Files

"attractions") based on zone-level housing and employment data. Then the model distributes the trip-ends to different zone pairs to create trip-interchange matrix (technically called "trip table"). The trip tables (1992 and 2000) is then assigned on to the highway network to predict traffic volumes. For the impact fee study purposes, the two large trip tables (Years 1992 and 2000) were aggregated into trip tables with eight zones (internal and external). These aggregated p.m. peak hour trip tables are presented in **Appendix C**.

To determine the origin-destination pattern of the "project group" traffic, TRPC has used the "select-link assignment" procedure to track p.m. peak hour traffic on the ten improvement project groups. The select-link assignment procedure results in "select-link" trip matrices providing the origins and destinations for each vehicle trip using the project groups. These select-link trip matrices (aggregated into eight zones) are also presented in **Appendix C**.

COST ALLOCATION

In the true marginal cost model, 100 percent of the growth-related capacity project costs could be eligible for impact fees. However, the Olympia impact fee structure discounts the growth-related costs using committed or expected grants and other local funds. Local funds and grant money are subtracted from "true eligible" costs to determine the "impact fee eligible" costs for each project group. **Table 2** summarizes the "impact fee eligible" costs by each project group.

The cost allocation process then distributes the "impact fee eligible" costs for each project group based upon the travel patterns between the different geographic areas. This cost distribution is determined by analyzing each project group's "select-link" trip matrix. Trips which pass through the Olympia UGA but do not have any origins or destinations internal to the UGA were not allocated to Olympia UGA zones. That is, development in Olympia would not be charged for impacts by growth in trips passing "through" the city. This amount will have to be covered by other revenues. **Figure 5** depicts the cost allocation concept. As shown in **Table 2,** almost 97 percent of the growth on the identified project groups can be attributed at least in part to growth within the UGA, with a small percentage of "through" traffic.

The next step in the cost allocation process deals with calculating the "cost per new trip" within the UGA, by dividing the total zone cost by the total number of new trips. The projected growth in trips for each zone was produced by taking an average between the traffic-model-based trips and an estimate using data from the ITE Trip Generation Manual (5th Edition), applied to the projected 6-year growth in land use. The resulting calculation of the cost allocations and impact fee schedule examples is depicted in **Figure 6**.

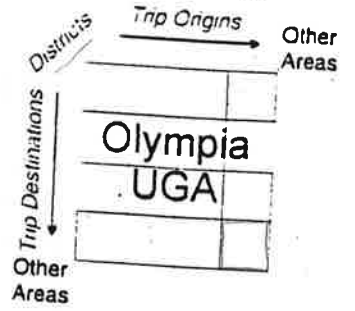
Table 2
ELIGIBLE COSTS BY PROJECT GROUP

Project Group #	Project Costs (Total)	Project Costs (Eligible Capacity Improvements Only)	Percent of New Project Traffic due to Growth within Olympia UGA	Project Costs Allowable for Impact Fees
1	$8,650,000	$3,550,000	99.1%	$3,518,945
2	$0	$0	89.4%	$0
3	$1,986,000	$1,986,000	96.9%	$1,924,480
4	$515,000	$485,000	93.1%	$451,748
5	$2,255,000	$1,315,000	97.9%	$1,287,175
6	$733,770	$0	96.8%	$0
7	$135,000	$0	99.8%	$0
8	$3,525,000	$1,500,000	92.1%	$1,380,994
9	$435,666	$235,666	97.8%	$230,487
10	$621,334	$471,334	81.7%	$385,104
Total	$18,856,770	$9,543,000	96.2%	$9,178,932

