

2018 Sumner Parks & Trails Plan Update

Parks and Trails Impact Fee Rate Study

DRAFT – January 5, 2018

Introduction

The State Environmental Policy Act (SEPA) provides authority to mitigate a project’s environmental impacts through a number of authorities, including impact fees on developers to pay for the mitigation of impacts on public facilities and services. These impact fees must be imposed through a method that demonstrates a nexus to the environmental impacts in question. These fees also may not duplicate fees collected under other authorities.

The City of Sumner currently levies SEPA mitigation fees for both parks and trails. The City collects a parks mitigation fee of \$214 per residential dwelling unit and \$91 per commercial or industrial employee, and a trails mitigation fee of \$204 per residential dwelling unit and \$86 per commercial or industrial employee. Revenue from parks and trails SEPA mitigation fees over the last ten years are shown in Exhibit 1 below.

Exhibit 1: SEPA Mitigation Fee Revenue, 2007-2018

	2007	2008	2009-10	2011-12	2013-14	2015-16	2017-18 (to-date)
SEPA Mitigation Fees	\$60,111	\$43,462	\$27,386	\$45,741	\$273,006	\$157,314	\$37,998

Note: The City of Sumner moved to a biennial budget process starting in 2009, thus SEPA mitigation fees for 2009 and onward are presented for the biennium rather than annually.

Source: City of Sumner, 2017.

As shown above, these fees are relatively small relative to the fees that the City would be eligible to levy under growth Growth Management Act (GMA) authority. Adoption of GMA impact fees would not preclude the City from levying SEPA mitigation fees to address additional impacts not covered by GMA impact fees.

GMA impact fees are those fees charged by a local government on new development to recover a portion of the cost of capital facility improvements needed to serve that new development (i.e., to allow growth to pay for growth). This allows for a transparent and balanced funding system for where capital facilities funding responsibilities are share among all beneficiaries (residents, businesses, and developers). Specifically, the Washington State Legislature outlined the intent of local impact fees in RCW 82.02.050 *Impact fees—Intent—Limitations*:

(1) It is the intent of the legislature:

(a) To ensure that adequate facilities are available to serve new growth and development;

(b) To promote orderly growth and development by establishing standards by which counties, cities, and towns may require, by ordinance, that new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and

(c) To ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.

(2) Counties, cities, and towns ... are authorized to impose impact fees on development activity as part of the financing for public facilities, provided that the financing for system improvements to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees.

The City of Sumner does not currently levy GMA impact fees; however, the City is considering levying them starting in 2018 to support implementation of the City's 2018 Parks and Trails Plan Update. The City of Sumner Parks and Trails Plan Update will replace past plans amended in 2000 (Parks) and 2008 (Trails). The plan inventories current facilities; identifies park and trail demands and needs, level of service options, and opportunities for new parks and trails; and addresses alternatives for more connected trail and non-motorized network and parks facilities. The updated Plan also establishes a prioritized Capital Improvement Plan (CIP) which the City cannot support without additional revenues. GMA impact fees have been identified as a potential source for those additional revenues.

In 2017, the City engaged BERK Consulting and HBB to generate the City's 2018 Parks and Trails Plan Update; at the City's request BERK is also assessing the feasibility of levying impact fees in the City, developing a methodology for generating impact fee rates, and establishing rates for adoption and implementation of impact fees starting in 2018.

Impact Fee Requirements

State law regarding impact fees, as codified in RCW 82.02.050 requires that the impact fees support system improvements related to new development and reasonably benefit the new development. The impact fee should not exceed a proportionate share of the costs of the system improvements needed to support growth.

RCW 82.02.050 (3) The impact fees:

(a) Shall only be imposed for system improvements that are reasonably related to the new development;

(b) Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and

(c) Shall be used for system improvements that will reasonably benefit the new

development.

The means by which the fee and the proportionate share are calculated is guided by RCW 82.02.060. The ordinance is to include a schedule of impact fees for each type of development activity that is subject to impact fees. The schedule must be based on a formula or method. (RCW 82.02.060(1)) To determine the proportionate share, the formula is to consider the following:

RCW 82.02.060 (1) ...In determining proportionate share, the formula or other method of calculating impact fees shall incorporate, among other things, the following:

- (a) The cost of public facilities necessitated by new development;*
- (b) An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or proratable to the particular system improvement;*
- (c) The availability of other means of funding public facility improvements;*
- (d) The cost of existing public facilities improvements; and*
- (e) The methods by which public facilities improvements were financed;*

According to the provisions of RCW 82.02.060 (1), impact fees must be adjusted for other revenue sources that are paid by development, if such payments are earmarked or pro-ratable to particular system improvements.¹ Impact fees need to account for other means of funding facility improvements than impact fees (see balance provision in RCW 82.02.050(2)).

This memo proposes a per capita investment approach to the fee and level of service reflecting in alignment with the City's 2018 Parks and Trails Plan Update.

