RATE STUDY

FOR

IMPACT FEES

FOR

ROADS

KITSAP COUNTY, WASHINGTON

Henderson
Young &
Company

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Executive Summary

The purpose of this study is to establish the rates for impact fees for roads in Kitsap County, Washington.

Rates

The impact fees for roads are based on the cost per trip in each of four service areas[1].

Road Service Area	Cost per Trip
1	$ 194
2	223
3	227
4	224

The rates for impact fees for roads for specific land uses are listed in Table 7.

Impact Fees vs. Other Developer Contributions

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy or use the new development. Throughout this study the term "developer" is used as a shorthand expression to describe anyone who is obligated to pay impact fees, including builders, owners or developers.

The impact fees that are described in this study do not include any other forms of developer contributions or exactions, such as mitigation or voluntary payments authorized by SEPA (the State Environmental Policy Act, RCW 43.21C), system development charges for water and sewer authorized for utilities (RCW 35.92 for municipalities, 56.16 for sewer districts, and 57.08 for water districts), local improvement districts or other special assessment districts, linkage fees, or land donations or fees in lieu of land.

[1] The costs per trip for the four service areas consist of a local cost per trip that is unique for service areas 1-4, plus a regional cost per trip that is the same amount throughout the County (see Chapters 5 and 6).

ADJUSTMENTS FOR OTHER SOURCES OF REVENUE FOR ROADS

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of roads. These other revenues are accounted for by adjusting (i.e., reducing) the cost of capital investment for roads to account for the portion of costs that are paid by the other sources of revenue.

CREDITS FOR OTHER CONTRIBUTIONS BY DEVELOPER

A developer who contributes land, improvements or other assets may receive a "credit" which reduces the amount of impact fee that is due. This credit is in addition to the adjustment for other revenues described in the preceding paragraph.

WHO PAYS IMPACT FEES

Impact fees are paid by new development. Impact fee rates for new development are based on the type of land use: residential, retail, office, commercial, industrial, and other types of new construction. Roads are used by residences, businesses, and institutions, therefore road impact fees are charged to all types of land uses.

SERVICE AREAS FOR IMPACT FEES

Impact fees in some jurisdictions are collected and expended within service areas that are smaller than the jurisdiction that is collecting the fees. Impact fees are not required to use more than one service area unless such "zones" are necessary to establish the relationship between the fee and the development. Road impact fees are collected and expended in four service areas because of the relatively higher use of roads within a service area by trips generated within each service area. A fifth service area covers the entire County for impacts on state roads that Kitsap County will improve. Every development will pay a combined total of the impact fee for whichever one of service areas 1 – 4 it is located in, plus the impact fee for the "regional service area".

USES OF IMPACT FEE REVENUE

Impact fee revenue will be used for the capital cost of public facilities. Impact fees cannot be used for operating or maintenance expenses. The cost of public facilities that can be paid for by impact fees include, but are not limited to, planning, land acquisition, right-of-way acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and project administrative expenses, applicable impact fees or

The public facilities that can be paid for by impact fees are "system improvements" (which are typically outside the development "and designed to provide service to service areas within the community at large" as provided in RCW 82.02.050(9)), as opposed to "project improvements" (which are typically provided by the developer on-site within the development or adjacent to the development "and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project" as provided in RCW 82.02.050(6).

EXPENDITURE REQUIREMENTS FOR IMPACT FEES

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the government for the unused capacity of existing facilities. Impact fee payments that are not expended within 6 years must be refunded. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the government, and annual reports must describe revenue from and expenditures of impact fees.

DEVELOPER OPTIONS

A developer who is liable for impact fees has several options regarding impact fees. The developer can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The developer can appeal the impact fee calculation by Kitsap County. If the impact fee payments are not expended within 6 years of receipt of such payments, the developer can obtain a refund of the impact fees. The developer can also obtain a refund if the development does not proceed and no impacts are created.

ORGANIZATION OF THE STUDY

Chapter 1 Summarizes the statutory basis for developing impact fees, discusses issues, and presents the methodology and formulas for determining the amount of the impact fee.

Chapter 2 Describes and documents the need for additional road capacity because of growth.

Chapter 3 Documents the total cost and growth's share of the cost of road projects from the capital facilities plan that will serve growth in each service area.

Chapter 4	Documents the amount of revenue from other sources that will pay for part of the cost of the roads that will serve growth, and calculates the unfunded cost in each service area.
Chapter 5	Documents the number of new trips in each service area and calculates the unfunded cost per trip in each service area.
Chapter 6	Combines the cost per trip from each local service area with the cost per trip of the regional service area to calculate the combined cost per trip.
Chapter 7	Documents the number of trips generated by various types of land use and multiplies the trips generated times the cost per trip to calculate the impact fee for each service area.

1. Statutory Basis and Methodology

Local governments charge impact fees for several reasons: 1) to obtain revenue to pay for some of the cost of new public facilities; 2) to implement a public policy that new development should pay a portion of the cost of facilities that it requires, and that existing development should not pay all of the cost of such facilities; and 3) to assure that adequate public facilities will be constructed to serve new development.

This study of impact fees for roads in Kitsap County, Washington describes the methodology that is used to develop the fees, presents the formulas, variables and data that are the basis for the fees, and documents the calculation of the fees. The methodology is designed to comply with the requirements of Washington State Law.

STATUTORY BASIS FOR IMPACT FEES

The Growth Management Act of 1990 created RCW 82.02.050 - 82.02.090 to authorize local governments in Washington to charge impact fees, and provide specific requirements for impact fees.

The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development); and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments.

The following synopsis of the most significant requirements of the law includes citations to the Revised Code of Washington as an aid to readers who wish to review the exact language of the statutes.