FIGURE 5 COST ALLOCATION PROCESS

Travel Forecasts for each Facility Group

2000 *Minus* 1994 = Growth ... 1994 to 2000



TOTA

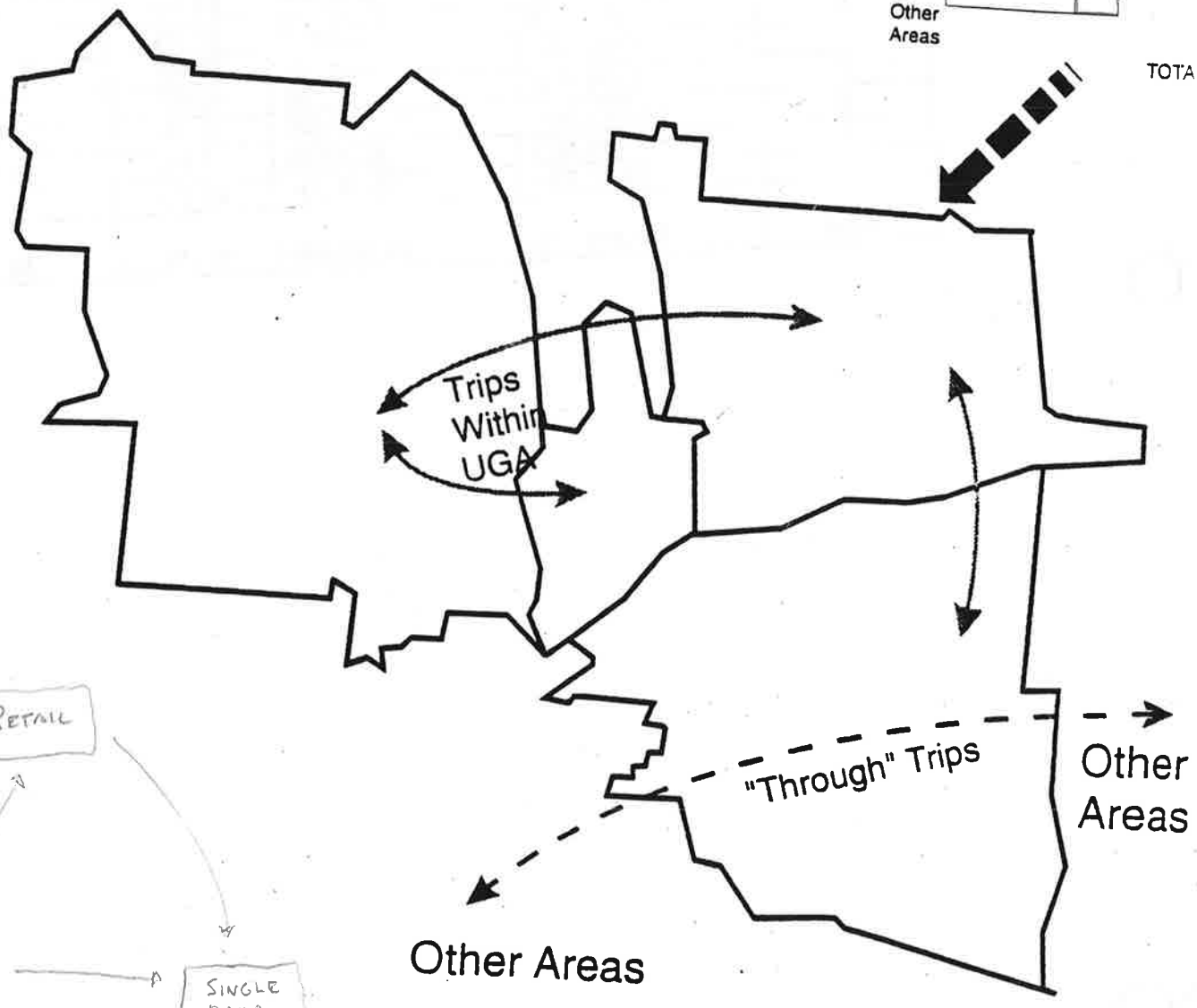
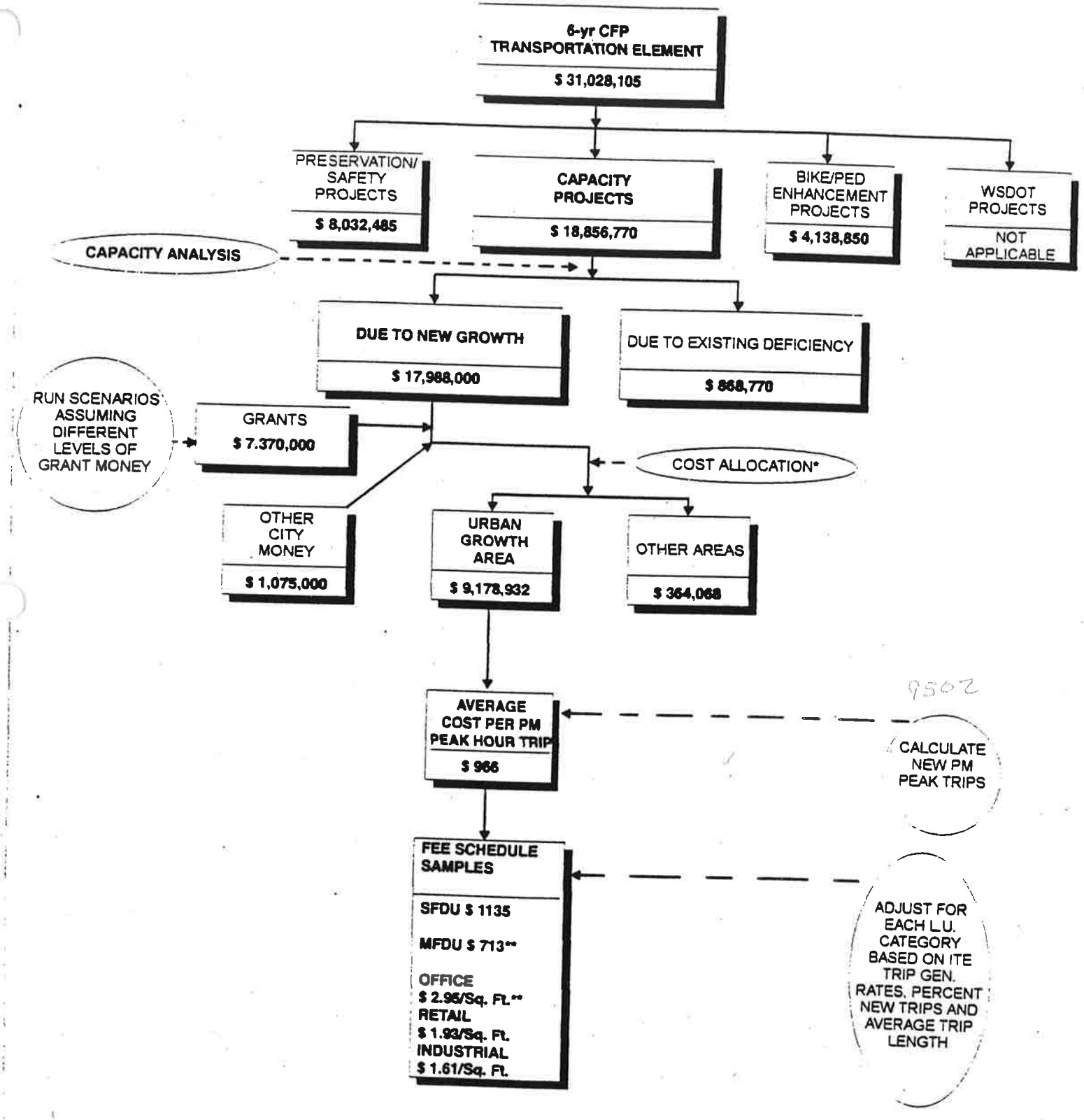
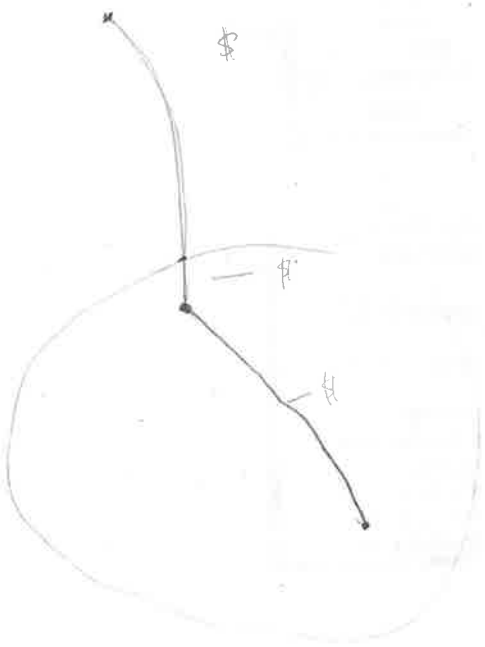