Methodology and Assumptions

CURRENT POPULATION, EMPLOYMENT, AND LAND USE; AND PROJECTED GROWTH

The City of Sumner is responsible for planning to accommodate expected growth; this includes increasing capacity of existing City facilities and services, like parks and trails to support a larger population of residents and businesses (including employees). To support this planning, and as obligated by GMA, the City of Sumner has established a Comprehensive Plan for a 20-year planning horizon, 2015 to 2035. This comprehensive plan establishes base and 20-year population, employment, and housing projections.

¹ Other provisions of RCW 82.02.050 and 060 include: The City must provide impact fee credit if the developer dedicates land or improvements identified in the City's adopted Capital Facilities Plan and such construction is required as a condition of development approval (RCW 82.02.060 (4)). Collected impact fees may only be spent on public facilities identified in a capital facilities plan or to reimburse the government for the unused capacity of existing facilities (RCW 82.02.050(4)). In addition, impact fees may only be spent on capital costs for system improvements.

Current population, employment, and housing estimates were drawn from the Washington State Office of Financial Management’s postcensal estimates.

Recognizing that the demand for City of Sumner Parks and Trails is driven by both residents (population) and people employed in the City (employment), a conversion factor was used to generate a modified per capita projection that quantifies this demand based on relative access to park facilities and creates a “resident equivalency,” a ratio for the demand generated by employees relative to the demand created by population. The methodology used to generate the “residence equivalency” is presented in Exhibit 2, following.

Exhibit 2: Residence Equivalency

<i>Time Employee at Employment Location</i>	Opportunity
Hours per day parks open to residents (8 a.m. - 10 p.m.)	14
Days per week	7
Total hours per week parks available to residents	98
<i>Time Employee at Employment Location</i>	
Hours per day at employment location	9
Days per week at employment location	5
Total hours per week at employment location	45
Employee to Residential Conversion Factor	45.9%
Resident Access	93.8%

Source: Arthur Nelson, *Planner’s Estimating Guide*, 2004; BERK Consulting, 2017.

Future projections for Sumner residents, employees, modified per capita population (based on resident equivalency, are shown in Exhibit 3.

Exhibit 3. Historical and Projected Population Equivalent Estimates, 2017 to 2035

Estimated Population Equivalent	Base Year City	Base Year City and UGA	2035 City	2035 City and UGA
Employees (Excluding Construction)	12,235	12,303	19,230	19,523
Employee Resident Equivalent at 45.9%	5,618	5,649	8,830	8,965
Permanent Resident	9,920	11,626	13,476	16,870
Resident Equivalent at 93.8%	9,300	10,899	12,634	15,815
Total “Modified per Capita” Service Population	14,918	16,548	21,464	24,780

Note: UGA stands for Urban Growth Area.

Sources: City of Sumner *Comprehensive Plan*, 2015; Washington State Office of Financial Management April 1 Population Estimates, 2017; and BERK Consulting, 2017.

The City of Sumner expects a net service population growth of 3,556 residents and 6,995 employees or 6,546 resident equivalents, based on the “modified per capita” assumptions, between 2017 and 2035.

The population estimates can also be used with land use projections for housing growth to estimate household size, which is necessary for distributing the system value to new residential development, distributed between single-family and multifamily. The 2015 American Community Survey estimated that Sumner households were approximately distributed as shown in Exhibit 4, following.

Exhibit 4: Anticipated Housing Growth and Average Household Size, 2017 to 2035

	Single Family	Multifamily
Household Size	2.60	2.23
Resident Equivalent	93.8%	93.8%
Net New Households	1108	628

Source: BERK Consulting, 2017; City of Sumner *Comprehensive Plan*, 2015; Washington State Office of Financial Management April 1 Population Estimates, 2017.

Similarly, the employment estimates can also be used with land use projections for commercial and industrial development to estimate the addition commercial and industrial square footage in the planning horizon, which is necessary for distributing the system value to new residential development. This is shown in Exhibit 5, following.

Exhibit 5: Anticipated Commercial and Industrial Development Anticipated Resident-equivalents per 1,000 Square Feet, 2017 to 2035

	Commercial	Industrial
Square Feet per Employee	375	800
Average Employees per 1,000 Square Feet	2.67	1.25
Employee Resident Equivalents	45.9%	45.9%
Average Resident-equivalents per 1,000 square feet	1.22	0.57
Employment Growth by Resident-equivalents	805	2,747

Sources: City of Sumner *Comprehensive Plan*, 2015; Washington State Office of Financial Management April 1 Population Estimates, 2017 and BERK Consulting, 2017.

These population, employment, and land use projections, and the imputed “modified per capita” projection (based on the resident equivalency assumptions) support the analysis presented in the rest of this memo.

FINANCIAL ANALYSIS

Financial data is presented as both year of expenditure dollars (YOE\$) and inflation-adjusted 2018 dollars (2018\$), to support calculation of proportionate share of tax contributions anticipated to also support new growth.

