



**LYNNWOOD**  
WASHINGTON

**ORDINANCE NO. 3288**

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4       **AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON,**  
5       **ESTABLISHING PARK IMPACT FEES; ADDING A NEW CHAPTER**  
6       **3.107 ENTITLED PARK IMPACT FEES TO THE LYNNWOOD**  
7       **MUNICIPAL CODE; AMENDING LMC 3.104.030; AND PROVIDING**  
8       **FOR SEVERABILITY, AN EFFECTIVE DATE, AND SUMMARY**  
9       **PUBLICATION.**

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11       WHEREAS, the City Council of the City of Lynnwood (the "Council") finds that new  
12       development in the City of Lynnwood (the "City") creates additional demand and need for  
13       public park and recreation facilities; and

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15       WHEREAS, the City is authorized by Chapter 82.02 RCW to require new growth and  
16       development within the City to pay a proportionate share of the cost of new facilities to serve  
17       such new development activity through the assessment of Park Impact Fees ("PIF"); and

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19       WHEREAS, the PIF assessed pursuant to Chapter 82.02 RCW must be based upon a  
20       showing that new growth and development creates additional demand and need for public  
21       facilities, that the impact fees do not exceed a proportionate share of the costs of such  
22       additional public facilities, and that the fees spent for facilities are reasonably related to the  
23       new growth and development; and

24  
25       WHEREAS, the City is authorized by Chapter 82.02 RCW to impose PIFs for system  
26       improvement costs previously incurred by the City to the extent that new growth and  
27       development will be served by the previously constructed improvements provided such fees  
28       shall not be imposed to make up for any system improvement deficiencies; and

29  
30       WHEREAS, PIFs may be collected and spent for system improvements that are included  
31       within a capital facilities plan element of a comprehensive plan; and

32  
33       WHEREAS, the City has adopted a 6-Year List of park capital facilities in the  
34       Capital Facilities Plan adopted as part of the City's Comprehensive Plan; and  
35

38 WHEREAS, RCW 58.17.110 requires written findings that public facilities, such as open  
39 space, parks and recreation facilities, are adequate before approving proposed subdivisions and  
40 short subdivisions; and

41  
42 WHEREAS, the Council finds that it is in the public interest, and consistent with the  
43 intent and purposes of the Growth Management Act, Chapter 36.70A RCW, and Chapter 82.02  
44 RCW for the City to adopt PIFs which are uniform to the greatest extent practicable; and

45  
46 WHEREAS, the City has conducted outreach and surveying to document the current and  
47 future demands of parks, trails, recreation and open space in the Parks, Arts, Recreation &  
48 Conservation "PARC" Plan adopted by Resolution 2016-04 on February 22, 2016; and

49  
50 WHEREAS, the adopted PARC Plan Action 3.9.2 provides direction to conduct a park  
51 impact fee study for the City and its MUGA to help finance park and trail capital needs related  
52 to population growth; and

53  
54 WHEREAS, the City has conducted extensive research and analysis documenting the  
55 procedures for measuring the impact of new growth and development on parks, open space,  
56 and recreation facilities, and has prepared a report titled "Lynnwood, Washington Rate Study  
57 for Impact Fees for Parks, Open Space, and Recreation Facilities" dated January 2018, attached  
58 as **Exhibit A** (the "Rate Study") which serves as the basis for the actions taken by the Council;  
59 and

60  
61 WHEREAS, the Rate Study utilizes a methodology for calculating PIFs which fulfills all of  
62 the requirements of RCW 82.02.060(1); and

63  
64 WHEREAS, based on information in the Rate Study, the Council has determined that the  
65 City will assess PIFs based on a single service area; and

66  
67 WHEREAS, in developing the impact fees for public facilities contained in this ordinance,  
68 the City has provided adjustments for past and future taxes paid or to be paid by new growth  
69 and development, which are earmarked or pro-ratable to the same new public facilities that  
70 will serve the new growth and development; and

71  
72 WHEREAS, the Parks & Recreation Board of the City of Lynnwood considered this code  
73 amendment on February 8, 2018; and forwarded a recommendation of approval to the City  
74 Council; and

75  
76 WHEREAS, the City Council of the City of Lynnwood, Washington held a public hearing  
77 on this code amendment on February 12, 2018 to consider public testimony; and

78  
79 WHEREAS, this code amendment is consistent with the applicable provisions of the  
80 Lynnwood Comprehensive Plan; and

81

82 WHEREAS, this code amendment bears a substantial relationship to public health,  
83 safety, and welfare because it will create a more systematic way for applying the fees by  
84 implementing development regulations to provide predictability for developers during the  
85 development review process that is not provided in the current code, and provides clarification  
86 in order to increase the efficiency of the development review process.

87  
88 NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, DO  
89 ORDAIN AS FOLLOWS:  
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91 Section 1. Purpose. The purpose of this Ordinance is to establish PIFs pursuant to Chapter  
92 82.02 RCW.

93  
94 Section 2. Findings. The recitals of this Ordinance are hereby adopted as findings in support of  
95 the ordinance's adoption.  
96

97 Section 3. Creation of New City Code Chapter Providing for Park Impact Fees. The City of  
98 Lynnwood adopts a new chapter 3.107 of the Lynnwood Municipal Code entitled "Park Impact  
99 Fees," which is set forth as follows:  
100

101 **PARK IMPACT FEES**

102 Sections:

- 103 3.107.010 Title
- 104 3.107.020 Purpose and Intent
- 105 3.107.030 Findings and Authority
- 106 3.107.040 Definitions
- 107 3.107.050 Park Impact Fees Methodology and Applicability
- 108 3.107.060 Assessment of Park Impact Fees
- 109 3.107.070 Independent Fee Calculations
- 110 3.107.080 Exemptions
- 111 3.107.090 Credits
- 112 3.107.100 Adjustments
- 113 3.107.110 Single-Family Residential Deferral Program
- 114 3.107.120 Establishment of Park Impact Fee Account
- 115 3.107.130 Administrative Guidelines
- 116 3.107.140 Refunds
- 117 3.107.150 Use of Funds
- 118 3.107.160 Periodic Adjustment of Fees
- 119 3.107.170 Administrative Fees
- 120 3.107.180 Reviews by the Director and Appeals
- 121 3.107.190 Existing Authority Unimpaired
- 122 3.107.200 Relationship to State Environmental Policy Act (SEPA)
- 123 3.107.210 Relationship to Concurrency Management
- 124 3.107.220 Phasing of Fees

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127           **3.107.010 Title.** This chapter shall be known as the City of Lynnwood Park Impact Fee  
128 (PIF) ordinance.  
129

130           **3.107.020 Purpose and Intent.** The purpose and intent of this chapter is to provide for  
131 the collection of PIFs for Parks, Open Space, and Recreation Facilities, and for certain other  
132 matters in connection therewith.  
133

134           **3.107.030 Findings and Authority.** The City Council of the City of Lynnwood hereby finds  
135 and determines that Development Activities, including but not limited to new residential,  
136 commercial, retail, office, and industrial development in the City, will create additional demand  
137 and need for Parks and Recreation Facilities in the City, and the Council finds that such  
138 Development Activity should pay a proportionate share of the cost of new Parks and Recreation  
139 Facilities needed to serve the Development Activity. The City of Lynnwood has conducted  
140 extensive research and analysis documenting the procedures for measuring the impact of new  
141 Development Activity on Public Facilities, and has prepared and relied upon an appropriate  
142 Rate Study relating to the establishment of PIFs. The Rate Study utilizes a methodology for  
143 calculating PIFs that fulfills all the requirements of RCW 82.02.060(1). A copy of the Rate Study  
144 relied upon by the City shall be kept on file with the City of Lynnwood Parks, Recreation &  
145 Cultural Arts (PRCA) Department and is available to the public for review. Pursuant to Chapter  
146 82.02 RCW, the Council adopts this chapter to assess PIFs for Parks, Open Space, and  
147 Recreation Facilities. The provisions of this chapter shall be liberally construed in order to carry  
148 out the purposes of the Council in establishing the PIF program.  
149