FIGURE 6 CITY OF OLYMPIA IMPACT FEE CALCULATION



* Cost Allocation is Based on Origin and Destination of Future Trips using the Projects in the p.m. peak hour

** Rates are reduced for these land uses in the downtown area



IMPACT FEE SCHEDULE

The impact fee schedule was developed by adjusting the "cost per trip" information to reflect differences in trip making characteristics for a variety of land use types within the study area. The fee schedule is a table where fees are represented as dollars per unit for different land use category. **Figure 7** shows the various steps involved in deriving the fee schedule. Specific components are as follows:

Trip Generation

CURRENT

Trip generation rates for each land use type are derived from the ITE Trip Generation Manual (5th Edition). The rates are expressed as vehicle trips entering and leaving a property during the PM peak hour. Lower trip generation rates were used in the downtown area for office and multi-family housing. These reduced rates are justifiable based on trip generation studies of activity center land uses compared with suburban rates that typically used in the ITE Trip Generation report. The primary source for the activity center trip generation rates was ***NCHRP Report 323***. The rates for other CBD uses such as specialty retail, restaurants, etc., could be lower as well, but no such data are available to substantiate that claim.

Pass-by Trip Adjustment

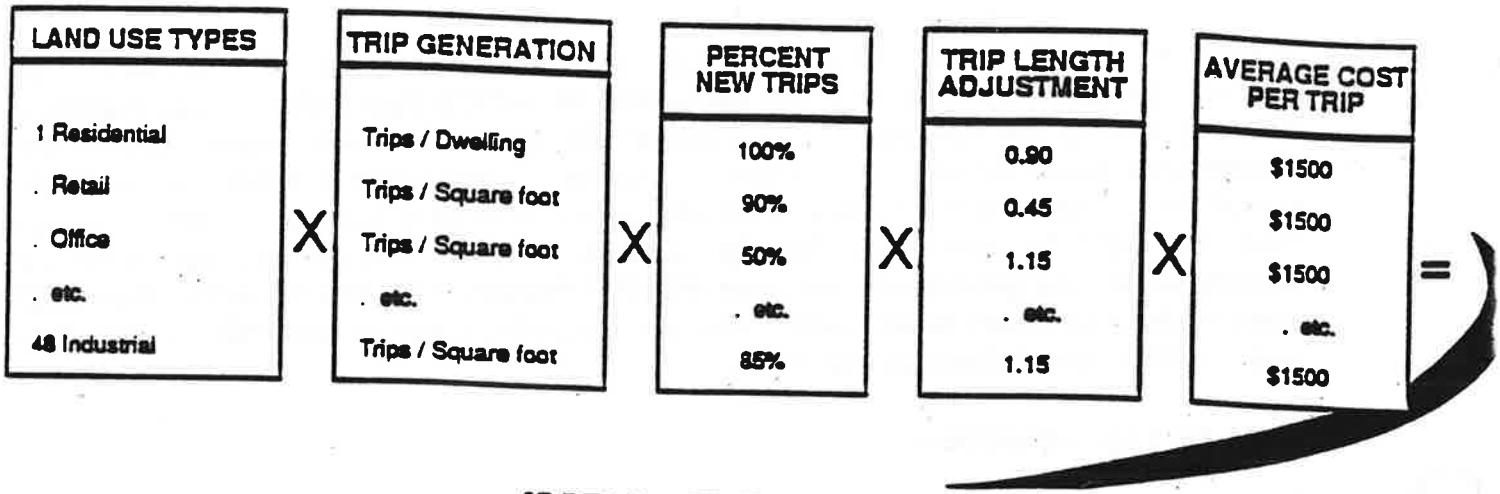
The trip generation rates represent total traffic entering and leaving a property at the driveway points. For certain land uses (e.g., retail), a substantial amount of this traffic is already passing-by the property and merely turns into and out of the driveway. These pass-by trips do not significantly impact the surrounding street system and therefore are subtracted out prior to calculating the impact fee. The resulting trips are considered "new" to the street system and are therefore subject to the impact fee calculation. The pass-by trip percentages are derived partially from ITE data and from available surveys conducted around the country.

Trip Length Adjustment

Another variable which affects traffic impacts is the length of the trip generated by a particular land use. The "cost per trip" calculated in the impact fee program represents an average for all new trips generated within the UGA. Being an average, there will be certain land uses which attract trips of different lengths. If a given trip is shorter than the average, then it's relative traffic impacts on the street system will be less. Conversely, longer trips will impact a larger proportion of the transportation network. In order to reflect these differences, an adjustment factor is used, which is calculated

Figure 7

COMPONENTS OF IMPACT FEE SCHEDULE



IMPACT FEE SCHEDULE

Land Use	Unit	Area I
Residential	Dwelling	$1,146
Retail	Sq. Ft.	$ 2.00
Office	Sq. Ft.	$ 2.75
etc.	etc.	etc.
Industrial	Sq. Ft.	$ 1.60

Note: Example rates only. Not the final recommended impact fee rates for Olympia

as the ratio between the trip length for a particular land use type and the "average" trip length for the Olympia UGA. Trip length data were estimated using limited national survey results. Since the adjustment uses a ratio, the relative trip lengths are more important than the actual trip length in miles. The average trip length estimated for the Olympia UGA was three (3.0) miles, based upon the current and expected mix in land use types within the study area.