TYPES OF PUBLIC FACILITIES

Four types of public facilities can be the subject of impact fees: 1) public streets and roads; 2) publicly owned parks, open space and recreation facilities; 3) school facilities; and 4) fire protection facilities (in jurisdictions that are not part of a fire district). *RCW 82.02.050(2) and (4), and RCW 82.02.090(7)*

TYPES OF IMPROVEMENTS

Impact fees can be spent on "system improvements" (which are typically outside the development), as opposed to "project improvements" (which are typically provided by the developer on-site within the development). *RCW 82.02.050(3)(a) and RCW 82.02.090(6) and (9)*

BENEFIT TO DEVELOPMENT

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. *RCW 82.02.050(3)(a) and (c).* Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government), and local governments must develop impact fee rate categories for various land uses. *RCW 82.02.060(6)*

PROPORTIONATE SHARE

Impact fees cannot exceed the development's proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. *RCW 82.02.050(3)(b) and RCW 82.02.060(1)*

REDUCTIONS OF IMPACT FEE AMOUNTS

Impact fees rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or proratable to particular system improvements). *RCW 82.02.050(1)(c) and (2) and RCW 82.02.060(1)(b)* Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)*

EXEMPTIONS FROM IMPACT FEES

Local governments have the discretion to provide exemptions from impact fees for low-income housing and other "broad public purpose" development, but all such exemptions must be paid from public funds (other than impact fee accounts). *RCW 82.02.060(2)*

DEVELOPER OPTIONS

Developers who are liable for impact fees can submit data and or/analysis to

demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. *RCW 82.02.060(5)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.060(4) and RCW 82.02.070(4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend the impact fee payments within 6 years, or terminates the impact fee requirement, or the developer does not proceed with the development (and creates no impacts). *RCW 82.02.080*

Capital Facilities Plans

Impact fees must be expended on public facilities in a capital facilities plan (CFP) element (or used to reimburse the government for the unused capacity of existing facilities). The CFP must conform with the Growth Management Act of 1990, and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050(4), RCW 82.02.060(7), and RCW 82.02.070(2)*

New versus Existing Facilities

Impact fees can be charged for new public facilities *(RCW 82.02.060(1)(a))*, and for the unused capacity of existing public facilities *(RCW 82.02.060(7))* subject to the proportionate share limitation described above.

Accounting Requirements

The local government must separate the impact fees from other monies, expend the money on CFP projects within 6 years, and prepare annual reports of collections and expenditures. *RCW 82.02.070(1)-(3)*

ISSUES RELATING TO IMPACT FEES

Prior to calculating impact fee rates, several issues will be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for additional road capacity, the need for new revenue for additional road capacity, the benefit of new road capacity to new development, and low-income housing.

Responsibility for Public Facilities

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. In the case of road impact fees, Kitsap County is authorized to charge impact

fees for the roads for which the County is responsible. In no case may a local government charge impact fees for private facilities, but it may charge impact fees for some public facilities that it does not administer if such facilities are "owned or operated by government entities" *(RCW 82.02.090 (7)*. Thus, a city or county may charge impact fees for roads, and enter into an agreement with the State of Washington for the use of road impact fees on state roads.

NEED FOR ADDITIONAL ROAD CAPACITY

The need for additional road capacity is determined by forecasting future traffic on the roads and comparing future traffic volume to the County's level of service standard. If future traffic will cause the level of service standard to be exceeded, the County will have a concurrency problem unless additional road capacity is created. The analysis of needed road capacity must comply with the statutory requirements of identifying existing deficiency, reserve capacity and new capacity requirements for facilities.

NEED FOR NEW REVENUE FOR ADDITIONAL ROADS

The need for new revenue for roads is demonstrated by comparing the cost of new roads for the next 6 years to the existing sources of revenue for the same 6 years. Kitsap County's 6-year capital facilities plan does not have enough revenues from other sources to pay needed costs without impact fees.

DETERMINING THE BENEFIT TO DEVELOPMENT

The law imposes three tests of the benefit provided to development by impact fees: 1) proportionate share, 2) reasonably related to need, and 3) reasonably related to expenditure *(RCW 80.20.050(3))*.

1. Proportionate Share.

First, the "proportionate share" requirement means that impact fees can be charged only for the portion of the cost of public facilities that is "reasonably related" to new development. In other words, impact fees cannot be charged to pay for the cost of reducing or eliminating deficiencies in existing facilities.

Second, there are several important implications of the proportionate share requirement that are not specifically addressed in the law, but which follow directly from the law:

- Costs of facilities that will be used by new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: (1)

by allocating the cost between new and existing users, or (2) calculating the cost per unit (i.e., trip), and applying the cost only to new development when calculating impact fees.

- Impact fees that recover the costs of existing unused capacity should be based on the government's actual cost, rather than the replacement cost of the facility. Carrying costs may be added to reflect the government's actual or imputed interest expense.

The third aspect of the proportionate share requirement is its relationship to the requirement to provide adjustments and credits to impact fees, where appropriate. These requirements ensure that the amount of the impact fee does not exceed the proportionate share.

- The "adjustments" requirement reduces the impact fee to account for past and future payments of other revenues (if such payments are earmarked for or proratable to the system improvements that are needed to serve new growth).

- The "credit" requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable requirements on determining credits. For example, the location of dedicated land and the quality and design of a donated public facility can be required to conform to adopted local standards for such facilities.

Without such adjustments and credits, the fee-paying development might pay more than its proportionate share.

2. Reasonably Related to Need.

There are many ways to fulfill the requirement that impact fees be "reasonably related" to the development's need for public facilities, including personal use and use by others in the family or business enterprise (direct benefit), use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). These measures of relatedness are implemented by the following techniques:

- Impact fees for roads are charged to properties which benefit from new road capacity. Kitsap County roads are used by residences, businesses, and institutions, therefore road impact fees are charged to

all types of land uses.

- The connections among needs, benefits and fees will vary according to the type of facility; roads will have different "relation to need" criteria than schools. The relationship to need for roads will be based on the average number of trips generated by each type of land use.

- The relative needs of different types of growth are considered in establishing fee amounts (i.e., residential, retail, office, commercial, and industrial land uses can be shown to have different impacts than each other, therefore the impact fees for each type of land use can be different than other types).

- Feepayers can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee schedule calculation for their property classification. Such reduced needs must be permanent and enforceable (i.e., via land use restrictions).

Road impact fees are collected and expended in four service areas because of the relatively higher use of roads within a service area by trips generated within each service area. A fifth service area covers the entire County for impacts on state roads that Kitsap County will improve. Every development will pay a combined total of the impact fee for whichever one of service areas 1 – 4 it is located in, plus the impact fee for the "regional service area".

3. Reasonably Related to Expenditures.

Two provisions of the law tend to reinforce the requirement that expenditures be "reasonably related" to the development that paid the impact fee. First, the requirement that fee revenue must be earmarked for specific uses related to public facilities ensures that expenditures are on identifiable projects, the benefit of which can be demonstrated. Second, impact fee revenue must be expended within 6 years, thus requiring a timeliness to the benefit to the fee-payer.

LOW-INCOME HOUSING

A fundamental premise of impact fees is that growth should pay for its fair share of the public facilities that it needs. One possible drawback to impact fees paid by residential development is the potential negative effect of the impact fees on the affordability of housing.