150           **3.107.040 Definitions.** The following words and terms shall have the following meanings  
151 for the purposes of this chapter, unless the context clearly requires otherwise. Terms not  
152 defined herein shall be defined pursuant to RCW 82.02.090, or given their usual and customary  
153 meaning.  
154

155    A. *Applicant* means a person who applies for a Building Permit under the LMC and who is the  
156 owner of the subject property or the authorized agent of the property owner.  
157

158    B. *Building Permit* means an official document or certification which is issued by the City and  
159 which authorizes the construction, alteration, enlargement, conversion, reconstruction,  
160 remodeling, rehabilitation, erection, demolition, moving, or repair of a building or structure.  
161

162    C. *Capital Facilities Plan* means the capital facilities element of the City's Comprehensive Plan  
163 adopted pursuant to Chapter 36.70A RCW and such plan as amended.  
164

165    D. *City* means the City of Lynnwood.  
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167    E. *Council* means the City Council of the City.  
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169    F. *Department* means the City's Department of Parks, Recreation & Cultural Arts Department.

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G. *Development Activity* means any construction, alteration, expansion, or replacement of a building, structure, or use, any change in use of a building or structure, that creates additional demand for Public Facilities. Development Activity does not include buildings or structures constructed by a regional transit authority.

H. *Development Approval* means any written authorization from the City which authorizes the commencement of a Development Activity.

I. *Director* means the Director of the Department of Parks, Recreation & Cultural Arts of the City of Lynnwood or her/his designee.

J. *Dwelling Unit* shall have the same meaning as set forth by Chapter 21.02 LMC.

K. *Encumber/Encumbered* means to reserve, set aside, or otherwise earmark the PIFs in order to pay for commitments, contractual obligations, or other liabilities incurred for Public Facilities.

L. *Fee Schedule* means the list of PIF rates per land use category and adopted by the Council and as set forth by Chapter 3.104 LMC.

M. *Hearing Examiner* means the Hearing Examiner operating pursuant to the powers and duties set forth by Chapter 2.22 LMC.

N. *Independent Fee Calculation* means the Parks, Open Space, and Recreation Facility impact calculation, and/or economic documentation prepared by an Applicant, to support the assessment of a PIF other than by the use of the rates listed in the Fee Schedule, or the calculations prepared by the Director where none of the fee categories or fee amounts in the Fee Schedule accurately describe or capture the impacts of the Development Activity on Public Facilities.

O. *LMC* means the City of Lynnwood Municipal Code.

P. *Park Impact Fee (PIF)* means a payment of money imposed by the City on Development Activity pursuant to this chapter as a condition of granting Development Approval. "Park Impact Fee" does not include a Building Permit fee, administrative fee for collecting and handling PIFs, appeal fee, or Independent Fee Calculation review fee.

Q. *Park Impact Fee Account(s)* means the account(s) established for the PIFs that are collected. The account(s) shall be established pursuant to LMC 3.107.120, and shall comply with the requirements of RCW 82.02.070.

R. *Park, Open Space or Recreation Facility* means public land and improvements designated by the City as parks and or recreation facilities, and open space including land preserving natural areas and natural systems with no development or minimal development. For purposes of the

213 Rate Study, public open space, parks and recreation facilities are collectively referred to as  
214 parks.

215  
216 *S. Project Improvements* mean site improvements and facilities that are planned and designed  
217 to provide service for a particular Development Activity and are necessary for the use and  
218 convenience of the occupants or users of the project and are not System Improvements. No  
219 improvement or facility included in a Capital Facilities Plan adopted by the Council shall be  
220 considered a Project Improvement.

221  
222 *T. Public Facilities*, for purposes of this chapter, means the following capital facilities owned or  
223 operated by the City or other governmental entities: public parks, open space, and/or  
224 recreation facilities.

225  
226 *U. Rate Study* means the study or studies relied upon by the City in establishing the PIF Fee  
227 Schedule, and attached as Exhibit A to the ordinance codified in this chapter.

228  
229 *V. RCW* means the Revised Code of Washington or, when followed or preceded by a numerical  
230 designation, a provision of the Revised Code of Washington.

231  
232 *X. Square Footage* means the square footage of the gross floor area of the development as  
233 defined in the LMC.

234  
235 *Y. System Improvements* means Public Facilities that are included in the City of Lynnwood  
236 Capital Facilities Plan 6-Year List, and such plan as amended, and are designed to provide  
237 service to service areas within the community at large, in contrast to Project Improvements.

238  
239 **3.107.050 Park Impact Fees Methodology and Applicability.** The PIF rates are  
240 generated pursuant to a formula for calculating PIFs set forth in the Rate Study. Except as  
241 otherwise provided for Independent Fee Calculations in LMC 3.107.070, exemptions in LMC  
242 3.107.080, credits in LMC 3.107.090, and phasing in LMC 3.107.220, all new Development  
243 Activity in the City will be charged the PIF applicable to the type of development per the Fee  
244 Schedule adopted by the Council and set forth in Chapter 3.104 LMC.

245  
246 **3.107.060 Assessment of Park Impact Fees.**

247 A. The City shall assess and collect PIFs based on the land use categories in the Fee Schedule,  
248 from any Applicant seeking to conduct any Development Activity that requires the issuance of a  
249 Building Permit, including but not limited to the construction of a new building, or the  
250 alteration, expansion, replacement or change in use of an existing building or structure, which  
251 creates a demand for additional System Improvements; provided, that PIFs shall not be  
252 assessed or collected for the alteration, expansion, replacement or change of use of an existing  
253 residential building or structure, unless the change results in an increase in the residential  
254 density of the existing residential building or structure, or for the alteration, expansion,  
255 replacement or change of use of an existing non-residential building or structure unless the  
256 change results in an increase in the square footage of the non-residential building or structure;

257 and further provided, that the City shall not assess PIFs for any development that is exempt  
258 under LMC 3.107.080. The Parks, Recreation & Cultural Arts Department is authorized to  
259 determine the appropriate land use category found in the Fee Schedule that applies to the  
260 application.

261  
262 B. All PIFs shall be due and payable prior to issuance of the Building Permit based on the land  
263 use categories in the adopted Fee Schedule unless deferred in accordance with LMC 3.107.110  
264 as adopted.

265  
266 Unless the use of an Independent Fee Calculation has been approved, or unless a development  
267 agreement entered into pursuant to RCW 36.70B.170 provides otherwise, the PIF shall be  
268 calculated based on the Fee Schedule in effect at the time a complete Building Permit  
269 application is filed.

270  
271 C. The Parks, Recreation & Cultural Arts Department shall establish the PIF rate for a land use  
272 that is not listed in the Fee Schedule. The Applicant shall submit all information requested by  
273 the City for purposes of determining the PIF rate pursuant to LMC 3.107.070.

274  
275 D. For a change in square footage of an existing commercial, office, industrial or other non-  
276 residential building or structure, or portion thereof, that meets the requirements of Paragraph  
277 A above, the PIF shall be the applicable PIF for the land use category of the incremental  
278 increase, less the PIF for the square footage of the existing building or structure. For a change  
279 in residential density of an existing residential building or structure, or portion thereof, that  
280 meets the requirements of Paragraph A above, the PIF shall be the applicable PIF for the land  
281 use category of the incremental increase, less the PIF for the residential density of the existing  
282 building or structure. The net PIF shall be calculated by the following equation:

283  
284 Net PIF = X – Y, where

285  
286 X = (new gross floor area and/or dwelling units)\*(fee per unit for the land use category), and

287  
288 Y = (prior gross floor area and/or dwelling units)\*(fee per unit for the land use category).

289  
290 If the net PIF is a negative number, the Applicant will not be required to pay PIFs for the  
291 Development Activity. The Applicant will not be compensated by the City for a negative PIF.