- YOE\$, or nominal dollars, present non-inflation adjusted dollars for the actual year – this is essential for actuals, so that figures match the historical record.
- Inflation-adjusted dollars (in this case, 2018\$) hold the purchasing power of the dollars constant; that is, they allow for comparison of the purchasing power of the financial data over time.

For the purposes of this analysis, we’ve used Consumer Price Index – Urban Consumers for the Seattle-Tacoma-Bremerton Metropolitan Area (CPI-U) as our inflation rate assumption.

Budget assumptions within this report are based on ten years (2007 to 2016) of financial data provided by the City of Sumner through the State Auditor’s Office Local Government Financial Reporting System, as well as the City’s current financial policies.

Modified Per Capita Investment Approach

Establishing an investment by modified per capita, is a method used to establish the total value of the parks and trails system per beneficiaries (in this case, residents and businesses [employees]). Essentially, the total value (generated based on expected replacement value) of a parks system, is divided by the total beneficiaries to generate a value of the system per beneficiary. The current investment by modified per capita is then applied to the future beneficiaries (expected growth) to establish an initial (undiscounted) contribution or fee rate.²

As a formula, this method is expressed as:

$$\text{Investment by Beneficiaries (modified per capita)} = \frac{\text{(Value of Parkland + Value of Facilities)}}{\text{Beneficiaries (modified per capita)}}$$

The value of the City of Sumner’s parks and trail system is shown in Attachment A. The total land value is \$7.08 million (2017\$) and relies primarily on Pierce County Assessor’s valuations.³ The replacement value of improvements is estimated at \$8.7 million (2017\$), this is based on a mix of data from the Pierce County Assessor’s valuations, insurance valuations, and replacement value, as estimated by using a database of cost estimates developed by HBB Landscape Architecture (HBB). The total combined 2017 system value is \$15.8 million. A full accounting of the total system valuation is provided in *Appendix A: System Value Estimate*.

Based on the 2017 “modified per capita” service population estimates, the per beneficiary share of this value is \$1,060.23 per beneficiary. We can then revisit our resident equivalency calculation to generate the per person and per employee share of the value:

- Per beneficiary value: \$1,060.23
- Per resident value: \$993.97
- Per employee value: \$486.84

If adjusted for inflation to 2018\$, the year the per capita investment may be implemented, the results would be:

- Per beneficiary value: \$1,086.62
- Per resident value: \$1,018.71
- Per employee value: \$498.96

² RCW 82.02.050(4) requires cities to determine whether or not there are any existing deficiencies; a city may not charge impact fees to correct existing deficiencies. Because the per capita investment method is based on current assets and the current population there are no existing deficiencies. Similarly, because the per capita approach is based on the existing system as it serves the existing population, there is no reserve capacity (excess capacity designed to serve growth).

³ For other studies, a market factor is applied to escalate land values to recognize potential differences between the market value and Assessor’s value (which is generally lower). It would slightly increase the system value and the resulting per capita value. It is a method that can be applied in revisions to this memo as appropriate.

IMPACT FEE RATE

Unadjusted

To generate an impact fee rate based on per resident and per employee values, we have to convert those values to the expected land uses through which they will pay impact fees. For residents, this is single-family and multifamily residential development. For employees, this is per 1,000 square feet of commercial and industrial development.

Exhibit 6: Unadjusted Impact Fee Rates (2017\$)

Unadjusted Rates		Expected Growth		Potential Investment	
Single Family	dwelling unit	\$ 2,587.19	1,108	\$	2,866,233
Multifamily	dwelling unit	\$ 2,220.05	628	\$	1,394,506
Commercial	1,000 sq ft	\$ 1,298.25	805	\$	1,045,674
Industrial	1,000 sq ft	\$ 608.55	2,747	\$	1,671,612
Total				\$	6,978,025

Source: BERK Consulting, 2017.

We can then use inflation to adjust the fee for the expected implementation year, 2018.

Exhibit 7. Unadjusted Impact Fee Rates (2018\$)

Unadjusted Rates		Expected Growth 2035		Potential Investment	
Single Family	dwelling unit	\$ 2,651.57	1,108	\$	2,937,562.24
Multifamily	dwelling unit	\$ 2,275.30	628	\$	1,429,209.88
Commercial	1,000 sq ft	\$ 1,330.55	805	\$	1,071,696.48
Industrial	1,000 sq ft	\$ 623.70	2,747	\$	1,713,211.76
Total				\$	7,151,680

Source: BERK Consulting, 2017.

To maintain the current per capita share of investment, the City's total investment in its parks and trails system would be over \$6.98 million (2017\$) or \$7.1 million if adjusted to 2018\$. The proportionate share to be contributed by new growth through proportionate share adjusted GMA impact fees is estimated below.