The effect of an impact fee on the affordability of housing varies according to the cost of the house. The more expensive the house, the smaller the effect because the impact fee (which is the same for all dwelling units, regardless of cost) adds a smaller percentage to the cost of an expensive house. Thus, the least effect is on the highest price housing and the largest effect is on low-income housing. Any given impact fee will be a larger percentage of the cost of a low priced home, and the inelasticity of income of buyers of low-income housing may cause some to be priced out of the market if relief is not provided.

Kitsap County's impact fee ordinance exempts low-income housing from impact fees.

Relationship to Capital Facilities Plan

Kitsap County's road impact fees are calculated using the costs from the list of projects in the County's capital facilities plan. The costs, and revenue from other sources are used in the first two formulas that calculate the amount of the road impact fee.

Calculation of Impact Fee Amounts

Six formulas are used to determine the amount of impact fees for roads that are required as a result of new development.

1. Growth Share of Project Costs

Cost of projects	-	Deficiency portion (if any)	=	Growth share of project costs

2. Growth Cost Eligible for Impact Fee

Growth share of project costs	-	Revenue from other sources	=	Growth share of project costs eligible for impact fees

3. Cost per Growth Trip by Service Area

Growth share of project costs eligible for impact fees	÷	Growth trips	=	Cost per growth trip

4. Combined Cost per Growth Trip

Cost per growth trip	+	Cost per	=	Combined cost per

in local service area	growth trip in regional service area	growth trip

5. Adjusted Trip Generation Rate

Trip rate (per ITE)	x	Pass-by trip %	=	Adjusted trip rate

6. Impact Fee

Adjusted trip rate	x	Combined cost per growth trip	=	Impact fee

Data Sources

The data in this study of impact fees for roads was provided by Kitsap County, unless a different source is specifically cited.

Data Rounding

The data in this study was prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data. The reason for these insignificant differences is that the spreadsheet software was allowed to calculate results to more places after the decimal than is reported in the tables of these reports. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional differences due to rounding of data that appears in this study.

2. Need for Road Capacity

Chapter 2 describes and documents the need for additional road capacity because of growth.

Like many other local governments, Kitsap County has some roads that are congested, and as growth occurs more roads will become congested. The County analyzes its roads using a common measure of congestion, the ratio of traffic volume to the capacity of the roads (the "v/c ratio"). The volume is the number of trips on the road, and the capacity is the number of trips that the road is designed to accommodate.

The "design" capacity corresponds to a specific level of service. As the level of service improves, the design capacity decreases (in order to accommodate fewer vehicles, thus improving the level of service).

When the volume is significantly less than the capacity the traffic flows freely, and the v/c ratio is low. When a road gets crowded, the volume is close to (or even exceeds) the capacity, and the v/c ratio is high. A ratio of 0.75 is considered moderate, a ratio of 1.0 is the threshold at which the road "fails".

Kitsap County has established standards for acceptable v/c ratios on its road system. These standards are adopted in the County's comprehensive plan, and they are the basis for the "concurrency" requirement that would prohibit development that causes the roads to become so congested that they would fall below the County's adopted standards.

The County uses a computer traffic model to analyze the current and future volume of traffic on the County roads. The model includes the existing road system, data about current traffic, population and employment. and forecasts of future population and employment. The model uses this information to calculate current and future volume and capacity (from which v/c ratios are calculated).

In order to identify the need for additional road capacity to serve growth, the County used the traffic model to create detailed lists of current and future[2] v/c ratios for significant arterial and collector roads in the County. The current ratios form a baseline to identify any existing deficiencies (that cannot be corrected by new impact fees). The future ratios identify which roads will become

[2] For the purpose of this impact fee study, the year 2007 was selected as the future time horizon.

congested as a result of future growth, and are therefore eligible to be funded by impact fees.

The model analyzes roads in "segments" that represent specific sections of a road that have different characteristics from other segments of the same road. Characteristics that change include the number of lanes, or the characteristics of a cross street.

The results of the modeling were examined carefully. There are four possible combinations of current and future v/c ratios for trips on existing roads, as shown in the four outcomes listed in Table 1. Any road segments that have outcomes #1 or 3 were excluded from consideration for impact fees. Any road segments with outcome #2 were included in the list of roads eligible for impact fees. Any road segments with outcome #4 were further analyzed to determine the portion of their costs that are attributable to existing deficiencies (not eligible for impact fees) and the portion of their costs are attributable to future growth, and therefore eligible for impact fees[3].

Table 1

Road Congestion Analysis Outcomes

Current and Future Traffic	Eligibility for Impact Fees
1. Current v/c is acceptable, and future v/c will be acceptable.	No improvement is needed, therefore no costs are eligible for impact fees.
2. Current v/c is acceptable, but future v/c will be congested.	Improvement is needed only because of growth, therefore the entire improvement is eligible for impact fees.
3. Current v/c is congested, but future v/c will be acceptable.	Improvement is needed for current deficiency, or future traffic uses other roads, therefore no costs are eligible for impact fees.
4. Current v/c is congested, and future v/c will be more congested.	Improvement is needed for both current deficiency and future growth, therefore only

[3] It is possible for a road improvement project to create enough capacity to eliminate an existing deficiency and also provide capacity to serve growth. The portion of a project's cost that is attributable to existing deficiency is calculated by dividing the amount of deficient traffic volume by the design capacity of the road improvement project.

the growth portion of the project is eligible for impact fees.

The result of this analysis is identification of road segments that need improvement in order to avoid unacceptable congestion from growth, as measured by v/c ratios. Improving these segments will ensure that the County will not have a concurrency problem because County road segments that are needed have been identified, planned, and funded.

The segments that were identified as a result of this analysis were organized into 17 road improvement projects. Fifteen road improvements were organized geographically in sub-areas of the County: Service Areas 1 - 4. Two road improvements were assigned to the regional (countywide) impact fee service area #5. The service area boundaries and the projects in each district are shown in Figure 1, at the end of this study. The projects, and key information about them, are listed in Table 2, beginning on page 18.

3. Total Cost and Growth Share of Cost of Improvements

Chapter 3 documents the total cost and growth's share of the cost of road projects from the capital facilities plan that will serve growth in each service area.

This chapter includes a description of the first formula, each new variable that is used in the formula, and an explanation of the use of data in Formula 1.

FORMULA 1. Growth Share of Project Costs

Cost of projects	-	Deficiency portion (if any)	=	Growth share of project costs

There are two new variables used in formula 1 that require explanation: (A) cost of projects, and (B) deficiency portion of projects.

VARIABLE (A): COST OF PROJECTS

The cost of roads that serve growth is taken from Kitsap County's capital facilities plan (CFP). The only projects used in calculating impact fees are those which add capacity to the road system to serve growth. Other projects, such as safety projects, are not eligible for impact fees, and are not included in Formula 1.