292  
293 E. For mixed use developments, PIFs shall be imposed for the proportionate share of each land  
294 use based on the applicable measurement in the PIF rates set forth in the Fee Schedule.

295  
296 F. The City shall not issue the required Building Permit until the PIFs set forth in the Fee  
297 Schedule have been paid as set forth in the Fee Schedule less any credits allowable under this  
298 chapter.

299

300 G. For purposes of the assessment of PIFs, the entire City shall comprise a single service area  
301 (the Park Impact Fee Zone), and the City shall assess the same PIFs within this service area.  
302

303 **3.107.070 Independent Fee Calculations.**

304 A. If in the judgment of the Director, none of the PIF categories or PIF amounts set forth in the  
305 Fee Schedule accurately describes the impacts resulting from issuance of the proposed  
306 Development Activity, the Applicant shall provide to the Director for review and evaluation an  
307 Independent Fee Calculation, prepared by an expert approved by the Director. The Director  
308 may impose on the proposed Development Activity an alternative PIF based on this calculation.  
309

310 B. The Applicant may opt not to have the PIFs determined according to the fee structure listed  
311 in the Fee Schedule, in which case the Applicant shall prepare and submit to the Director an  
312 Independent Fee Calculation for the Development Activity for which a Building Permit is being  
313 sought. The documentation submitted shall be prepared by an expert in the impact of  
314 development on parks and shall show the basis upon which the Independent Fee Calculation  
315 was made using procedures consistent with those established in the Rate Study. An  
316 Independent Fee Calculation shall use the same methodology used to establish PIFs set forth in  
317 the Fee Schedule, shall be limited to adjustments in persons per household used in the Rate  
318 Study, and shall not include Park service area zones, costs of park projects, or cost allocation  
319 procedures.  
320

321 C. An Applicant requesting an Independent Fee Calculation will be required to pay the City an  
322 administrative processing fee to cover the cost of reviewing the Independent Fee Calculation.  
323 The fee required by the City for conducting an Independent Fee Calculation review shall be as  
324 set forth by Chapter 3.104 LMC. However, if the Director initiates the Independent Fee  
325 Calculation as set forth by LMC 3.107.070(A), the Applicant shall not be required to pay to the  
326 City an administrative processing fee.  
327

328 D. There is a rebuttable presumption that the calculations set forth in the Rate Study and the  
329 fees set forth in the Fee Schedule are valid. The Director shall consider the documentation  
330 submitted by the Applicant, but is not required to accept such documentation or analysis which  
331 the Director reasonably deems to be inapplicable, inaccurate or not reliable. The Director may  
332 require the Applicant to submit additional or different documentation for consideration. The  
333 Director is authorized to adjust the PIFs on a case-by-case basis based on the Independent Fee  
334 Calculation, the specific characteristics of the development and/or principles of fairness.  
335

336 E. Determinations made by the Director pursuant to this section may be appealed as set forth in  
337 LMC 3.107.180.  
338

339 **3.107.080 Exemptions.**

340 A. The following Development Activity shall be exempt from the payment of PIFs:  
341

342 1. Alteration or replacement of an existing residential structure that does not add any  
343 new dwelling units.



344 2. Any legal accessory dwelling unit approved under Title 21 of the LMC (Zoning Code) as  
345 it is considered part of the single-family use associated with this fee.

346 3. Miscellaneous improvements which do not result in increased impacts on Public  
347 Facilities including, but not limited to, fences, walls, residential swimming pools, and signs.

348 4. Demolition or moving of a structure when additional impacts on Public Facilities are  
349 not generated.

350 5. A change of use that does not result in increased impacts on Public Facilities.

351 6. Miscellaneous permits for activities which do not result in increased impacts on Public  
352 Facilities.

353 7. Applications for rezones, Comprehensive Plan amendments, conditional use permits,  
354 subdivisions, boundary line adjustment and lot line eliminations; provided, that PIF's shall be  
355 paid in accordance with this chapter prior to issuance of Building Permits for the development  
356 that is the subject of the application.

357 8. Buildings or structures constructed by a regional transit authority pursuant to RCW  
358 82.02.090.

359 9. Any development or redevelopment of public schools for the purpose of public  
360 instruction.

361 10. Any Building Permit application that has been submitted to the City before  
362 5:00 p.m. the business day before the effective date of this chapter that has been deemed  
363 complete based on the information on file as of the effective date of this chapter.  
364

365 B. Pursuant to RCW 82.02.060, the City may provide exemptions for Development Activities  
366 with broad public purposes; provided, that the impact fees from such Development Activity  
367 shall be paid from public funds other than impact fee accounts. The Director shall be authorized  
368 to determine whether a particular Development Activity falls within an exemption identified in  
369 this section or under other applicable law. Determinations of the Director shall be in writing  
370 and shall be subject to the appeals procedures set forth in LMC 3.107.180.  
371

372 **3.107.090 Credits.**

373 A. An Applicant may request that a credit or credits for PIFs be awarded for the total value of  
374 System Improvements, including dedications of land, improvements and/or construction  
375 provided by the Applicant. Credits will be given only if the land, improvements, and/or the  
376 facility constructed are for one or more of the System Improvements listed in the Rate Study as  
377 the basis for calculating the PIF.  
378

379 B. The Director shall determine if a request for credits meets the criteria in subsection A above,  
380 or under other applicable law.  
381

382 C. Each request for a credit or credits shall include a legal description of the dedicated land, a  
383 detailed description of improvements or construction provided, and an adequate description of  
384 the Development Activity to which the credit will be applied.  
385

386 D. For each request for a credit or credits, the Director shall determine the value of the  
387 dedicated land, improvements, or construction on a case-by-case basis. In the event that the

388 Applicant disagrees with the Director’s valuation, the Applicant may submit an appraisal for the  
389 Director’s consideration prepared by a state certified appraiser holding a MAI (Member of the  
390 American Institute of Appraisers) designation and/or a construction estimate prepared by a  
391 licensed engineer in good standing pursuant to Chapter 18.43 RCW, in the category for the  
392 property to be valued, and who does not have a fiduciary or personal interest in the property  
393 being appraised or valued.

394  
395 E. The appraiser and/or licensed engineer shall be directed to determine the fair market value  
396 of the total value of the dedicated land, improvements, and/or construction provided by the  
397 Applicant. The Applicant shall pay for the actual costs for the appraisal or valuation.

398  
399 F. After receiving and reviewing the appraisal or valuation, the Director will determine the  
400 dollar amount of any credit, the basis for the credit, the legal description of the real property  
401 dedicated where applicable, and the adequate description of the System Improvement to which  
402 the credit may be applied with issuance of the Building Permit. If the total value of any such  
403 dedication, improvement or construction cost exceeds the amount of the PIF obligation, the  
404 developer will not be entitled to reimbursement of the difference.

405  
406 G. No credit shall be given for Project Improvements or land dedications above and beyond  
407 what is proposed in the City of Lynnwood 6-Year Capital Facilities Plan.

408  
409 H. Any claim for credit must be made before payment of the PIF and prior to the issuance of the  
410 Building Permit. The failure to timely file such a claim shall constitute a final bar to later  
411 request any such credit.

412  
413 I. Determinations made by the Director pursuant to this section shall be subject to the appeals  
414 procedures set forth in LMC 3.107.180.

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417 **3.107.100 Adjustments.**

418 Pursuant to and consistent with the requirements of RCW 82.02.060, the Rate Study has  
419 provided adjustments for future taxes to be paid by the Development Activity which are  
420 earmarked or pro-ratable to the same new Public Facilities which will serve the new  
421 Development Activity. The PIF rates in the Fee Schedule have been reasonably adjusted for  
422 taxes and other revenue sources which are anticipated to be available to fund public  
423 improvements.