Proportionate Share Adjustment

The Capital Asset Fund is primarily funded through Real Estate Excise Taxes (REET), grants, and the development impact fund (which is where SEPA Mitigation Fees, discussed following, are deposited).

Exhibit 8. General Government Capital Assets Fund Revenues, 2007 to 2018 (YOES\$)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Taxes	\$ 674,798	\$ 612,674	\$ 189,405	\$ 175,764	\$ 445,313	\$ 1,105,279	\$ 519,557	\$ 673,976	\$ 639,002	\$ 1,290,922
<i>Retail Sales and Use Taxes</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
REET 1	\$ 674,798	\$ 612,674	\$ 189,405	\$ 175,764	\$ 223,294	\$ 552,640	\$ 260,302	\$ 342,782	\$ 319,501	\$ 646,267
REET 2	\$ -	\$ -	\$ -	\$ -	\$ 222,019	\$ 552,640	\$ 259,255	\$ 331,194	\$ 319,501	\$ 644,655
Intergovernmental Revenues	\$ 168,576	\$ 259,290	\$ 109,702	\$ 280,417	\$ 286,346	\$ 1,429,766	\$ 1,412,863	\$ 188,996	\$ 4,170,284	\$ 4,939,224
Federal Indirect Grants	\$ 171,927	\$ 259,290	\$ 109,702	\$ 280,417	\$ 203,598	\$ 1,205,399	\$ 106,595	\$ -	\$ 902,717	\$ 3,360,579
<i>Housing & Urban Development</i>	\$ -	\$ 45,900	\$ 109,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Department of Housing and Urban Develc</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,500	\$ -	\$ -	\$ -	\$ -
<i>Department Of The Interior</i>	\$ (5,027)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Department Of Transportation</i>	\$ 176,954	\$ 213,390	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<i>Federal Indirect Grant from Department o</i>	\$ -	\$ -	\$ -	\$ 280,417	\$ 203,598	\$ 1,007,899	\$ 106,595	\$ -	\$ 902,717	\$ 3,360,579
State Grants	\$ -	\$ -	\$ -	\$ -	\$ 82,748	\$ 224,367	\$ 1,306,268	\$ 188,996	\$ 3,267,567	\$ 1,578,645
<i>Parks and Recreation Commission</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,146	\$ 59,636	\$ 27,668
<i>Recreation and Conservation Office</i>	\$ -	\$ -	\$ -	\$ -	\$ 32,494	\$ 187,325	\$ 818,283	\$ 38,501	\$ -	\$ -
<i>Department of Ecology</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,416	\$ 387,335
<i>Transportation Improvement Board (TIB)</i>	\$ -	\$ -	\$ -	\$ -	\$ 50,254	\$ 37,042	\$ 487,985	\$ 24,445	\$ 397,157	\$ -
<i>Department of Commerce</i>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,904	\$ 2,772,358	\$ 1,163,642
<i>Local Grants, Entitlements and Other Paym</i>	\$ (3,351)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Goods and Services	\$ 33,092	\$ 9,390	\$ 4,268	\$ (376)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,280,348
Miscellaneous Revenues	\$ 38,146	\$ 21,949	\$ 16,737	\$ 5,320	\$ 3,457	\$ 243,821	\$ 6,192	\$ 7,786	\$ 2,869	\$ 2,993
Other Financing Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ 1,700,000	\$ -
TOTAL	\$ 914,612	\$ 903,303	\$ 320,112	\$ 461,125	\$ 735,116	\$ 2,778,866	\$ 1,938,612	\$ 870,758	\$ 4,812,155	\$ 7,513,487

Source: State Auditor's Office, Local Government Financial Reporting System, 2017 and BERK Consulting, 2017.

Like in the case of the general fund, the City Council has ultimate authority for allocating the share of capital assets to parks and trails projects, however, they are bound to respect the limitations of restricted funds, which include parks and trail specific grants. Rather, the allocations are more driven by the restricted revenues received and the projects completed, so the parks and trails capital expenditures, shown in Exhibit 9, following, provide the best historical perspective.