Table 3 summarizes the trip generation rates, "new" trip percentages, trip lengths, and trip length adjustments. **Table 4** provides two examples (residential and office) of the calculation steps. The process used in developing the impact fee schedule is set up in a series of Excel spreadsheets. The select link tables from the traffic model and the improvement project list are the main input to the spreadsheets which automatically calculate the impact fee schedule.

The final impact fee schedule is shown in **Table 5**. In the fee schedule, fees are shown as dollars per unit of development for various land use categories, as defined in **Appendix D**. The impact fee program is flexible in that if a use does not fit into one of the categories, an impact fee can be assigned based upon the development's projected p.m. peak hour trips. Further site-specific adjustments for "pass-by" trips or trip lengths could also be made.

CREDITS

The use of credits ensures that a development is not double-charged for impacts to the same facility or group of facilities. After the fee has been determined, any credits will be applied. Credits will be given for dedications or construction of improvements which relate directly to a project or projects on the impact fee project list; otherwise, no credit is given.

Transportation Demand Management Credits

The impact fee ordinance includes a provision to allow "TDM credits" for developments which will promote Transportation Demand Management (TDM) strategies. These credits, if approved by the Director, would be subtracted from the calculated impact fee derived from the fee schedule. Since multi family and office uses in the downtown area already will receive a substantial adjustment (i.e., reduction) in the impact fee rate due to lower expected trip generation, care should be taken prior to allowing any further TDM credits for those downtown uses.

Future Tax Credits

An analysis performed by the City indicates that future taxes paid by new growth are taken into account within the city's proportionate share of the capacity projects included on the impact fee project list. Since the program is expected to be in balance, no specific further tax credits are required.

Table 3
TRIP GENERATION AND TRIP LENGTHS

Land Uses	Unit of Measure *	Basic Rate PM Peak Trips/Unit	New Trips %	New Trip Rate	Trip Length (miles)	Trip Length Adj. Factor **
Residential						
Single Family (Detached)	dwelling	1.01	100%	1.01	3.5	1.16
Multi Family (Town House, Duplex, & Accessory Dwelling Units)	dwelling	0.60	100%	0.60	3.7	1.23
Multi Family in Downtown (Town House, Duplex, & Accessory Dwelling Units)	dwelling	0.47	100%	0.47	3.7	1.23
Retirement Community	dwelling	0.28	100%	0.28	2.8	0.93
Mobile Home in MH Parks	dwelling	0.56	100%	0.56	3.5	1.16
Commercial - Services						
Drive-in Bank	sq ft/GFA	43.63	60%	26.18	1.5	0.50
Walk-in Bank	sq ft/GFA	17.35	80%	13.88	1.5	0.50
Day Care	sq ft/GFA	15.56	75%	11.67	2.0	0.66
Library	sq ft/GFA	4.74	75%	3.56	1.7	0.56
Post Office	sq ft/GFA	6.11	75%	4.58	1.7	0.56
Hotel/Motel	room	0.69	100%	0.69	4.0	1.33
Service Station	pump	(15.76) 15.18	(40%)	6.07	1.7	0.56
Service Station/Minimart	pump	(13.38) 17.45	30%	5.24	1.7	0.56
Movie Theater	screen	19.04	85%	16.18	2.3	0.76
Carwash	site	81.00	65%	52.65	1.6	0.53
Health Club/Racquet Club	sq ft/GFA	1.83	75%	1.37	3.1	1.03
Marina	Berth	0.19	90%	0.17	3.1	1.03
Commercial - Institutional						
Elementary School/Jr. High School	student	0.02	80%	0.02	2.0	0.66
High School	student	0.04	90%	0.04	2.0	0.66
University/College	student	0.23	90%	0.21	3.0	1.00
Church	sq ft/GFA	0.72	100%	0.72	3.7	1.23
Hospital	sq ft/GFA	1.05	80%	0.84	5.0	1.66
Nursing Home	bed	0.17	100%	0.17	2.8	0.93
Congregate Care/Asst Living	dwelling	0.17	100%	0.17	2.8	0.93
Commercial - Restaurant						
Restaurant	sq ft/GFA	7.66	80%	6.13	3.4	1.13
Fast Food Restaurant	sq ft/GFA	36.53	50%	18.27	2.0	0.66
Commercial - Retail Shopping Center						
up to 9,999 sq ft	sq ft/GLA	15.14	50%	7.57	1.3	0.43