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425 **3.107.110 Single-Family Residential Deferral Program.**

426 An applicant for a building permit for a single-family detached or attached residence may  
427 request a deferral of the full PIF payment until final inspection or eighteen (18) months from  
428 the date of original building permit issuance, whichever occurs first. Deferral of PIFs are  
429 considered under the following conditions:

430 A. An applicant for deferral must request the deferral no later than the time of application for a  
431 building permit. Any request not so made shall be deemed waived.

432  
433 B. For the purposes of this deferral program, "Single-Family Residence" means a permit for  
434 a single-family attached or detached residence as defined as a "One-family dwelling" in  
435 LMC 21.02.295.

436  
437 C. To receive a deferral, an applicant must:

- 438 1. Submit a deferred PIF application for each single-family attached or  
439 detached residence for which the applicant wishes to defer payment of the  
440 PIFs;
- 441 2. Pay the applicable administrative fee prior to the issuance of the building permit;
- 442 3. Grant and record at the applicant's expense a deferred PIF lien in a form  
443 approved by the City against the property in favor of the City in the amount  
444 of the deferred PIF that:
  - 445 a. includes the legal description, tax account number, and address of the  
446 property;
  - 447 b. requires payment of the PIFs to the City prior to final inspection or  
448 eighteen (18) months from the date of original building permit  
449 issuance, whichever occurs first;
  - 450 c. is signed by all owners of the property, with all signatures  
451 acknowledged as required for a deed and recorded in Snohomish  
452 County;
  - 453 d. binds all successors in title after the recordation; and
  - 454 e. is junior and subordinate to one mortgage for the purpose of  
455 construction upon the same real property granted by the person who  
456 applied for the deferral of PIFs.

457  
458 D. The amount of PIFs deferred shall be determined by the fees in effect at the time a  
459 complete building permit application is filed.

460  
461 E. The applicant may pay the deferred amount early or in installments, with no penalty  
462 for early payment.

463  
464 F. The City shall withhold final inspection until the PIFs have been paid in full. Upon  
465 receipt of final payment of PIFs deferred under this subsection, the City shall execute  
466 a release of deferred PIF lien for each single-family attached or detached residence for  
467 which the PIFs have been received. The City shall be responsible for recording the lien  
468 release.

469  
470 G. The extinguishment of a deferred PIF lien by the foreclosure of a lien having priority  
471 does not affect the obligation to pay the PIFs as a condition of final inspection.

472  
473 H. If PIFs are not paid in accordance with the deferral and in accordance with the term  
474 provisions established herein, the City may institute foreclosure proceedings in  
475 accordance with chapter 61.12 RCW.

476  
477 I. The City shall collect an administrative fee from the applicant seeking to defer the  
478 payment of PIFs under this section in the amount stated in LMC 3.104.030.

479  
480 **3.107.120 Establishment of Park Impact Fee Account.**

481 A. PIF receipts shall be earmarked specifically and deposited in a special interest-bearing  
482 account.

483  
484 B. The City shall establish a separate PIF account for the fees collected pursuant to this chapter  
485 which shall be designated as the Park Impact Fee Account. Funds withdrawn from the account  
486 must be used in accordance with the provisions of this chapter and applicable state law.  
487 Interest earned on the fees shall be retained in the account and expended for the purposes for  
488 which the PIFs were collected.

489  
490 C. On an annual basis, the finance director shall provide a report to the Council on the PIF  
491 account showing the source and amount of all moneys collected, earned, or received, and the  
492 public improvements that were financed in whole or in part by PIFs.

493  
494 D. PIFs shall be expended or Encumbered within ten (10) years of receipt.

495  
496 E. In order to comply with RCW 82.02.060(2), PIFs for Development Activity as specified under  
497 exemptions LMC 3.107.080(A)(9) and LMC 3.107.080(B), shall be paid for with public funds  
498 other than from PIF accounts.

499  
500 **3.107.130 Administrative Guidelines.**

501 The Director is hereby authorized to adopt internal guidelines for the administration of PIFs,  
502 which may include the adoption of a procedures guide for PIFs.

503

504 **3.107.140 Refunds.**

505 A. If the City fails to expend or Encumber the PIFs within ten (10) years of when the fees were  
506 paid, the current owner of the property on which PIFs have been paid may receive a refund of  
507 such fees. In determining whether PIFs have been expended or Encumbered, PIFs shall be  
508 considered expended or Encumbered on a first in, first out basis.

509  
510 B. The City shall notify potential claimants by first class mail deposited with the United  
511 States Postal Service at the last known address of such claimants of the availability of a refund.  
512 A potential claimant or claimants must be the owner of record of the real property against  
513 which the PIF was assessed.

514  
515 C. Property owners seeking a refund of PIFs must submit a written request for a refund of the  
516 fees to the Director within one (1) year of the date the right to claim the refund arises or the  
517 date that notice is given, whichever is later.

518  
519 D. Any PIFs for which no application for a refund has been made within this one-year period  
520 shall be retained by the City and expended on the appropriate System Improvements.

521  
522 E. Refunds of PIFs or offsets against subsequent PIFs under this section shall include any  
523 interest earned on the PIFs by the City.

524  
525 F. When the City seeks to terminate any or all components of the PIF program, all unexpended  
526 or unencumbered funds from any terminated component or components, including interest  
527 earned shall be refunded pursuant to this section. Upon the finding that any or all fee  
528 requirements are to be terminated, the City shall place notice of such termination and the  
529 availability of refunds in a newspaper of general circulation within the City at least two (2) times  
530 and shall notify all potential claimants by first class mail at the last known address of the  
531 claimants. All funds available for refund shall be retained for a period of one (1) year after the  
532 second publication. At the end of one (1) year, any remaining funds shall be retained by the  
533 City, but must be expended for the appropriate Public Facilities. This notice requirement shall  
534 not apply if there are no unexpended or unencumbered balances within the account or  
535 accounts being terminated.

536  
537 G. The City shall also refund to the current owner of property for which PIFs have been paid all  
538 PIFs paid, including interest earned on the PIFs, if the Development Activity for which the PIFs  
539 were imposed did not occur; provided, however, that, if the City has expended or Encumbered  
540 the PIFs in good faith prior to the application for a refund, the Director can decline to provide  
541 the refund. If within a period of three (3) years, the same or subsequent owner of the property  
542 proceeds with the same or substantially similar Development Activity, the owner can petition  
543 the Director for an offset in the amount of the fee originally paid and not refunded. The  
544 petitioner must provide receipts of PIFs previously paid for a Development Activity of the same  
545 or substantially similar nature on the same real property or some portion thereof. The Director  
546 shall determine whether to grant an offset, and the determinations of the Director may be  
547 appealed pursuant to the procedure in LMC 3.107.180.

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**3.107.150 Use of Funds.**

- A. Pursuant to this chapter, Park Impact Fees:
  - 1. Shall be used for System Improvements that will reasonably benefit the new Development Activity;
  - 2. Shall not be imposed to make up for deficiencies in Public Facilities serving existing development; and
  - 3. Shall not be used for maintenance or operation.
- B. PIFs may be spent for public improvements to parks, open space and recreation facilities as herein defined and, including, but not limited to, Park planning, engineering design studies, land survey, right-of-way acquisition, site improvements, necessary off-site improvements, engineering, architectural, permitting, financing, administrative expenses, construction of parks, open space and recreation facilities and related facilities other expenses which can be capitalized.
- C. PIFs may also be used to recoup System Improvement costs previously incurred by the City to the extent that new Development Activity will be served by the previously constructed System Improvements or incurred costs provided such fee shall not be imposed to make up for any deficiencies in Public Facilities.
- D. In the event that bonds or similar debt instruments are or have been issued for the advanced provision of public improvements for which PIFs may be expended, PIFs may be used to pay debt service on such bonds or similar debt instruments to the extent that the facilities or improvements provided are consistent with the requirements of this section and are used to serve the new Development Activity.