Exhibit 9. Parks and Trails Capital Expenditures, 2007 to 2016 (YOES\$)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Educational and Recreational Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Park Facilities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,586	\$ 0	\$ 23,767	\$ 25,405	\$ 13,073
PARKS SUBTOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,586	\$ 0	\$ 23,767	\$ 25,405	\$ 13,073
Special Purpose Paths	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,295,271	\$ 181,392	\$ 382,612	\$ 71,011	\$ 179,201
<i>WWTP to Bridget Street</i>	N/A	N/A	N/A	N/A	N/A	\$ 379,909	\$ 399	\$ 0	\$ 0	\$ 0
<i>Shop Loop Trail</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<i>Steward Road Trail</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 27,703	\$ 162,533	\$ 7,688	\$ 0
<i>Northend Trail</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 86,824	\$ 0	\$ 0	\$ 0
<i>White River Trails</i>	N/A	N/A	N/A	N/A	N/A	\$ 1,915,362	\$ 46,936	\$ -1,500	\$ 0	\$ 0
<i>Collin Keck Memorial Trail</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 2,448	\$ 2,215	\$ 3,100	\$ 0
<i>Fryar Avenue Trail</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 0	\$ 76,119	\$ 9,041	\$ 54,201
<i>No. 9 Ditch Crossing</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 0	\$ 0	\$ 0	\$ 125,000
<i>Trail Amenities</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 0	\$ 143,346	\$ 51,873	\$ 0
<i>Other</i>	N/A	N/A	N/A	N/A	N/A	\$ 0	\$ 17,082	\$ -101	\$ -691	\$ 83,001
<i>(Reconciliation to City Capital Projects)</i>										
TRAILS SUBTOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,295,271	\$ 181,392	\$ 382,612	\$ 71,011	\$ 179,201
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,391,857	\$ 181,392	\$ 406,379	\$ 96,416	\$ 192,274

Source: City of Sumner, 2017; State Auditor's Office, Local Government Financial Reporting System, 2017; and BERK Consulting, 2017.

Because the biennial allocations to parks and trails are impacted by the amount of parks and trails restricted revenues obtained, it is impractical to estimate the share of the capital asset fund expected to fund parks and trails capital projects into the future. Instead, we can simply inflation adjust the capital contributions from the historical period and provide an average investment.

However, before we can generate this average we need to exclude any potential SEPA mitigation fees that could have funded parks capital in the relevant period. Unfortunately, because the financial data does not directly correlate revenues and expenditures (just fund source and expenditures) we can't do this directly. Instead, we'll net out the share of revenues that could be attributable to SEPA mitigation fees⁴ based on collections in the same period. These calculations are provided in Exhibit 10, following.

Exhibit 10: Non-SEPA Mitigation Fees Investment in Parks, 2007 to 2016 (2018\$)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average, 2012 to 2016
Capital Investment	\$0	\$0	\$0	\$0	\$0	\$2,683,164	\$201,041	\$442,243	\$103,517	\$201,963	\$363,193
SEPA Mitigation Fees	\$74,626	\$51,781	\$16,219	\$16,172	\$26,306	\$25,656	\$151,290	\$148,550	\$84,450	\$82,621	\$67,767
Capital Investment from Non-Mitigation Fee Sources	-\$74,626	-\$51,781	-\$16,219	-\$16,172	-\$26,306	\$2,657,508	\$49,752	\$293,694	\$19,067	\$119,342	\$295,426

Source: City of Sumner, 2017; City of Sumner, 2017; State Auditor's Office, Local Government Financial Reporting System, 2017; and BERK Consulting, 2017.

While it is possible that the Sumner City Council could choose to increase the share of existing city revenues funding parks and trails capital projects by making additional appropriations from the general fund, this is unlikely. The City typically uses the general fund to support operations, including parks and trails operations.

The average annual per capita investment over the 2007-2016 period is nearly \$30 per capita.

Exhibit 11: Historic Per Capita Capital Investment, 2007 to 2016 (2018\$)

Year	Capital Investment	Residential Equivalent	Per capita investment
2007	\$ -	11,116	\$-
2008	\$ -	11,265	\$-
2009	\$ -	11,420	\$-
2010	\$ -	11,554	\$-
2011	\$ -	12,179	\$-
2012	\$2,683,164	12,502	\$214.62
2013	\$201,041	12,881	\$15.61
2014	\$442,243	13,267	\$33.33
2015	\$103,517	13,771	\$7.52
2016	\$201,963	14,245	\$14.18
Average			\$28.53

If this is applied per beneficiary, and converted to residents and employees for purposes of rates, the results are:

- Per beneficiary value: \$28.53
- Per resident value: \$26.74

⁴ To do this, we have to annualize the SEPA mitigation fees (which, starting in 2009 are presented as biennial figures). For our purposes, we'll simply divide each biennium by two; this is acceptable for an order of magnitude estimate.

- Per employee value: \$13.10

This value can then be used to generate a proportionate-share adjusted impact fee rate, as shown in Exhibit 12, following.

Exhibit 12: Proportionate Share Adjusted Impact Fee Rates (2017\$)

Adjusted Rates		Proportionate Share	Adjusted Fee	Expected Growth	Potential Impact Fee Investment
Single Family	dwelling unit	\$ 69.61	\$ 2,517.58	1,108	\$ 2,789,119
Multifamily	dwelling unit	\$ 59.73	\$ 2,160.32	628	\$ 1,356,988
Commercial	1,000 sq ft	\$ 34.93	\$ 1,263.32	805	\$ 1,017,540
Industrial	1,000 sq ft	\$ 16.37	\$ 592.18	2,747	\$ 1,626,638
Total					\$ 6,790,285

Source: BERK Consulting, 2017.

We can then use inflation to adjust the fee for the expected implementation year, 2018.