Table 3
TRIP GENERATION AND TRIP LENGTHS

Land Uses	Unit of Measure *	Basic Rate PM Peak Trips/Unit	New Trips %	New Trip Rate	Trip Length (miles)	Trip Length Adj. Factor **
10,000-49,999 sq ft	sq ft/GLA	10.16	55%	5.59	1.5	0.50
50,000-99,999 sq ft	sq ft/GLA	7.28	55%	4.00	1.5	0.50
100,000-199,999 sq ft	sq ft/GLA	5.66	60%	3.40	1.7	0.56
200,000-299,999 sq ft	sq ft/GLA	4.71	65%	3.06	1.7	0.56
300,000-399,999 sq ft	sq ft/GLA	4.16	70%	2.91	2.1	0.70
over 400,000 sq ft	sq ft/GLA	3.66	75%	2.75	2.4	0.80
Supermarket	sq ft/GFA	10.34	75%	7.76	2.1	0.70
Convenience Market	sq ft/GFA	53.73	45%	24.18	1.3	0.43
Discount/Department Store	sq ft/GFA	7.79	50%	3.90	1.7	0.56
Miscellaneous Retail Sales	sq ft/GFA	4.80	50%	2.40	1.7	0.56
Furniture Store	sq ft/GFA	0.39	60%	0.23	1.7	0.56
Car Sales - New/Used	sq ft/GFA	2.62	80%	2.10	4.6	1.53
Commercial -						
Administrative Office						
up to 9,999 sq ft	sq ft/GFA	4.09	90%	3.68	5.1	1.69
10,000-49,999 sq ft	sq ft/GFA	2.55	90%	2.30	5.1	1.69
50,000-99,999 sq ft	sq ft/GFA	2.00	90%	1.80	5.1	1.69
100,000-199,999 sq ft	sq ft/GFA	1.67	90%	1.50	5.1	1.69
200,000-299,999 sq ft	sq ft/GFA	1.46	90%	1.31	5.1	1.69
over 300,000 sq ft	sq ft/GFA	1.29	90%	1.16	5.1	1.69
Administrative Office (Downtown)						
up to 9,999 sq ft	sq ft/GFA	2.80	90%	2.52	5.1	1.69
10,000-49,999 sq ft	sq ft/GFA	2.10	90%	1.89	5.1	1.69
50,000-99,999 sq ft	sq ft/GFA	1.70	90%	1.53	5.1	1.69
100,000-199,999 sq ft	sq ft/GFA	1.50	90%	1.35	5.1	1.69
200,000-299,999 sq ft	sq ft/GFA	1.30	90%	1.17	5.1	1.69
over 300,000 sq ft	sq ft/GFA	1.10	90%	0.99	5.1	1.69
Medical Office/Clinic	sq ft/GFA	4.08	75%	3.06	4.8	1.59
Industrial						
Light Industry/Manufacturing	sq ft/GFA	0.98	100%	0.98	5.1	1.69
Industrial Park	sq ft/GFA	0.98	100%	0.98	5.1	1.69
Warehousing/Storage	sq ft/GFA	0.74	100%	0.74	5.1	1.69

Note:

* For uses with Unit of Measure in "sq ft/GFA" or "sq ft/GLA", trip rate is given as trips per 1000 sq ft of gross floor area (GFA) or gross leasable area (GLA), and impact fee is dollars per square foot.

** Adjustment factor for a land use type is calculated by dividing its Trip Length by the Average Trip Length in miles).

Downtown: Defined as by the boundaries on the attached map in Appendix E.