**3.107.160 Periodic Adjustment of Fees.**

- A. The PIFs in the Fee Schedule shall be indexed to provide for an automatic fee adjustment according to the following schedule every two (2) years beginning January 1, 2022 to reflect changes in project costs due to industry trends. The Engineering News Record Construction Cost Index (CCI) will be used to determine the adjustment in fees. The adjustment will be based on a two (2) year simple moving average, the mean of the previous two (2) years CCI, of the two (2) most recent calendar years CCI data that is available.
- B. The Rate Study supporting the PIFs in the Fee Schedule shall be updated periodically, unless the City determines that circumstances have not changed to warrant an update.

**3.107.170 Administrative Fees.**

- A. There shall be a fee for the administration of the PIF program. The administrative fee shall be as set forth by Chapter 3.104 LMC. The administrative fee shall be deposited into an administrative fee account within the PIF funds. Administrative fees shall be used to defray the cost incurred by the City in the administration and update of the PIF program. The administrative fee is not creditable or refundable.

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B. The administrative fee, in addition to the PIF, shall be paid by the Applicant to the City at the same time as the PIF is paid.

**3.107.180 Reviews by the Director and Appeals.**

A. In order to obtain a Building Permit, any Applicant may pay the PIFs imposed by this chapter under protest and file for a review by the Director, followed by the option to appeal to the Hearing Examiner. No Building Permit shall be issued until the PIFs at issue have been paid.

Alternatively, any Applicant may file for a review by the Director, followed by the option to appeal to the Hearing Examiner, without first paying the PIFs, providing the Applicant is willing to postpone issuance of the Building Permit until after the appeal process when the final amount of the PIFs are known.

B. Reviews by the Director and appeals regarding the PIF imposed on any Development Activity may only be filed by the Applicant for the Development Activity at issue.

C. Before an appeal can be filed, the Applicant must first file a request for review by the Director specifying the grounds thereof, as provided herein:

- 1. The request shall be in writing on the form provided by the City;
- 2. The request for review by the Director shall be filed within fourteen (14) calendar days after the Applicant's payment of the PIF at issue. The failure to timely file such a request shall constitute a final bar to later seek such review;
- 3. No administrative fee will be imposed for the request for review by the Director; and
- 4. The Director shall issue his/her determination in writing.

D. Following the determination issued by the Director, the Applicant may elect to appeal the Director's decision to the Hearing Examiner. Any determinations which the Director is authorized to make pursuant to this chapter may be appealed to the Hearing Examiner.

E. Appeals to the Hearing Examiner must be filed within fourteen (14) calendar days of the Director's issuance of a written determination by filing a letter of appeal with the Parks, Recreation & Cultural Arts Department specifying the grounds thereof, and depositing the necessary appeal fee as set forth by Chapter 3.104 LMC. The failure to timely file an appeal shall constitute a final bar to later seek such review. The Director shall transmit to the office of the Hearing Examiner all papers constituting the record for the determination, including, where appropriate, the Independent Fee Calculation.

F. The City shall fix a time for the hearing of the appeal and give notice to the parties in interest. In those cases where the proposed Development Activity may require a public hearing under the authority of other chapters of the LMC, the hearings may be combined. At the hearing, any party may appear in person or by agent or attorney.

636 G. The Hearing Examiner is authorized to make findings of fact regarding the applicability of the  
637 impact fees to an Applicant's Development Activity, the availability or amount of the credit, or  
638 the accuracy or applicability of an Independent Fee Calculation. The Hearing Examiner's  
639 decision shall be final unless appealed to the superior court of Snohomish County in accordance  
640 with law within twenty-one (21) days after issuance of the Hearing Examiner's decision.

641  
642 H. The Hearing Examiner may, so long as such action is in conformance with the provisions of  
643 this chapter, reverse or affirm, in whole or in part, or may modify the determinations of the  
644 Director with respect to the amount of the PIFs imposed or the credit awarded.

645  
646 **3.107.190 Existing Authority Unimpaired.**

647 Nothing in this chapter shall preclude the City from requiring the Applicant or the proponent of  
648 a Development Activity to mitigate significant probable adverse environmental impacts of a  
649 specific Development Activity pursuant to the State Environmental Policy Act, Chapter 43.21C  
650 RCW, based on the environmental documents accompanying the underlying Development  
651 Approval process, and/or Chapter 58.17 RCW, governing plats and subdivisions; so long as the  
652 exercise of such authority is consistent with the provisions of Chapter 43.21C RCW and Chapter  
653 82.02 RCW.

654  
655 **3.107.200 Relationship to State Environmental Policy Act (SEPA).**

656 A. Development Activity shall be subject to the environmental review pursuant to SEPA and  
657 other applicable City ordinances and regulations.

658  
659 B. Mitigation in addition to the payment of PIF shall be required for identified adverse impacts  
660 appropriate for mitigation pursuant to SEPA that are not mitigated by a PIF program.

661  
662 C. Applicants for projects for new construction or for expansion of a building or structure which  
663 have completed SEPA review and received an environmental determination prior to the  
664 effective date of this ordinance but for which the building permit has not been issued shall have  
665 the option of either:

666 1. Implementing the applicable Park System Improvement mitigation requirements, if  
667 any, of the SEPA determination; or

668 2. Paying the PIF under Chapter 3.107 LMC.

669  
670 This subsection C shall not apply to an application for a subsequent change of use of the  
671 building or portions thereof.

672  
673 **3.107.210 Relationship to Concurrency Management.**

674 Neither compliance with this chapter or the payment of any fee hereunder shall constitute a  
675 determination of Park concurrency under this chapter.

676  
677 **3.107.220 Phasing of Fees.**

678 In consideration of the current development environment and in an effort to incentivize  
679 Development Activity, the PIFs identified in the Rate Study shall be phased in over a period of



680 as follows:

681

682 1. From the effective date of the ordinance codified in this chapter through December 31, 2019,  
683 the Applicant shall be required to pay 80% of the fee amount identified in the Rate Study, as  
684 stated in LMC 3.104.030; and

685

686 2. Beginning January 1, 2020, an Applicant shall be required to pay 100% of the fee amount  
687 identified in the Rate Study, as stated in LMC 3.104.030.

688

689 Section 4. Fees and Charges - Amendment. LMC 3.104.030 is hereby amended to add the Park  
690 Impact Fees and related charges set forth in **Exhibit B** and **Exhibit C** attached hereto and  
691 incorporated by this reference. The fees and charges stated on Exhibit B shall take effect on  
692 June 1, 2018 and shall continue in force through December 31, 2019. The fees and charges  
693 stated on Exhibit C shall take effect on January 1, 2020.

694

695 Section 5. Severability. If any section, sentence, clause or phrase of this ordinance should be  
696 held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or  
697 unconstitutionality shall not affect the validity or constitutionality of any other section,  
698 sentence, clause or phrase or word of this ordinance.

699

700 Section 6. Effective Date. This ordinance or a summary thereof consisting of the title shall be  
701 published in the official newspaper of the City, and shall take effect and be in force June 1,  
702 2018.

703

704 PASSED BY THE CITY COUNCIL the 12<sup>th</sup> day of March 2018.

705

706

APPROVED

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Nicola Smith, Mayor

712 ATTEST:

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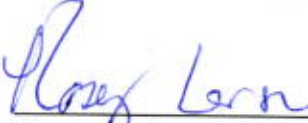
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\_\_\_\_\_  
Sonja Springer, Finance Director

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Rosemary Larson, City Attorney

FILED WITH ADMINISTRATIVE SERVICES: 03/08/2018  
PASSED BY THE CITY COUNCIL: 03/12/2018  
PUBLISHED: 03/15/2018  
EFFECTIVE DATE: 06/01/2018  
ORDINANCE NUMBER: 3288



On the 12th day of March 2018 the City Council of the City of Lynnwood, Washington, passed ordinance 3288. A summary of the content of this ordinance, consisting of the title, provides as follows:

**ORDINANCE 3288**

**AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, ESTABLISHING PARK IMPACT FEES; ADDING A NEW CHAPTER 3.107 ENTITLED PARK IMPACT FEES TO THE LYNNWOOD MUNICIPAL CODE; AMENDING LMC 3.104.030; AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE, AND SUMMARY PUBLICATION.**

The full text of this ordinance will be mailed upon request.