Additional capacity of roads can be provided by constructing new road, or by widening existing roads. Throughout this study, any reference to new road capacity includes expansion of existing roads as well as construction of new roads.

The cost of new roads includes, but is not limited to, planning, land acquisition, right-of-way acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and project administrative expenses, applicable impact fees or mitigation costs, and any other expenses which can be capitalized for roads.

The cost of new road capacity in this rate study does not include any costs for interest or other financing. If Kitsap County borrows money to "front fund" the costs that will be paid by impact fees, the County will have to absorb the carrying costs for financing (unless the impact fee is recalculated to include such costs).

VARIABLE (B): DEFICIENCY PORTION OF PROJECTS

As noted in the discussion of the need for road capacity in Chapter 2, some roads are already overcrowded, and the cost of eliminating that existing deficiency must be paid by sources other than impact fees, and cannot be included in the calculation of impact fee rates.

Since Kitsap County adopted impact fees in 1992, the deficiency calculation is based on deficiencies that existed in 1992. The deficiency portion of a project in Kitsap County was determined by comparing the traffic volume to the design capacity of the road. If the volume was less than the capacity, there was no deficiency. If the volume was more than the capacity, there was a deficiency. The deficiency portion is calculated by subtracting the capacity from the volume to determine the amount of the deficiency, then that amount is divided by the capacity to determine the portion (percent) of the project that is deficient. Five of Kitsap County's 17 projects had deficiencies in 1992.

CALCULATION OF GROWTH SHARE OF COST OF IMPROVEMENTS NEEDED FOR GROWTH (BY SERVICE AREA)

Table 2 (starting on the next page) consists of 5 sections that list the 17 road improvement projects needed because of growth. Each section corresponds to one of the 5 road impact fee service areas. Column 1 contains the name of the road and the "from" and "to" termini of the segment of the road that is being improved. Column 2 lists the cost of the project. Columns 3 and 4 show the portion of the cost that is attributable to existing deficiencies. The deficiency portion is listed in two columns that indicate how the deficiency is funded: "secured revenue" which is primarily grants, and the County's portion of the fuel tax. Column 5 lists growth's share of the project cost (calculated by subtracting the deficiency amounts in columns 3 and 4 from the total project cost in column 1). Project costs and deficiency costs/funding are in current dollars.

Based on 1992 Comp plan List of Deficient Roads for future growth. (2012 Forecast)

Table 2

Growth Share of Cost of Projects Needed for Growth

(1) Project	(2) Cost from CFP	(3) Deficiency Funded by Secure Rev.	(4) Deficiency Funded by Fuel Tax	(5) Growth Share
Service Area 1				
1. Miller Bay Rd NE SR104/Gunderson	$ 4,105,000	$ 0	$ 0	$ 4,105,000
2. W. Kingston Rd Miller Bay/SR104	2,275,000	0	0	2,275,000
Total: Service Area 1	6,380,000	0	0	6,380,000
Service Area 2				
3. Ridgetop Blvd S. Silverdale/Waaga	4,785,000	0	0	4,785,000
4. Silverdale Way S. SR3/Anderson	2,647,000	0	1,989,919	657,081
5. NW Bucklin Hill Rd Blaine/Nels Nelson	2,450,000	565,000	160,193	1,724,807
6. NW Newberry Hill Rd SR3/Dickey	1,510,000	0	0	1,510,000
7. Silverdale Way N. Waaga-Ridgetop N.	1,450,000	0	0	1,450,000
8. NW Myhre Rd Silverdale/Mickleberry	2,350,000	0	0	2,350,000
9. Clear Creek Connector Clr Creek/Old Frontier	4,170,000	0	199,730	3,970,270
Total: Service Area 2	19,362,000	565,000	2,349,842	16,447,158
Service Area 3				
10. SW Old Clifton Rd SR16/Sunnyslope	5,980,000	0	0	5,980,000
11. SW Lake Flora Rd SR3/Glenwood	50,000	0	0	50,000
12. Glenwood Rd SW Lk Flora/CL	50,000	0	0	50,000

(1) Project	(2) Cost from CFP	(3) Deficiency Funded by Secure Rev.	(4) Deficiency Funded by Fuel Tax	(5) Growth Share
Total: Service Area 3	6,080,000	0	0	6,080,000
Service Area 4				
13. Bethel Rd SE Cedar/CL	5,100,000	123,560	0	4,976,440
14. SE Lund Ave Phase II Bethel/Jackson	1,375,000	0	0	1,375,000
15. SE Mile Hill Dr Long Lake Rd/Colchester	4,125,000	0	0	4,125,000
Total: Service Area 4	10,600,000	123,560	0	10,476,440
Regional Service Area				
16. SR 3 / Waaga Way / Kitsap Mall Blvd	13,222,000	0	0	13,222,000
17. SR 304 Improvements	342,410	0	70,565	271,845
Total: Regional Service Area	13,564,410	0	70,565	13,493,845
Total: All Service Areas	55,986,410	688,560	2,420,407	52,877,443

4. Unfunded Cost of Growth Share of Improvements

Chapter 4 documents the amount of revenue from other sources that will pay for part of the cost of the roads that will serve growth, and calculates the unfunded cost in each service area.

This chapter includes a description of the second formula, each new variable that is used in the formula, and an explanation of the use of data in Formula 2.

FORMULA 2. Growth Cost Eligible for Impact Fee

Growth share of project costs	-	Revenue from other sources	=	Growth share of project costs eligible for impact fees

There is one new variable used in formula 2 that requires explanation: (C) revenue from other sources that is earmarked or prorated to road projects.

VARIABLE (C): OTHER REVENUE EARMARKED FOR ROAD PROJECTS

Impact fee rate calculations must recognize and take into account revenues which are earmarked or proratable to projects that are funded with impact fees. Kitsap County has historically used grants, fuel tax revenue, and the road impact fee adopted in 1992 to pay for new road capacity.

The County's capital facilties plan (CFP) identifies the amount of revenues that are earmarked or proratable to the road projects that will serve growth. These revenues are accounted for by subtracting them from the cost of projects needed for growth in the second formula for computing impact fees. These reductions are the "adjustments" required by law for future taxes or other payments.

Revenues that are used for repair, maintenance or operating costs are not used to reduce impact fees because they are not used, earmarked or prorated for the system improvements that are the basis of the impact fees. Revenues for payments of *past* taxes paid on vacant land prior to development are not included because new capital projects do not have prior costs, therefore prior taxes did not contribute to such projects.