Table 4
Calculation of Impact Fee Rate

	RESIDENTIAL EXAMPLE	Multi Family Unit	
		Downtown	Rest of UGA
	Trip Generation (per unit) Source: ITE Trip Generation	0.47	0.60
X	Percent New Trips	100%	100%
X	Trip Length Adustment ÷ Trip Length (unit) / Average Trip Length	7.7 / 3.0 = 1.23	3.5 / 3.0 = 1.17
X	Average Cost/Trip	$966	$966
=	Impact Fee Rate (per unit)	$558	$713

	OFFICE EXAMPLE	Administrative Office (50,000 sq ft)	
		Downtown	Rest of UGA
	Trip Generation (per 1000 sq ft, gross floor area) Source: ITE Trip Generation	1.50	1.67
X	Percent New Trips	90%	90%
X	Trip Length Adustment ÷ Trip Length (unit) / Average Trip Length	5.1 / 3.0 = 1.69	5.1 / 3.0 = 1.69
X	Average Cost/Trip	$966	$966
÷	Divide by 1000 for rate per sq ft	÷ 1000	÷ 1000
=	Impact Fee Rate (per unit)	$2.21	$2.46

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Table 5
TRANSPORTATION IMPACT FEE RATE SCHEDULE

Land Uses	Unit of Measure *	Impact Fee Rate
Cost per New Trip Generated >		$966
Residential		
Single Family (Detached)	dwelling	$1,135
Multi Family (Townhouse, Duplex, & Accessory Dwelling Units)	dwelling	$713
Multi Family in Downtown (Townhouse, Duplex, & Accessory Dwelling Units)	dwelling	$558
Retirement Community	dwelling	$252
Mobile Home in MH Parks	dwelling	$629
Commercial - Services		
Drive-in Bank	sq ft/GFA	$12.61
Walk-in Bank	sq ft/GFA	$6.69
Day Care	sq ft/GFA	$7.50
Library	sq ft/GFA	$1.94
Post Office	sq ft/GFA	$2.50
Hotel/Motel	room	$886
Service Station	pump	$3,315
Service Station/Minimart	pump	$2,858
Movie Theater	screen	$11,953
Carwash	site	$27,052
Health Club/Racquet Club	sq ft/GFA	$1.37
Marina	Berth	$170
Commercial - Institutional		
Elementary School/Jr. High School	student	$12
High School	student	$23
University/College	student	$199
Church	sq ft/GFA	$0.86
Hospital	sq ft/GFA	$1.35
Nursing Home	bed	$153
Congregate Care/Asst Living	dwelling	$153
Commercial - Restaurant		
Restaurant	sq ft/GFA	$6.69
Fast Food Restaurant	sq ft/GFA	$11.73

Land Uses	Unit of Measure *	Impact Fee Rate
Cost per New Trip Generated >		$966
Commercial - Retail Shopping Center		
up to 9,999 sq ft	sq ft/GLA	$3.16
10,000-49,999 sq ft	sq ft/GLA	$2.69
50,000-99,999 sq ft	sq ft/GLA	$1.93
100,000-199,999 sq ft	sq ft/GLA	$1.85
200,000-299,999 sq ft	sq ft/GLA	$1.67
300,000-399,999 sq ft	sq ft/GLA	$1.96
over 400,000 sq ft	sq ft/GLA	$2.12
Supermarket 3,868	sq ft/GFA	$5.23
Convenience Market	sq ft/GFA	$10.09
Discount/Department Store	sq ft/GFA	$2.13
Miscellaneous Retail Sales	sq ft/GFA	$1.31
Furniture Store	sq ft/GFA	$0.13
Car Sales - New/Used	sq ft/GFA	$3.10
Commercial - Administrative Office		
up to 9,999 sq ft	sq ft/GFA	$6.03
10,000-49,999 sq ft	sq ft/GFA	$3.76
50,000-99,999 sq ft	sq ft/GFA	$2.95
100,000-199,999 sq ft	sq ft/GFA	$2.46
200,000-299,999 sq ft	sq ft/GFA	$2.15
over 300,000 sq ft	sq ft/GFA	$1.90
Administrative Office (Downtown)		
up to 9,999 sq ft	sq ft/GFA	$4.13
10,000-49,999 sq ft	sq ft/GFA	$3.10
50,000-99,999 sq ft	sq ft/GFA	$2.51
100,000-199,999 sq ft	sq ft/GFA	$2.21
200,000-299,999 sq ft	sq ft/GFA	$1.92
over 300,000 sq ft	sq ft/GFA	$1.62
Medical Office/Clinic	sq ft/GFA	$4.72
Industrial		
Light Industry/Manufacturing	sq ft/GFA	$1.61
Industrial Park	sq ft/GFA	$1.61
Warehousing/Storage	sq ft/GFA	$1.21

Note:

* For uses with Unit of Measure in "sq ft/GFA" or "sq ft/GLA", trip rate is given as trips per 1000 sq ft of gross floor area (GFA) or gross leasable area (GLA), and impact fee is dollars per square foot.