DATED this 15<sup>th</sup> day of March 2018.

A handwritten signature in blue ink, appearing to read 'D. Karber', is written over a horizontal line.

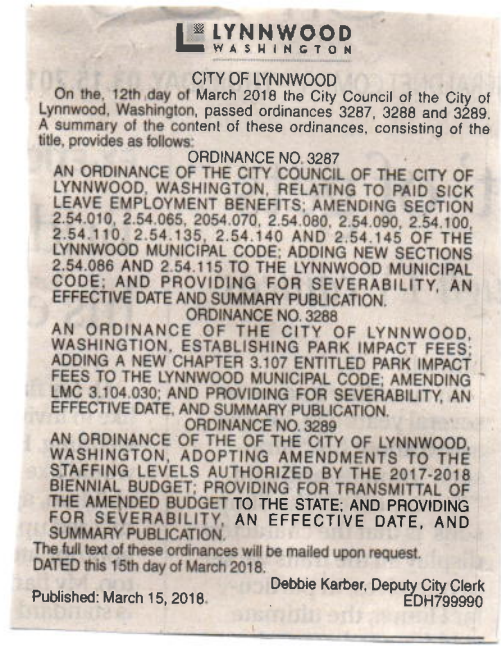
Debbie Karber, Deputy City Clerk

# Everett Daily Herald

## Affidavit of Publication

State of Washington }  
County of Snohomish } ss

Dicy Sheppard being first duly sworn, upon oath deposes and says: that he/she is the legal representative of the Everett Daily Herald a daily newspaper. The said newspaper is a legal newspaper by order of the superior court in the county in which it is published and is now and has been for more than six months prior to the date of the first publication of the Notice hereinafter referred to, published in the English language continually as a daily newspaper in Snohomish County, Washington and is and always has been printed in whole or part in the Everett Daily Herald and is of general circulation in said County, and is a legal newspaper, in accordance with the Chapter 99 of the Laws of 1921, as amended by Chapter 213, Laws of 1941, and approved as a legal newspaper by order of the Superior Court of Snohomish County, State of Washington, by order dated June 16, 1941, and that the annexed is a true copy of EDH799990 ORDINANCES as it was published in the regular and entire issue of said paper and not as a supplement form thereof for a period of 1 issue(s), such publication commencing on 03/15/2018 and ending on 03/15/2018 and that said newspaper was regularly distributed to its subscribers during all of said period.



The amount of the fee for such publication is \$53.92.

Dicy Sheppard

Subscribed and sworn before me on this 15<sup>th</sup> day of March, 2018.

Linda Phillips



Notary Public in and for the State of Washington.  
City of Lynnwood - LEGAL ADS | 14127890  
DEBBIE KARBBER



**LYNNWOOD**  
WASHINGTON

## **CERTIFICATE**

I, the undersigned, Debra Karber, the duly appointed Deputy City Clerk of the City of Lynnwood, Washington, hereby certify that the Ordinance hereto attached is a full, true and correct copy of Ordinance No. 3288 of the City of Lynnwood, Washington, entitled as follows:

### **ORDINANCE 3288**

**AN ORDINANCE OF THE CITY OF LYNNWOOD, WASHINGTON, ESTABLISHING PARK IMPACT FEES; ADDING A NEW CHAPTER 3.107 ENTITLED PARK IMPACT FEES TO THE LYNNWOOD MUNICIPAL CODE; AMENDING LMC 3.104.030; AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE, AND SUMMARY PUBLICATION.**

That said ordinance was passed by the Council on March 12, 2018 of said City and was published and posted according to law; that said ordinance was duly published in the official newspaper of said City on March 15, 2018.

---

Debra Karber, Deputy City Clerk

PARK IMPACT FEE RATE STUDY | JANUARY 2018

---

# LYNNWOOD, WASHINGTON

## RATE STUDY FOR IMPACT FEES FOR PARKS, OPEN SPACE, AND RECREATION FACILITIES



THE  
TRUST  
FOR  
PUBLIC  
LAND



March 29, 2017

Paul Kundtz  
Northwest Director  
The Trust for Public Land  
901 Fifth Avenue, Suite 1520  
Seattle, Washington 98164

Warren Jimenez  
National Urban Conservation Finance Director  
The Trust for Public Land  
808 Southwest 3<sup>rd</sup> Avenue, Suite 570  
Portland, Oregon 97204

Dear Mr. Kundtz and Mr. Jimenez:

By this letter, the City of Lynnwood officially requests technical advice and assistance from your organization in connection with our efforts to develop a park impact fee program for Lynnwood. As part of your advice and assistance, we understand you may provide review of existing City documents, identify alternatives, prepare substance and process recommendations, assist in public presentations, and develop strategies for our consideration.

We are interested not only in the factual information that you can provide to us, but also your organization's opinions and recommendations on this public financing mechanism available to us. Although your submissions will be directed to the attention of Parks, Recreation & Cultural Arts Deputy Director Sarah Olson, we understand that your responses to this request will be for the general use of the City of Lynnwood.

This request will continue in effect for any subsequent advice you offer or presentations you submit for the use of the City related to such matters. In addition, we would like to take this opportunity to request that you continue to be available to provide technical advice and assistance in this area and on related matters in the future.

Thank you for your organization's contribution to the work of the City of Lynnwood.

Sincerely,  
CITY OF LYNNWOOD

  
Nicola Smith  
Mayor

cc. Benjamin Goodwin, City Council President

19100 44<sup>th</sup> Ave W | PO Box 5008 | Lynnwood, WA 98046-5008 | Phone: 425-670-5000 | Fax: 425-670-5911 | www.LynnwoodWA.gov

## Acknowledgements

### Mayor

Nicola Smith

### Parks, Recreation & Cultural Arts

Lynn Sordel, Director  
Sarah Olson, Deputy Director  
Eric Peterson, Park Superintendent  
Joel Faber, Recreation Superintendent  
Elena Flesher, Administrative Assistant

### Parks & Recreation Board

Kris Hildebrandt  
Michael Megill  
Richard O'Connor  
Monica Thompson

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Cover Photo: provided by City of Lynnwood.  
Special thanks to Randy Young, The Trust for Public Land Consultant.



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## INTRODUCTION

The purpose of this study is to establish the rates for impact fees in the City of Lynnwood for parks, open space, and recreation facilities as authorized by RCW<sup>1</sup> 82.02.090 (7). Throughout this study the term “parks” is used as the short name that means parks and recreation facilities, including land and developments, and open space, including park system land preserving natural areas and natural systems with no development or minimal development.

### Summary of Impact Fee Rates

Park impact fees are paid by all types of new development.<sup>2</sup> Impact fee rates for new development are based on, and vary according to, the type of land use. The following table summarizes the impact fee rates for each land use category. The types of residential development are the same as Lynnwood’s transportation impact fee (TrIF). This will make the park impact fee easier to understand and administer for developers and for City staff.

<b>Exhibit 1. City of Lynnwood Park Impact Fee Rates</b>			
<b>Row</b>	<b>Type of Development</b>	<b>Unit of Development</b>	<b>Impact Fee per Unit of Development</b>
1	Residential - single family	dwelling unit	\$5,553.69
2	Residential - duplex	dwelling unit	\$4,440.77
3	Residential - multi family (3+ bedrooms)	dwelling unit	\$3,990.33
4	Residential - multi family (2- bedrooms)	dwelling unit	\$3,990.33
5	Residential - mobile home park	dwelling unit	\$2,994.07
6	Residential - self-contained retirement community	dwelling unit	\$4,005.42
7	Residential - senior adult housing	dwelling unit	\$4,005.42
8	Non-Residential (Commercial) - all uses	square foot	\$2.82

### 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.

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.