Finally, prior taxes paid by vacant land for debt service of bond issues are not usually used for the specific capital projects that serve the new development

that pays impact fees. If the taxes paid for other projects, no adjustment is required by RCW 82.02.060(1)(b). In the event that such taxes were used for projects that serve new development, the amount of such tax payments is de minimus (not material) because the taxes were paid by vacant land which had relatively low taxable value, therefore small tax payments. If a developer believes that substantial tax payments were made that meet the criteria of RCW 82.02.060(1)(b), the County's impact fee ordinance allows an applicant to submit supporting information and request a special review.

The other potential credit that reduces capacity costs (and subsequent impact fees) are donations of land or other assets by developers or builders. Those reductions depend upon specific arrangements between the developer and the County. Reductions in impact fees for donations are calculated on a case-by-case basis at the time impact fees are to be paid.

Kitsap County has two revenue sources that are credited against impact fees: grants and fuel taxes.

CALCULATION OF UNFUNDED COST OF ROADS THAT SERVE GROWTH (BY SERVICE AREA)

Table 3 (beginning on the next page) shows the calculation of the cost of roads that serve growth that are not funded by other revenues. For each road project listed in column 1, the total cost of the project is listed in column 2, and the amounts of other revenue are listed in columns 3, 4 and 5. The other revenue is for the same 6 years as the CFP: 2002-2007. Column 3, "secure revenue" is primarily from grants that have already been committed to the County. Column 4, "potential revenue" is primarily additional grants that the County may (or may not) receive. Column 5, "additional 20% local funding" is from the County's fuel taxes. The amount is equal to 20% of the growth share after reductions for revenues from columns 3 and 4. This is a policy decision to reduce the amount of the impact fee by committing County fuel tax money to pay 20% of growth's share of project costs. Finally, column 6 presents the unfunded cost of each road project by subtracting the other revenue from the total project cost.

Table 3

Unfunded Growth Share of Cost of Projects Needed for Growth

(1) Project	(2) Growth Share	(3) Secure Rev. After Deficiency	(4) Potential Revenue	(5) Additional 20% Local Funding	(6) Unfunded Growth Share
Service Area 1					
1. Miller Bay Rd NE SR104/Gunderson	4,105,000	0	689,000	683,200	2,732,800
2. W. Kingston Rd Miller Bay/SR104	2,275,000	1,497,000	0	155,600	622,400
Total: Service Area 1	6,380,000	1,497,000	689,000	838,800	3,355,200
Service Area 2					
3. Ridgetop Blvd S. Silverdale/Waaga	4,785,000	0	696,000	817,800	3,271,200
4. Silverdale Way S. SR3/Anderson	657,081	0	0	131,416	525,665
5. NW Bucklin Hill Rd Blaine/Nels Nelson	1,724,807	0	0	344,961	1,379,846
6. NW Newberry Hill Rd SR3/Dickey	1,510,000	235,219	0	254,956	1,019,824
7. Silverdale Way N. Waaga-Ridgetop N.	1,450,000	0	0	290,000	1,160,000
8. NW Myhre Rd Silverdale/Mickleberry	2,350,000	0	0	470,000	1,880,000
9. Clear Creek Connector Clr Creek/Old Frontier	3,970,270	363,521	1,920,000	337,350	1,349,399
Total: Service Area 2	16,447,158	598,740	2,616,000	2,646,484	10,585,934
Service Area 3					
10. SW Old Clifton Rd SR16/Sunnyslope	5,980,000	68,289	0	1,182,342	4,729,369
11. SW Lake Flora Rd SR3/Glenwood	50,000	0	0	10,000	40,000
12. Glenwood Rd SW Lk Flora/CL	50,000	0	0	10,000	40,000

(1) Project	(2) Growth Share	(3) Secure Rev. After Deficiency	(4) Potential Revenue	(5) Additional 20% Local Funding	(6) Unfunded Growth Share
Total: Service Area 3	6,080,000	68,289	0	1,202,342	4,809,369
Service Area 4					
13. Bethel Rd SE Cedar/CL	4,976,440	1,780,040	300,000	579,280	2,317,120
14. SE Lund Ave Phase II Bethel/Jackson	1,375,000	411,763	0	192,647	770,590
15. SE Mile Hill Dr Long Lake Rd/Colchester	4,125,000	1,566,533	0	511,693	2,046,773
Total: Service Area 4	10,476,440	3,758,336	300,000	1,283,621	5,134,483
Regional Service Area					
16. SR 3 / Waaga Way / Kitsap Mall Blvd	13,222,000	4,798,439	5,634,000	557,912	2,231,649
17. SR 304 Improvements	271,845	0	0	54,369	217,476
Total: Regional Service Area	13,493,845	4,798,439	5,634,000	612,281	2,449,125
Total: All Service Areas	52,877,443	10,720,8004	9,239,000	6,583,528	26,334,111

5. Unfunded Cost per Trip of Growth Share of Improvements

Chapter 5 documents the number of new trips in each service area and calculates the unfunded cost per trip in each service area.

This chapter includes a description of the third formula, each new variable that is used in the formula, and an explanation of the use of data in Formula 3.

FORMULA 3. Cost per Growth Trip by Service Area

Growth share of project costs eligible for impact fees	÷	Growth trips	=	Cost per growth trip

There is one new variable used in formula 3 that requires explanation: (D) growth trips.

VARIABLE (D): GROWTH TRIPS

The traffic volume on County roads is measured in "average daily trips". This is the average number of trips that can be accommodated during one day on each road without exceeding the County's level of service standard.

The growth trips are calculated from data produced by the County's traffic model. The model calculates the current number of trips on the roads of each service area, and it also forecasts the future number of trips in each service area. The increase between the current trips and the future trips are growth trips.

CALCULATION OF UNFUNDED COST PER GROWTH TRIP (BY SERVICE AREA)

Table 4 (on the next page) lists the total unfunded growth share in each service area (from Table 3) and divides each service area's unfunded cost (in column 2) by the number of growth trips in that service area (in column 3). The result (see column 4) is the unfunded cost per growth trip in each service area.

Table 4

Unfunded Cost per Growth Trip by Service Area

(1) Impact Fee Service Area	(2) Unfunded Growth Share	(3) Growth Trips (average daily trips)	(4) UnfundedCost Per Growth Trip
	$		
1 (local)	3,355,200	19,375	$ 174
2 (local)	10,585,934	52,221	203
3 (local)	4,809,369	23,349	207
4 (local)	5,134,483	25,167	204
5 (regional)	2,449,125	120,112	20

6. Combined Unfunded Cost per Trip of Growth Share of Improvements

Chapter 6 combines the cost per trip from each local service area with the cost per trip of the regional service area to calculate the combined cost per trip.