Exhibit 13: Proportionate Share Adjusted Impact Fee Rates (2018\$)

Adjusted Rates		Proportionate Share	Adjusted Fee	Expected Growth 2035	Potential Impact Fee Investment
Single Family	dwelling unit	\$ 71.34	\$ 2,580.23	1,108	\$ 2,858,528.46
Multifamily	dwelling unit	\$ 61.22	\$ 2,214.08	628	\$ 1,390,757.64
Commercial	1,000 sq ft	\$ 35.80	\$ 1,294.76	805	\$ 1,042,862.97
Industrial	1,000 sq ft	\$ 16.78	\$ 606.92	2,747	\$ 1,667,118.58
Total					\$ 6,959,268

Source: BERK Consulting, 2017.

It should be noted that the proportionate share discount is conservative in that it assumes all of the revenue contribution from the service population would go to capacity projects to serve growth, while in reality a share would go towards capital replacement and maintenance.

The proportionate share to be contributed by new growth through proportionate share adjusted GMA impact fees (net growth x \$28.53) would be just under \$200,000 (\$192,413 in 2018\$).

Capital Improvements Eligible for Impact Fees

Impact Fees may be applied to park and trail system improvements that add capacity to serve growth and that are addressed by a capital facilities plan element of a comprehensive land use plan adopted pursuant to the Growth Management Act. As part of the Parks and Trails Plan Update, amendments to the City's Capital Facilities Plan are proposed. Facilities identified in Appendix B would add capacity and serve growth.

See the Parks & Trails Plan for different packages of improvements that could occur in the 2018-2023 six-year period, as well as facilities that could occur through 2035 and beyond. The Capital Facilities Plan addresses the six-year period, and demonstrates an ability to serve the 2035 planning horizon. The City may collect impact fees and spend them on eligible improvements over a 10-year period.

Appendix A: System Value Estimate 2017 (Land and Facilities)

Park Name / Feature	Acres	Facilities	2017 Value
Bill Heath Sports Complex	6.96	1	\$1,868,100
Baseball Field/Softball Field		1	\$1,024,900
BBQ Grills		2	\$1,200
Benches		15	\$42,000
Concession Stand		1	Part of restroom
Picnic Tables		10	\$56,000
Playground		1	\$95,400
Restroom		1	\$193,000
Skate Park		1	\$317,000
Tennis Court		2	\$225,400
Trails		1	\$90,300
Loyalty Park	3.25	1	\$869,900.00
Basketball Court		1	\$61,500
Picnic Tables		15	\$84,000
Benches		8	\$22,400
BBQ Grills		3	\$1,800
Playground		1	\$77,200
Restroom Enclosures		1	\$24,700
Rainier View Park	3.87	1	\$245,300
Basketball Court		1	\$61,500
BBQ Grills		3	\$1,800
Benches		8	\$22,400
Climbing Wall		1	\$10,000
Open Turf Area		1	\$946,000
Picnic Tables		8	\$44,800
Picnic Shelters - w/o Cooking Facilities		1	\$49,600
Playground		1	\$99,300
Trails		1	\$90,300
Restroom Enclosures		1	\$24,700
Storage Building		1	\$33,100
Riverbend Park	11.00	1	\$734,800
Restroom		1	\$200,000
Benches		1	\$2,800
Rueben Knoblauch Heritage Park	0.46	1	\$246,100
Amphitheater - Public		1	\$27,600
Benches		14	\$39,200
Chess/Checkers Tables (game pieces not included)		3	\$16,800
Open Turf Area		1	\$112,400

Park Name / Feature	Acres	Facilities	2017 Value
Picnic Tables		0	\$0
Restroom Enclosures		1	\$24,700
Ryan House	0.41	1	\$518,800
Museum/House		1	\$133,400
Benches		1	\$2,800
Seibenthaler Park	2.31	1	\$259,900
Basketball Court		1	\$45,000
BBQ Grills		1	
Picnic Tables		1	
Playground		1	
Soccer Field		0	
Park Equipment		1	\$77,200
Restroom Enclosures		1	\$24,700
Sumner Link Trail	58.18	1	\$2,346,700
<u>Improved Trail</u>	<u>Length</u>		
CIP 97-29	750	1	\$173,000
CIP 98-13	2,757	1	\$188,700
CIP 05-11	2,600	1	\$121,200
CIP 02-06	3,000	1	\$598,900
CIP 08-13	2,135	1	\$201,000
CIP 07-26	2,350	1	\$362,200
CIP 13-04	1,900	1	\$90,500
CIP 06-05	1,700	1	\$1,925,000
CIP 13-06	2,140	1	\$151,800
Trail Amenities	Pizza Park	1	\$90,300
Public Restroom & RV Dump Station (confluence)		1	\$197,000
Other Facilities			
Parks Storage / Office		1	\$220,600
Total			\$15,816,700