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.

<sup>1</sup> Revised Code of Washington (RCW) is the state law of the State of Washington.

<sup>2</sup> The impact fee ordinance may specify exemption for low-income housing and/or “broad public purposes,” but such exemptions must be paid for by public money, not other impact fees. The ordinance may specify if impact fees apply to changes in use, remodeling, etc.



## Organization of the Study

This impact fee rate study contains four chapters and three appendices:

- **Introduction** provides a summary of impact fee rates for land use categories, and other introductory materials.
- **Statutory Basis and Methodology** summarizes the statutory requirements for development of impact fees, and describes the compliance with each requirement.
- **Growth Estimates** presents estimates of future growth of population and employment in Lynnwood because impact fees are paid by growth to offset the cost of parks, open space, and recreation facilities that will be needed to serve new development.
- **Park Impact Fees** presents impact fees for parks and open space in the City of Lynnwood. The chapter includes the methodology that is used to develop the fees, the formulas, variables and data that are the basis for the fees, and the calculation of the fees. The methodology is designed to comply with the requirements of Washington state law.
- **Appendix A: Equivalent Population Coefficients** describes equivalency, and explains how the “equivalent population coefficients” were developed for this study of park impact fees for the City of Lynnwood. The result allows businesses to pay its proportionate share of parks for growth based on the “equivalent population” that non-residential development generates.
- **Appendix B: Past Investment and Future Projects** calculates the City’s annual average investment in parks capital projects from 2013-2017 and analyzes the proposed 2018-2023 Capital Facilities Plan to identify the portion of costs that are eligible for park impact fees.
- **Appendix C: Park Impact Fees Calculated for Residential Development Only** provides an alternative calculation the City would use if it decides to charge park impact fees only to residential development.

## STATUTORY BASIS AND METHODOLOGY

This chapter summarizes the statutory requirements for impact fees in the State of Washington, and describes how the City of Lynnwood's impact fees comply with the statutory requirements.

### Statutory Requirements for Impact Fees

The Growth Management Act of 1990 (Chapter 17, Washington Laws, 1990, 1<sup>st</sup> Ex. Sess.) authorizes local governments in Washington to charge impact fees. RCW 82.02.050 – 82.02.100 contain the provisions of the Growth Management Act that authorize and describe the requirements for impact fees.

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. *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 project). *RCW 82.02.050 (3)(a) and RCW 82.02.090 (5) 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 (7)*

#### 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), RCW 82.02.060 (1), and RCW 82.02.090 (6)*

#### Reductions of Impact Fee Amounts

Impact fee 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 Capital Facilities Plan (CFP) as system improvements eligible for impact fees and are required as a condition of development approval). *RCW 82.02.060 (4)*

## **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 exempt fees must be paid from public funds (other than impact fee accounts). *RCW 82.02.060 (2) and (3)*

## **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 (6)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.070 (4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend or obligate the impact fee payments within 10 years, or terminates the impact fee requirement, or the developer does not proceed with the development and no impacts are created. *RCW 82.02.080*

## **Capital Facilities Plans**

Impact fees must be expended on public facilities in a CFP element or used to reimburse the government for the unused capacity of existing facilities. The CFP must conform to the Growth Management Act of 1990 *RCW 36.70A.040 (3)*, 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 (8) 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 (8)*) subject to the proportionate share limitation described above.

## **Accounting Requirements**

The local government must separate the impact fees from other monies, expend or obligate the money on CFP projects within 10 years, and prepare annual reports of collections and expenditures. *RCW 82.02.010 (1)-(3)*

## **Compliance with Statutory Requirements for Impact Fees**

Many of the statutory requirements listed above are fulfilled in calculation of the parks impact fee in the fourth chapter of this study. Some of the statutory requirements are fulfilled in other ways, as described below.

## **Types of Public Facilities**

This study contains impact fees for parks. This study does not contain impact fees for transportation, fire, or schools.

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. The City of Lynnwood is legally and financially responsible for the parks facilities it owns and operates within its jurisdiction. 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)*

## Types of Improvements

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 82.02.090 (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 development project, and that are necessary for the use and convenience of the occupants or users of the project” as provided in RCW 82.02.090 (5). The impact fees in this study are based on system improvements that are described in the Appendix B of this study. No project improvements are included in this study.

Impact fee revenue can 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 land acquisition and development. The costs can also include design studies, engineering, land surveys, appraisals, permitting, financing, administrative expenses, applicable mitigation costs, and capital equipment pertaining to capital improvements.

## 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 82.02.05 (3)* In addition, the law requires the designation of one or more service areas. *RCW 82.02.060 (7)*

### 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 benefit 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 total cost between new and existing users, or 2) calculating the cost per unit 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. 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 impact fees calculated in this study include an adjustment that accounts for any other revenue that is paid by new development and used by the City to pay for a portion of growth’s proportionate share of costs. This adjustment is in response to the limitations in *RCW 82.02.060 (1)(b)* and *RCW 82.02.050 (2)*. Adjustments are included in the calculation of impact fees in Chapter 4 of this study.

- 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 CFP, identified as the projects for which impact fees are collected, and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated land and the quality and design of donated land or recreation facilities can be required to be acceptable to the local government. Credits are determined on a case-by-case basis whenever a developer offers to dedicate land, improvements or construction to offset part or all of the park impact fees that they would otherwise be required to pay to the City.

## **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 or are customers or visitors at the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). These measure of relatedness are implemented by the following techniques:

- Impact fees are charged to properties that need (i.e., benefit from) new public facilities. The City of Lynnwood provides its infrastructure to all kinds of property throughout the City, therefore impact fees have been calculated for all types of property.
- The relative needs of different types of growth are considered in establishing fee amounts (i.e., different impact values for different types of land use). The fourth chapter uses different numbers of persons per dwelling unit for residential development, and the number of employees and visitors for non-residential development.
- 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).

## **3. Reasonably Related to Expenditures**

Two provisions of Lynnwood’s municipal code for impact fees comply with 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 specific projects, the benefit of which has been demonstrated in determining the need for the projects and the portion of the cost of needed projects that are eligible for impact fees as described in this study. Second, impact fee revenue must be expended or obligated within 10 years, thus requiring the impact fees to be used to benefit the feepayer and not be held by the City.

## **4. 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 multiple service areas unless such “zones” are necessary to establish the relationship between the fee and the development. Because of the compact size of the City of Lynnwood, and the accessibility of its parks to all property within the City, Lynnwood’s parks serve the entire City, therefore the impact fees are based on a single service area corresponding to the boundaries of the City of Lynnwood.

## **Exemptions**

The City's municipal code for impact fees addresses the subject of exemptions. Exemptions do not affect the impact fee rates calculated in this study because of the statutory requirement that any exempted impact fee must be paid from other public funds. As a result, there is no increase in impact fee rates to make up for exemptions because there is no net loss to the impact fee account as a result of the exemption.

## **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 the City of Lynnwood. If the local government fails to expend the impact fee payments within 10 years of receipt of each payment, the developer or subsequent owner of the property 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. All of these provisions are addressed in the City's municipal code for impact fees, and none of them affect the calculation of impact fee rates in this study.

## **Capital Facilities Plan**

There are references in RCW to the "capital facilities plan" (CFP) as the basis for projects that are eligible for funding by impact fees. Cities often adopt documents with different titles that fulfill the requirements of RCW 82.02.050 et. seq. pertaining to a "capital facilities plan." The City of Lynnwood annually updates the six-year Capital Facilities Plan. This document fulfills the requirements in RCW, and is considered to be the CFP for the purpose of this impact fee rate study. All references to a CFP in this study are references to the CFP document described above.

The requirement to identify existing deficiencies, capacity available for new development, and additional public facility capacity needed for new development is determined by analyzing levels of service for each type of public facility. The fourth chapter and Appendix B of this study provide this analysis.

