

Frequently Asked Questions About.....

Transportation Impact Fees

As the Mountlake Terrace community continues to grow, pressure is placed on the capacity of our transportation network. Currently, the City is evaluating a Transportation Impact Fee (for both the downtown area and citywide) that will help ensure that our streets will operate at an acceptable level of service as outlined in the City's Comprehensive Plan and that traffic gridlock does not occur.

Answers to commonly asked questions about Transportation Impact Fees (TIF) are listed below.

Q. What are Transportation Impact Fees?

A. Transportation Impact Fees (TIFs) ensure that new development and redevelopment pays a proportional fair share contribution for the cost of new transportation infrastructure that is deemed necessary and reasonably related to accommodating the impact of new development within the City limits of Mountlake Terrace.

A traffic impact fee is a fee charged to all new developments that add traffic to the City's street system. Our current residents and businesses helped pay for existing roads; therefore it is proposed that new growth is asked to help pay for new infrastructure required to serve that growth.

Q. Why Consider Transportation Impact Fees?

A. Current practice results in disproportionate distribution of development costs. A new single development project could end up paying for the entire cost of a significant transportation improvement that was necessitated by the cumulative load imposed by all previous development whose individual impact did not reduce the adopted level of service to an unacceptable level. Smaller projects are less likely to be able to fund these expenses and, therefore would not be able to move forward with development or redevelopment.

Q. What Is The Current Practice To Deal With Transportation Mitigation?

A. Currently, traffic mitigation is required under SEPA if a new development proposal would generate 10 or more peak hour trips and would not decrease the level of service of a street or intersection below the adopted level of service. A traffic study specifically for the proposed development is often required to evaluate the impacts and any needed mitigation. This practice generally addresses localized impacts, but ignores the system-wide impacts to capacity. It also places 100% of the burden of improving facilities on the last development in the system. This burden can often be too much for the small to mid-range new development and as a result many may not be able to build, which limits the economic growth of the community.

Q. What State Law Allows Cities To Impose Transportation Impact Fees?

A. State law (RCW 82.02.050 - .090) allows cities to impose Transportation Impact Fees (TIF) on new development and redevelopment to help effectively manage the growth of our community and to ensure that the transportation network does not operate below the adopted level of service. New development and redevelopment means capacity demands on the transportation system and the Washington State Supreme Court has ruled that collected TIF money may be used for publicly-funded city-wide

transportation projects on municipal 6-Year Transportation Improvement Programs (TIPs) that are reasonably related to the impacts of development and urban growth (*City of Olympia v Drebeck*).

Q. What Can Transportation Impact Fees Be Used For, and Are There Any Limitations?

A. TIFs may be used in certain ways but have limitations under state law, as summarized below.

- Transportation impact fees can be used only on growth-related capital projects, consistent with the adopted Capital facility Plans such as intersection improvements, new arterial streets, sidewalks, bicycle lanes, and other physical improvements to the City's transportation network.
- Transportation impact fees must be used in conjunction with other funding sources (e.g., local, state, federal), and cannot be the sole source of funding for projects.
- Transportation impact fees cannot be used for deficiencies already in place in the system.
- Transportation impact fees cannot be used for operation – only for capital improvements.
- Transportation impact fees must be expended within six years or the money, including interest collected, can be returned to the developer who paid the impact fee. The City is obligated to notify the claimant of eligibility to receive a refund for impact fees that were not utilized in the six years. However, if the claimant does not file a request for refund within a year of notification, the City can keep the funds.

Q. Can Transportation Impact Fees Be Changed?

A. Yes. For example, if TIF rates change every year based on transportation project costs, new TIF charges would be adopted each year by the Mountlake Terrace City Council in conjunction with adoption of the 6-Year Transportation Improvement Program (TIP).

Q: Why Doesn't the City Charge New Development 100% of the Cost of New Transportation Facilities?

A: State law does not allow 100% of impact fees to be used to pay for traffic impacts created by development projects. For instance, new development is required to meet City street standards, Transportation Concurrency evaluation, and SEPA review for traffic safety impacts. These requirements can result in street improvements, new traffic signals, sidewalks, bicycle lanes, curbs, gutters, storm water detention facilities, and other transportation improvements as a way of ensuring that the traffic will not exceed the level of service standards that have been adopted in the Comprehensive Plan. However, we must remember that each one of us has added to the growth of our community and that each one of us contributes to traffic congestion every time we choose to drive. There is a public share of the costs for new transportation facilities and everyone will use and benefit from them, not just the new residents of the development project.

Q. How Are Transportation Impact Fee Rates Calculated?

A. The Ordinance bases TIF calculations on: 1) Transportation project costs identified in the 6-year Transportation Improvement Plan; and 2) Trip generation standards in the Institute of Transportation Engineering (ITE) Trip Generation Manual. A simplified process is described below:

The TIF is assessed based on the number of vehicle trips generated by the new development during the P.M. peak-commuting hour. Trip generation is calculated based on typical rates as determined in the most current edition of the Institute of Transportation Engineering (ITE) Trip Generation Manual for each type of land use.

The proposed TIF for development outside the Town Center Planned Action Area is \$356 per peak hour trip. Inside the Town Center, the proposed TIF is \$426 per peak hour trip. For projects outside the Town Center, each trip (based on the ITE manual) is multiplied by \$356. For projects inside the Town Center, each trip (based on the ITE manual) is multiplied by \$426. The money collected from the impact fees would be put into a special account and used to help fund a list of traffic improvement projects that will improve the capacity and operation of the City’s street system.

Q. What Are Those Traffic Improvement Projects And When Would They Be Completed?

A. With TIFs in place, the City would complete the projects listed in the table below concurrent with development and redevelopment over the next six to 18 years. Funding would be provided through a variety of sources including transportation impact fees, City funds, transportation grants, adjacent jurisdictions, and developer improvements or contributions.

Estimate of Construction Costs (2007 dollars)

Intersection Project	Project Estimate with Town Center Plan	Project Estimate without Town Center Plan
220th Street SW and 58th Avenue W	\$1,767,000	\$1,767,000
230th Street SW and 56th Avenue W	\$ 6,000	\$ 0
236th Street SW and 58th Avenue W	\$ 871,000	\$ 243,000
212th Street SW and 52nd Avenue W	\$2,064,000	\$2,064,000
212th Street SW and 48th Avenue W	\$ 677,000	\$ 677,000
216th Street SW and 44th Avenue W	\$ 11,000	\$ 11,000
244th Street SW and 44th Avenue W	\$ 759,000	\$ 759,000
244th Street SW and 44th Avenue W	\$ 697,000	\$ 697,000
236th Street SW and 56th Avenue W	\$ 11,000	
TOTAL	\$6,863,000	\$6,218,000

Q. What Other Cities Have Implemented TIFs?

A. Many jurisdictions including Bothell, Marysville, Lynnwood, Sammamish, Bellevue, Redmond, Mill Creek, and Kenmore, have adopted transportation impact fees and have found them to be a successful method of mitigating the system wide impacts of new development.

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