This chapter includes a description of the fourth formula, and an explanation of the use of data in Formula 4.

FORMULA 4. Combined Cost per Growth Trip

Cost per growth trip in local service area	+	Cost per growth trip in regional service area	=	Combined cost per growth trip

There are no new variables used in formula 4. Both variables were developed in the previous formula.

CALCULATION OF INVESTMENT TO BE PAID BY GROWTH

Every development in Kitsap County will pay a combined impact fee that consists of the cost per trip of the County roads in the specific service area in which the development occurs (1, 2, 3,or 4) plus the cost per trip of state facilities in Regional Service Area 5 . Table 5 shows the combined cost per trip.

Table 5

Combined Cost per Trip

Impact Fee Service Area	Local Service Area Cost Per Trip	Regional Service Area Cost Per Trip	Combined Cost Per Trip
1	$ 174	$ 20	$ 194
2	203	20	223
3	207	20	227
4	204	20	224

7. Impact Fees for Growth Share of Improvements

Chapter 7 documents the number of trips generated by various types of land use and multiplies the trips generated times the cost per trip to calculate the impact fee for each service area.

This chapter includes a description of the fifth and sixth formulas, each new variable that is used in the formulas, and an explanation of the use of data in Formulas 5 and 6.

FORMULA 5. Adjusted Trip Generation Rate

Trip rate (per ITE) x Pass-by trip % = Adjusted trip rate

There are two new variable used in formula 5 that require explanation: (E) trip rate, and (F) pass-by trips.

VARIABLE (E): TRIP RATE

The average number of trips generated by each type of development is the factor used to convert the unfunded cost per trip into impact fees per dwelling unit and per square foot of non-residential development.

Different types of dwelling units typically generate different numbers of trips on the road system. Generally, single family dwelling units generate more trips than multi-family dwelling units (i.e., apartments or condominiums). And different types of commercial development generate different numbers of trip per square foot. For example, fast food restaurants generate many more trips per square foot than an office building.

Kitsap County uses the data reported in Trip Generation, compiled and published by the Institute of Transportation Engineers (ITE). The report is currently in its 6th edition. The report is a detailed statistical compilation of hundreds of surveys of trip origins and destinations conducted throughout the United States. The data is reported on several variables (i.e., type of land use, units of development, etc.). Kitsap County's impact fee uses the average daily trip generation data. Impact fee rates are calculated in this study for many frequently used types of land use (i.e., dwellings, offices, retail, restaurants, etc.). Impact fees can be calculated for other land uses not listed in this rate study by referring to the data in the ITE report.

VARIABLE (F): PASS-BY TRIPS

Trip generation data is reported initially as the total number of trips leaving and arriving at each type of land use. The trip rates are adjusted before they are used to calculate the impact fee. The adjustment is to reduce the number of trips charged to land uses that are incidental attractors and generators of trips. For example, if a person leaves work to return home at the end of the work day, the place of employment is the origin, and the home is the destination. But it the person stops enroute to run an errand at a store, the ITE data counts the stop at the store as a new destination (and a new origin when the person leaves the store). In reality, the work-to-home trip was going to occur regardless of the incidental stop, therefore the trip rate of the store should not be charged as an additional impact on the road system. The adjustment is based on the number of "pass-by" trips that stop at the store instead of "passing by." In Table 6, pass by trips are eliminated by counting only the trips that are truly "new" trips (i.e., a person made a special trip to the store). The adjustment is shown as "Percent New Trips." The results of the adjustments appear in column 4: "Net New Trips per Unit of Measure."

Table 6

Trip Generation Rates

	(1) ITE Land Use Category	(2) Trip Rate	(3) % New Trips	(4) Net New Trips Per Unit of Measure	
110	Light Industrial	6.97	100%	6.97	1,000 sq ft
140	Manufacturing	3.82	100%	3.82	1,000 sq ft
151	Mini-warehouse	2.50	100%	2.50	1,000 sq ft
210	Single family House	9.57	100%	9.57	dwelling
220	Apartment	6.63	100%	6.63	dwelling
230	Condominium	5.86	100%	5.86	dwelling
240	Mobile Home	4.81	100%	4.81	dwelling
310	Hotel	8.23	100%	8.23	room
320	Motel	5.63	100%	5.63	room
420	Marina	2.96	100%	2.96	berth
430	Golf course	5.04	100%	5.04	acre
530	High School	13.27	100%	13.27	1,000 sq ft
560	Church	9.11	100%	9.11	1,000 sq ft
610	Hospital	16.78	100%	16.78	1,000 sq ft
620	Nursing home	2.61	100%	2.61	bed

	(1) ITE Land Use Category	(2) Trip Rate	(3) % New Trips	(4) Net New Trips Per Unit of Measure	
710	Office 10,000 Sq Ft	22.64	100%	22.64	1,000 sq ft
710	Office 50,000 Sq Ft	15.58	100%	15.58	1,000 sq ft
710	Office 100,000 Sq Ft	13.28	100%	13.28	1,000 sq ft
720	Medical office	36.13	100%	36.13	1,000 sq ft
820	Retail 10,000 Sq Ft	155.60	55%	85.58	1,000 sq ft
820	Retail 50,000 Sq Ft	87.20	56%	48.83	1,000 sq ft
820	Retail 100,000 Sq Ft	68.40	57%	38.99	1,000 sq ft
820	Retail 200,000 Sq Ft	53.00	59%	31.27	1,000 sq ft
820	Retail 300,000 Sq Ft	45.80	62%	28.40	1,000 sq ft
820	Retail 400,000 Sq Ft	41.62	64%	26.64	1,000 sq ft
820	Retail 1,000,000 Sq Ft	30.04	77%	23.13	1,000 sq ft
820	Retail > 1,000,000 Sq Ft	28.22	91%	25.68	1,000 sq ft
832	Restaurant: sit-down	130.34	85%	110.79	1,000 sq ft
833	Fast food, with drive-up	496.12	70%	347.28	1,000 sq ft
844	Service station	168.56	42%	70.80	vehicle fueling position
850	Supermarket	111.51	49%	54.64	1,000 sq ft
851	Convenience market-24 hr	737.99	55%	405.89	1,000 sq ft
860	Wholesale warehousing	6.73	100%	6.73	1,000 sq ft
911	Bank/Savings: walk-in	156.48	30%	46.94	1,000 sq ft
912	Bank/Savings: drive-in	265.21	54%	143.21	1,000 sq ft

FORMULA 6. Impact Fee

Adjusted trip rate	x	Combined cost per growth trip	=	Impact fee

There are no new variables used in formula 6. All variables were developed in previous formulas.