Appendix B: Parks & Trails Capital Facility Plan 2018-2035

OPTION 1

Park & Capital Projects	Unit	Measure	Unit Cost	2018-23	2024-35 +	2018-2035+	Impact Fee Eligible 2023	Impact Fee Eligible 2035+
Bill Heath Sports Complex								
Master Site Plan					\$80,000	\$80,000		
Expand Skate Park and Add Skate Elements	1	Facility	\$ 544,130		\$544,130	\$544,130		50%
Multi-Use Fields	1	Facility	\$ 2,067,680		\$2,067,680	\$2,067,680		100%
Batting Cage	1	Facility	\$ 22,060	\$22,060	\$0	\$22,060		100%
Rock Wall	1	Facility	\$ 380,890		\$380,890	\$380,890		100%
Shelter/Gathering Area	1	Facility	\$ 130,590		\$130,590	\$130,590		100%
Portable Restrooms	2	Facility	\$ 56,060		\$112,120	\$112,120		
Bill Heath Sports Complex Subtotal				\$22,060	\$3,315,410	\$3,337,470		
Loyalty Park								
Master Site Plan					\$40,000	\$40,000		
Loop Path	0.5	Mile	\$ 353,680		\$176,840	\$176,840		100%
Shelter/BBQ	1	Facility	\$ 130,590		\$130,590	\$130,590		100%
Horseshoe/Bocce Ball	2	Facility	\$ 15,370		\$30,740	\$30,740		100%
Screening (Assume Planting only)	1000	Feet	\$ -		\$0	\$0		
Tree Planting / Shade, Seating, Gathering, Entries	0.5	Acre	\$ 544,130	\$30,000	\$242,065	\$272,065		
Permanent Bathrooms	1	Facility	\$ 544,130		\$544,130	\$544,130		
Picnic Areas with Power	2	Facility	\$ 80,000	\$160,000	\$0	\$160,000	100%	
Loyalty Park Subtotal				\$190,000	\$1,164,365	\$1,354,365		
Rainier View Park								
Master Site Plan				\$60,000	\$0	\$60,000		
Case Study Cost Estimate 2017				\$2,234,464	\$3,119,946	\$5,354,410		31%
Covered Multi-game Court				\$942,337			100%	
Fields and Drainage				\$1,292,127			100%	
Spray Play, Picnic Shelters, Other Improvements					\$3,119,946		75%	
Rainier View Park Subtotal				\$2,294,464	\$3,119,946	\$5,414,410		
Riverbend Park								
Stewardship Plan					\$40,000	\$40,000		
Nature Viewing	1	Mile	\$ 217,650		\$217,650	\$217,650		100%
Riverbend Park Subtotal					\$257,650	\$257,650		
Reuben Knoblauch Heritage Park								
Master Site Plan				\$40,000	\$0	\$40,000		
Entrance, Stage, Amphitheater 2017					\$1,493,618	\$1,493,618		5%
Reuben Knoblauch Heritage Park Subtotal				\$40,000	\$1,493,618	\$1,533,618		
Ryan House								
Master Site Plan					\$40,000	\$40,000		
Ryan House Subtotal					\$40,000	\$40,000		
Seibenthaler Park								
Master Site Plan				\$60,000	\$0	\$60,000		
Case Study Cost Estimate 2017				\$1,029,993	\$1,845,892	\$2,875,885	100%	71%
Multi-game Court				\$348,195			100%	
Athletic Fields				\$366,411			100%	
Picnic Areas with Power				\$315,387			100%	
Other Improvements: Play area, restrooms, furnishings					\$1,845,892			100%
Seibenthaler Park Subtotal				\$1,089,993	\$1,845,892	\$2,935,885		
Trail Miles								
Class I Multi Use	2.0	Mile	\$ 1,088,250	\$1,305,900	\$870,600	\$2,176,500	100%	100%
Class II Bike Lane	4.2	Mile	\$ 2,000,000		\$8,320,000	\$8,320,000		100%
Class III Bike Route	7.1	Mile	\$ 500,000		\$3,545,000	\$3,545,000		100%
Soft Surface Competitive Trail	1.5	Mile	\$ 217,650	\$167,591	\$167,591	\$335,181		100%
Trailheads	3	Facility	\$ 1,904,450		\$5,713,350	\$5,713,350		100%
Trail Subtotal				\$1,473,491	\$18,616,541	\$20,090,031		
New Parks								
Master Site Plan	6	Number	\$60,000		\$360,000	\$360,000		
Acquisition	20	Acres	\$ 345,000	\$3,450,000	\$3,450,000	\$6,900,000	100%	100%
Minimum Park Standard Investment	5	Park	\$ 4,005,000		\$20,025,000	\$20,025,000		100%
Off-leash dog park	1	Facility	\$ 1,197,080		\$1,197,080	\$1,197,080		100%
New Parks Subtotal				\$3,450,000	\$25,032,080	\$28,482,080		
Total				\$8,560,008	\$54,885,501	\$63,445,508		