Downtown: Defined as by boundaries on the attached map in Appendix E.

ADMINISTRATIVE REQUIREMENTS

PROCESS

The impact fee process begins when a developer submits an application for building permits or other approval processes. The development proposal will provide the information required for the impact fee program. Specifically, the proposal should include the location, type of use, and size. The location will indicate whether the use is located within the downtown area, which has some reduced impact fee rates for multi family housing and offices. The type of use and the size should correspond to the uses in the impact fee schedule. If a proposal is submitted that does not fit into any of the categories, city staff can select a land use catagory which most closely matches the development characteristics. Alternatively, the number of trips generated and other trip characteristics (e.g., average trip length, pass-by trips) can be determined through a separate analysis.

Given the land use type and size, the impact fee can be calculated from the impact fee schedule. The fee rate from the schedule is multiplied by the size of the development to determine the impact fee. Fees will be collected by the City's Permit Center, and the Finance Department will maintain an impact fee tracking system.

CREDITS

After the fee has been determined, any credits will be applied. As specified in the ordinance, the use of credits ensures that a development is not double-charged for impacts to the same facility or group of facilities. In essence, credits will be given for dedications or construction of improvements made directly by the developer. Eligible dedications or construction must relate directly to a project or projects on the impact fee project list; otherwise, no credit is given. This is an important distinction, since many times developers provide roadway construction or make frontage improvements which do not relate specifically to the impact fee project list. In such cases, the City must separately identify which developer improvements are related to projects on the impact fee list and provide credits accordingly.

DISTRIBUTION OF REVENUES

The impact fees collected from a development may be spent on any listed transportation project impacted by the development. In essence, the impact fee revenues collected may be pooled. This provision provides flexibility to the city and avoids the likelihood of impact fee refunds. In general, impact fee funds will be allocated to projects which will be constructed in the early years of the CIP. This will help ensure that the schedule of these projects will be maintained in accordance with published milestone dates. As a result, it is possible that most or all of a given year's

impact fee collections for a given area may be allocated to a single high priority CIP project. In turn, general fund revenues would be reallocated to other projects. The allocation is made annually during the update of the six-year Capital Facilities Plan.

RELATIONSHIP TO SEPA AND GMA CONCURRENCY

There is a relationship between the following:

- GMA Concurrency Requirements
- SEPA Requirements
  - A. Short-term impact analysis
  - B. Long-term impact analysis –impact fees

A short-term SEPA analysis, required for several years in Olympia, focuses on localized development impacts, such as site access and circulation; nonmotorized impacts; and neighborhood street impacts. The impacts on neighborhood streets may become significant in situations where acceptable levels of service are not being maintained on the arterial street system.

The GMA Concurrency Requirements closely match the short-term SEPA review in that they both basically look at transportation conditions at the *year of opening* for a development. The concurrency test, however, requires an explicit examination of indirect (off-site capacity) impacts and specific mitigation of those impacts "concurrent" with the development opening.

The City's "long-term" SEPA analysis identifies the impacts of a development project looking several years into the future, taking into consideration other growth in the area and the effects of any improvements included in the agency's adopted transportation plans. Historically, the long-term SEPA analysis has enabled the city to identify the development's proportionate share of the cost of implementing these improvements. This analysis answers two questions:

1. What are the cumulative impacts of the proposed development and other anticipated growth in the jurisdiction and the surrounding region?
2. What is the development's proportionate share of the costs of mitigating the long-term cumulative impacts of growth?

This analysis produces a record of a development's proportionate share mitigation cost. The city has two options available for documenting proportionate shares:

- Project-by-project analysis using SEPA
- Impact fees

Of these options, the City of Olympia has opted for an impact fee program to address a developer's share of long-term cumulative impact. As discussed previously, however, impact fees do not remove the obligation of a new development to mitigate short-term impacts either through SEPA or the GMA Concurrency Requirements.

UPDATING THE FEE SCHEDULE

The impact fee program should be updated annually to take account any or all of the following:

- Changes in the Impact Fee Project List due to revisions in the Capital Facilities Plan element
- Changes in project cost estimates
- Revisions to the Impact Fee land use categories
- Changes in the annexation boundary (city limits)

The City may include an automatic impact fee cost escalation provision in the ordinance to account for annual increases in construction costs. A standard source, such as the "Construction Cost Index for the Puget Sound Region" is suggested for this purpose.