CALCULATION OF IMPACT FEE RATES

The impact fee rates are calculated by multiplying the adjusted number of additional trips generated by new development by the combined cost per trip.

The impact fee rate per unit of development for each type of land use is calculated by determining the trip generation rate for that land use (from Table 6), then multiplying the trip rate times the combined cost per trip from Table 5.

The total impact fee for the same development is calculated by multiplying the size of the development (i.e., square feet, dwellings, etc.) times the impact fee rate per unit. Developments that have more than one land use have their impact fee calculated separately for each type of land use, using the trip rate for that land use times the amount of development of that type.

Table 7 lists the impact fee rates for each Kitsap County road impact fee service area.

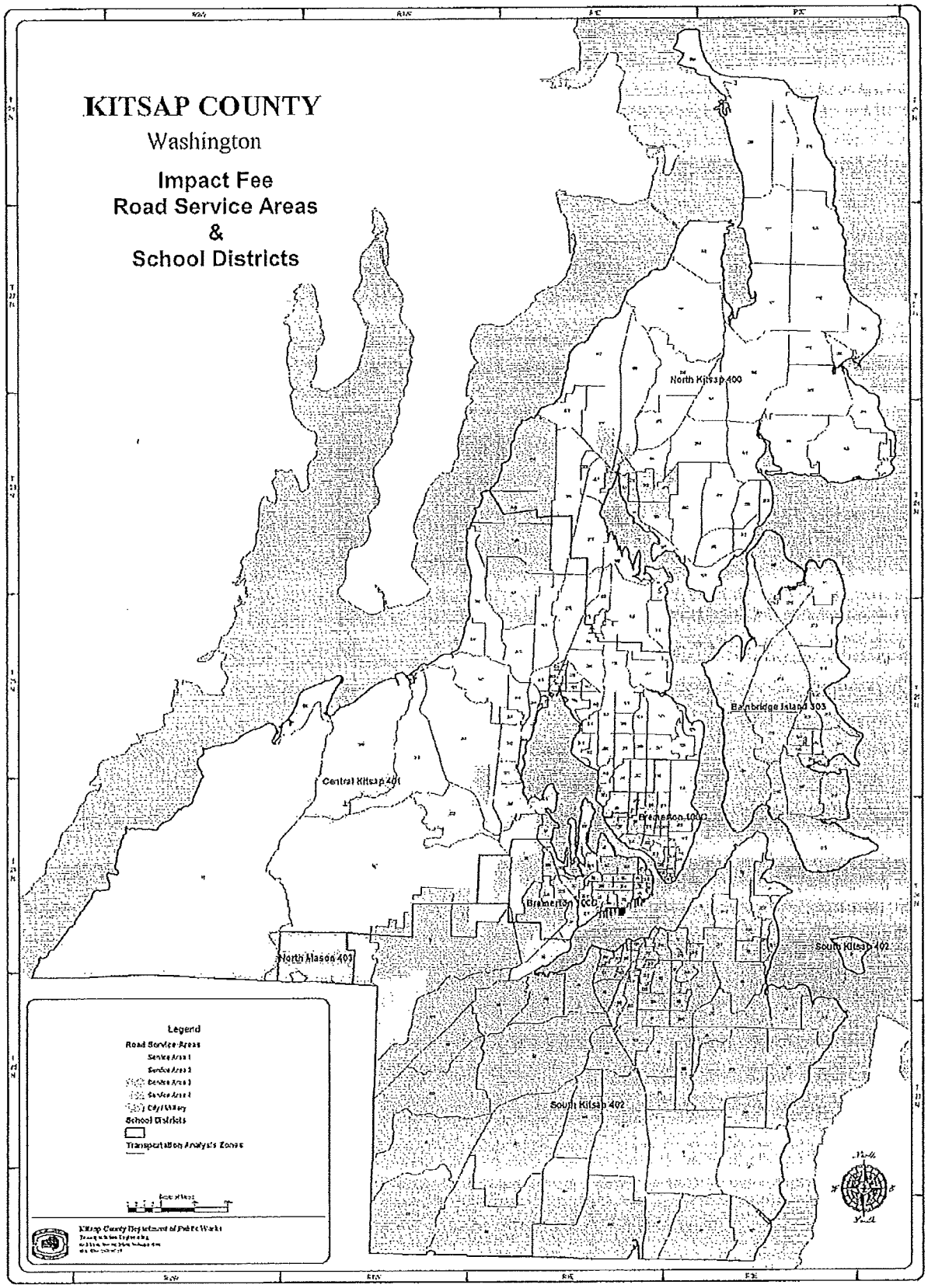
Columns 2 - 5 contain the impact fee rates per unit (i.e., per square foot, per dwelling unit, etc.). The rates are calculated by multiplying the "net new trips" (from Table 6) times the combined cost per trip (from Table 5) that is repeated in the column heading for each service area.