OPTION 2

Park & Capital Projects	Unit	Measure	Unit Cost	2018-23	2024-35 +	2018-2035+	Impact Fee Eligible 2023	Impact Fee Eligible 2035+
Bill Heath Sports Complex								
Master Site Plan					\$80,000	\$80,000		
Expand Skate Park and Add Skate Elements	1	Facility	\$ 544,130		\$544,130	\$544,130		50%
Multi-Use Fields	1	Facility	\$ 2,067,680		\$2,067,680	\$2,067,680		100%
Batting Cage	1	Facility	\$ 22,060	\$22,060	\$0	\$22,060		100%
Rock Wall	1	Facility	\$ 380,890		\$380,890	\$380,890		100%
Shelter/Gathering Area	1	Facility	\$ 130,590		\$130,590	\$130,590		100%
Portable Restrooms	2	Facility	\$ 56,060		\$112,120	\$112,120		
Bill Heath Sports Complex Subtotal				\$22,060	\$3,315,410	\$3,337,470		
Loyalty Park								
Master Site Plan					\$40,000	\$40,000		
Loop Path	0.5	Mile	\$ 353,680		\$176,840	\$176,840		100%
Shelter/BBQ	1	Facility	\$ 130,590		\$130,590	\$130,590		100%
Horseshoe/Bocce Ball	2	Facility	\$ 15,370		\$30,740	\$30,740		100%
Screening (Assume Planting only)	1000	Feet	\$ -		\$0	\$0		
Tree Planting / Shade, Seating, Gathering, Entries	0.5	Acre	\$ 544,130	\$30,000	\$242,065	\$272,065		
Permanent Bathrooms	1	Facility	\$ 544,130		\$544,130	\$544,130		
Picnic Areas with Power	2	Facility	\$ 80,000	\$160,000	\$0	\$160,000	100%	
Loyalty Park Subtotal				\$190,000	\$1,164,365	\$1,354,365		
Rainier View Park								
Master Site Plan				\$60,000	\$0	\$60,000		
Case Study Cost Estimate 2017				\$942,337	\$4,412,073	\$5,354,410		31%
Covered Multi-game Court				\$942,337			100%	
Fields and Drainage					\$1,292,127			100%
Spray Play, Picnic Shelters, Other Improvements					\$3,119,946			75%
Rainier View Park Subtotal				\$1,002,337	\$4,412,073	\$5,414,410		
Riverbend Park								
Master Site Plan					\$40,000	\$40,000		
Nature Viewing	1	Mile	\$ 217,650		\$217,650	\$217,650		100%
Riverbend Park Subtotal					\$257,650	\$257,650		
Reuben Knoblauch Heritage Park								
Master Site Plan				\$40,000	\$0	\$40,000		
Entrance, Stage, Ampitheater 2017					\$1,493,618	\$1,493,618		5%
Reuben Knoblauch Heritage Park Subtotal				\$40,000	\$1,493,618	\$1,533,618		
Ryan House								
Master Site Plan					\$40,000	\$40,000		
Ryan House Subtotal					\$40,000	\$40,000		
Seibenthaler Park								
Master Site Plan				\$60,000	\$0	\$60,000		
Case Study Cost Estimate 2017				\$348,195	\$2,894,100	\$2,875,885	100%	71%
Multi-game Court				\$348,195			100%	
Athletic Fields					\$366,411		100%	
Picnic Areas with Power					\$315,387			100%
Other Improvements: Play area, restrooms, furnishings					\$2,212,302			100%
Seibenthaler Park Subtotal				\$408,195	\$2,894,100	\$2,935,885		
Trail Miles								
Class I Multi Use	2.0	Mile	\$ 1,088,250	\$544,125	\$1,632,375	\$2,176,500	100%	100%
Class II Bike Lane	4.2	Mile	\$ 2,000,000		\$8,320,000	\$8,320,000		100%
Class III Bike Route	7.1	Mile	\$ 500,000		\$3,545,000	\$3,545,000		100%
Soft Surface Competitive Trail	1.5	Mile	\$ 217,650	\$152,355	\$335,181	\$335,181		100%
Trailheads	3	Facility	\$ 1,904,450		\$5,713,350	\$5,713,350		100%
Trail Subtotal				\$696,480	\$19,545,906	\$20,090,031		
New Parks								
Master Site Plan	6	Number	\$60,000		\$360,000	\$360,000		
Acquisition	20	Acres	\$ 345,000	\$1,380,000	\$5,520,000	\$6,900,000	100%	100%
Minimum Park Standard Investment	5	Park	\$ 4,005,000		\$20,025,000	\$20,025,000		100%
Off-leash dog park	1	Facility	\$ 1,197,080		\$1,197,080	\$1,197,080		100%
New Parks Subtotal				\$1,380,000	\$27,102,080	\$28,482,080		
Total				\$3,739,072	\$60,225,202	\$63,445,508		