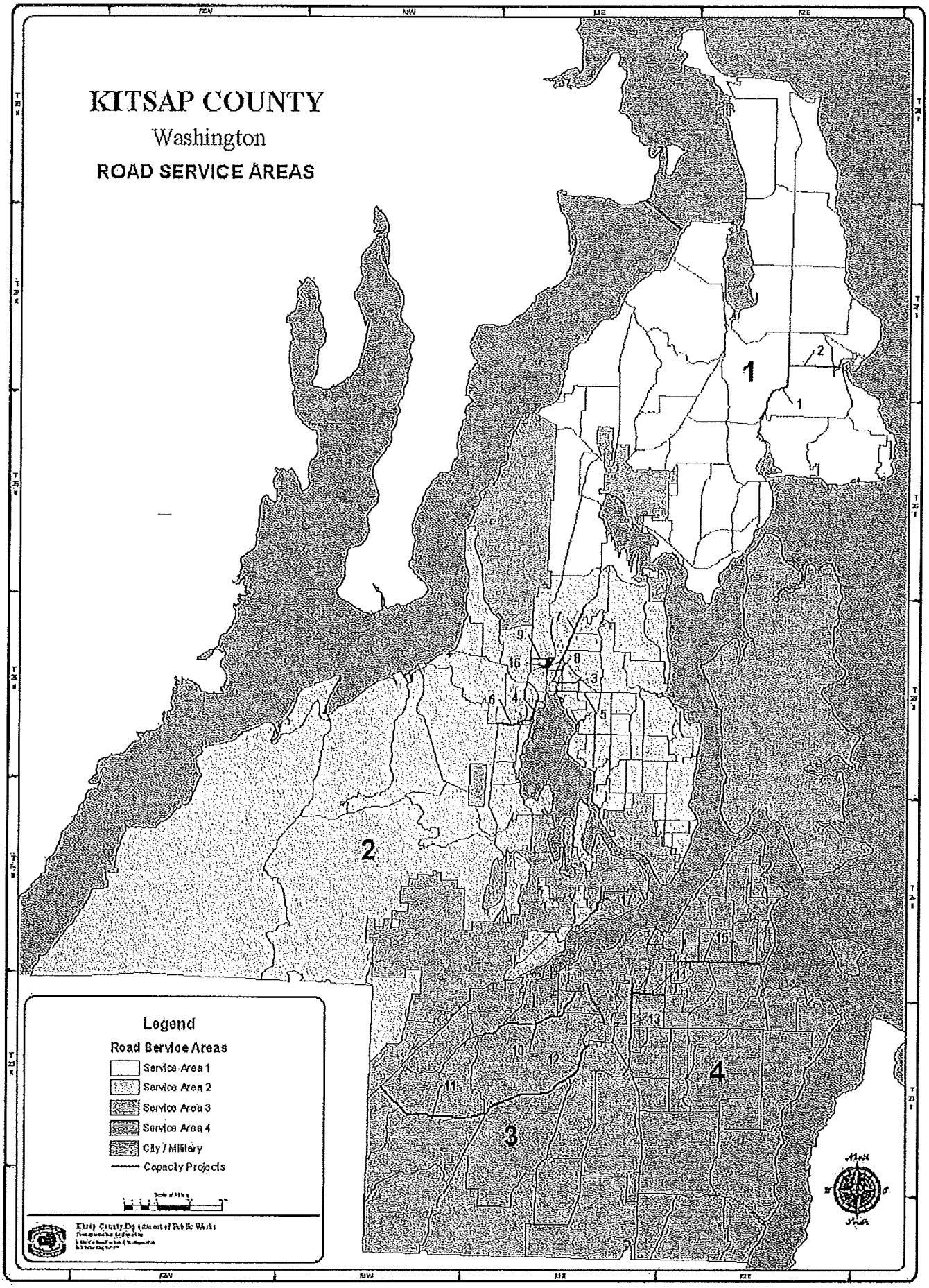
Table 7

Combined Road Impact Fee Rate Schedule

(1) ITE Land Use Category	(2) Unit of Development	(3) Road Service Area 1 @ $194 per trip	(4) Road Service Area 2 @ $223 per trip	(5) Road Service Area 3 @ $227 per trip	(6) Road Service Area 4 @ $224 per trip
110 Light Industrial	per square foot	1.35	1.55	1.58	1.56
140 Manufacturing	per square foot	0.74	0.85	0.87	0.86
151 Mini-warehouse	per square foot	0.49	0.56	0.57	0.56
210 Single family House	per dwelling unit	1,856.58	2,134.11	2,172.39	2,143.68
220 Apartment	per dwelling unit	1,286.22	1,478.49	1,505.01	1,485.12
230 Condominium	per dwelling unit	1,136.84	1,306.78	1,330.22	1,312.64
240 Mobile Home	per dwelling unit	933.14	1,072.63	1,091.87	1,077.44
310 Hotel	per room	1,596.62	1,835.29	1,868.21	1,843.52
320 Motel	per room	1,092.22	1,255.49	1,278.01	1,261.12
420 Marina	per boat berth	574.24	660.08	671.92	663.04
430 Golf course	per acre	977.76	1,123.92	1,144.08	1,128.96
530 High School	per square foot	2.57	2.96	3.01	2.97
560 Church	per square foot	1.77	2.03	2.07	2.04

(1) ITE Land Use Category	(2) Unit of Development	(3) Road Service Area 1 @ $194 per trip	(4) Road Service Area 2 @ $223 per trip	(5) Road Service Area 3 @ $227 per trip	(6) Road Service Area 4 @ $224 per trip
610 Hospital	per square foot	3.26	3.74	3.81	3.76
620 Nursing home	per bed	506.34	582.03	592.47	584.64
710 Office 10,000 Sq Ft	per square foot	4.39	5.05	5.14	5.07
710 Office 50,000 Sq Ft	per square foot	3.02	3.47	3.54	3.49
710 Office 100,000 Sq Ft	per square foot	2.58	2.96	3.01	2.97
720 Medical office	per square foot	7.01	8.06	8.20	8.09
820 Retail 10,000 Sq Ft	per square foot	16.60	19.08	19.43	19.17
820 Retail 50,000 Sq Ft	per square foot	9.47	10.89	11.08	10.94
820 Retail 100,000 Sq Ft	per square foot	7.56	8.69	8.85	8.73
820 Retail 200,000 Sq Ft	per square foot	6.07	6.97	7.10	7.00
820 Retail 300,000 Sq Ft	per square foot	5.51	6.33	6.45	6.36
820 Retail 400,000 Sq Ft	per square foot	5.17	5.94	6.05	5.97
820 Retail 1,000,000 Sq Ft	per square foot	4.49	5.16	5.25	5.18
820 Retail > 1,000,000 Sq Ft	per square foot	4.98	5.73	5.83	5.75
832 Restaurant: sit-down	per square foot	21.49	24.71	25.15	24.82
833 Fast food, with drive-up	per square foot	67.37	77.44	78.83	77.79
844 Service station	per vehicle fueling position	13,734.27	15,787.33	16,070.51	15,858.12
850 Supermarket	per square foot	10.60	12.18	12.40	12.24
851 Convenience market-24 hr	per square foot	78.74	90.51	92.14	90.92
860 Wholesale warehousing	per square foot	1.31	1.50	1.53	1.51
911 Bank/Savings: walk-in	per square foot	9.11	10.47	10.66	10.52
912 Bank/Savings: drive-in	per square foot	27.78	31.94	32.51	32.08


KITSAP COUNTY
Washington
Impact Fee
Road Service Areas
&
School Districts
North Kitsap 400
Bainbridge Island 303
Central Kitsap 401
Bremerton 100
Bremerton CCD
North Mason 403
South Kitsap 402
South Kitsap 402
Legend
Road Service Areas
School Districts
Transportation Analysis Zones


KITSAP COUNTY
Washington
ROAD SERVICE AREAS
1
2
3
4
Legend
Road Service Areas
Service Area 1
Service Area 2
Service Area 3
Service Area 4
City / Military
Capacity Projects