## **New Versus Existing Facilities, Accounting Requirements**

Impact fees must be spent on capital projects contained in an adopted CFP, or they can be used to reimburse the government for the unused capacity of existing facilities. Impact fee payments that are not expended or obligated within 10 years must be refunded unless the City Council makes a written finding that an extraordinary and compelling reason exists to hold the fees for longer than 10 years. To verify these two requirements, impact fee revenues must be deposited into separate accounts of the government and annual reports must describe impact fee revenues and expenditures. These requirements are addressed by Lynnwood's municipal code for impact fees, and are not factors in the impact fee calculations in this study.

## **Data Sources**

The data in this study of impact fees in Lynnwood was provided by the City of Lynnwood 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 may be very small variations for 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 minor differences due to rounding of data that appears in this study.

# GROWTH ESTIMATES

Impact fees are meant to have “growth pay for growth” so the first step in developing an impact fee is to quantify future growth in the City of Lynnwood. Growth estimates have been prepared for population and employment through the year 2023 to match the horizon year of the proposed 2018-2023 CFP.

Exhibit 2 lists Lynnwood’s population and growth rates from 2010 to 2017 and projections to the year 2035.

Exhibit 2. Population				
Row	Year	Population	CAGR	CAGR Years
1	2010	35,836		
2	2011	35,860	0.07%	2010-2011
3	2012	35,900	0.11%	2011-2012
4	2013	35,960	0.17%	2012-2013
5	2014	36,030	0.19%	2013-2014
6	2015	36,420	1.08%	2014-2015
7	2016	36,590	0.47%	2015-2016
8	2017	36,950	0.98%	2016-2017
9	2023	42,074	2.19%	2017-2023
10	2025	43,782	2.14%	2017-2025
11	2035	54,404	2.17%	2017-2035
<i>Notes</i>				
Source of Population for 2010-2017: Washington Office of Financial Management ( <a href="http://www.ofm.wa.gov/pop/april1/ofm_april1_population_final.pdf">http://www.ofm.wa.gov/pop/april1/ofm_april1_population_final.pdf</a> ).				
Source of Population for 2025 and 2035: City of Lynnwood Comprehensive Plan.				
Source of Population for 2023: calculated assuming linear growth from 2017 to 2025.				
CAGR = Compound Annual Growth Rate.				

In addition to residential population growth, Lynnwood expects businesses to grow. Business development is included in this study because businesses and their employees and customers benefit from Lynnwood’s parks and open space. For example, City parks are accessible to employees and customers of businesses for many recreational activities. This accessibility allows employees and customers of Lynnwood businesses to take breaks from work and shopping, including restful breaks and/or active exercise to promote healthy living. Additionally, parks can be used as “green infrastructure” to provide carbon-free transportation and link people to popular destinations and each other; reduce the urban “heat island” effect, protect people from heat waves, and reduce summer energy use; absorb rainfall, reduce flooding, and recharge drinking water supplies while saving energy for water management; and buffer cities from rising seas, coastal storms, and flooding.

Lynnwood's growth of businesses and other commercial activity is demonstrated by growth in employment. The Washington Employment Security Department obtains data from each employer reporting the number of employees who are covered by state unemployment insurance. The data is tracked for eight different major sectors of employment, such as manufacturing, retail, and services. The Puget Sound Regional Council aggregates the data for each of the eight sectors for each city. Exhibit 3 lists actual employment in Lynnwood from 2005 through 2015, and growth that is projected for the years 2017-2035.



Exhibit 3. Employment											
Row	Year	Const/Res	FIRE	Mfg	Retail	Svces	WTU	Govt	Educ	Total	CAGR
1	2005	1,160	2,148	555	6,519	8,208	890	1,287	2,196	22,962	
2	2006	1,406	2,466	567	7,067	8,679	906	1,075	2,155	24,321	5.92%
3	2007	1,433	2,271	725	7,628	9,537	921	1,118	2,120	25,751	5.88%
4	2008	1,504	2,214	597	7,588	9,964	928	951	2,113	25,859	0.42%
5	2009	1,153	1,737	527	7,106	9,405	856	906	2,066	23,757	-8.13%
6	2010	947	1,529	499	6,789	9,513	959	883	1,769	22,888	-3.66%
7	2011	901	1,435	552	6,603	9,741	1,005	887	1,740	22,864	-0.10%
8	2012	849	1,403	579	6,971	11,148	1,030	861	1,926	24,767	8.32%
9	2013	917	1,518	547	7,083	11,389	904	883	2,125	25,366	2.42%
10	2014	993	1,367	563	6,911	10,660	851	935	2,266	24,546	-3.23%
11	2015	1,119	1,459	528	7,140	12,799	864	965	2,366	27,240	10.98%
12	2017	1,158	1,510	546	7,388	13,244	894	999	2,448	28,187	1.72%
13	2023	1,283	1,673	605	8,186	14,674	991	1,106	2,713	31,229	1.72%
14	2025	1,327	1,731	626	8,470	15,184	1,025	1,145	2,807	32,315	1.72%
15	2035	1,575	2,053	743	10,048	18,012	1,216	1,358	3,330	38,336	1.72%
<b>Notes</b>											
<i>Const/Res = Construction &amp; Resources; FIRE = Finance, Insurance, and Real Estate; Mfg = Manufacturing; Svces = Services; WTU = Wholesale Trade, Transportation and Utilities; Govt = Government; Educ = Education.</i>											
<i>CAGR = Compound Annual Growth Rate.</i>											
<i>2005-2015 employment data from Puget Sound Regional Council (<a href="https://www.psrc.org/covered-employment-estimates">https://www.psrc.org/covered-employment-estimates</a>).</i>											
<i>Estimates for 2017-2035 based on 2005-2015 PSRC data and calculated compound annual growth rate (1.72%).</i>											
<i>Notes from Puget Sound Regional Council file:</i>											
<i>1. Employment data in Exhibit 3 is the number of employees "covered" by state unemployment insurance. "Covered" employment is typically 85-90% of total employment.</i>											
<i>2. Data includes full-time and part-time (not adjusted to FTE).</i>											
<i>3. Location may reflect central payroll location rather than actual work location.</i>											

Based on the data in Exhibits 2 and 3, it is clear that Lynnwood expects growth of population and businesses in the future. As a result, there is a rational basis for park impact fees that would have future growth pay for parks, open space and recreation facilities that are needed to provide appropriate levels of service to new development.

Population and employment are both expected to grow, but they should not be counted equally because employees and visitors spend less time in Lynnwood than residents. Therefore, these employees and visitors have less benefit from Lynnwood's parks. A well-established and widely-used technique for accounting for these differences in impact is "equivalency." Appendix A to this study describes equivalency, and explains how the "equivalent population coefficients" were developed for this study of park impact fees for the City of Lynnwood. The result allows businesses to pay its proportionate share of parks for growth based on the "equivalent population" that non-residential development generates.

Exhibit 4 multiplies the equivalent population coefficients (see Appendix A) by the actual population and employment data from Exhibits 2 and 3 to calculate the "equivalent" population for the base year (2017), the horizon year (2023) and the growth between 2017 and 2023.

**Exhibit 4. Growth of Equivalent Population and Employment**

Row	Land-Use Category	Equivalent Population Coefficient <sup>1</sup>	2017 Base Year Full Population <sup>2</sup>	2017 Base Year Equivalent Population <sup>3</sup>	2023 Horizon Year Full Population <sup>2</sup>	2023 Horizon Year Equivalent Population <sup>3</sup>	2017-2023 Growth Full Population <sup>4</sup>	2017-2023 Growth Equivalent Population <sup>5</sup>
1	Permanent Population	0.9375	36,950	34,641	42,074	39,444	5,124	4,804
2	Construction	0.1986	1,158	230	1,283	255	125	25
3	FIRE	0.5056	1,510	763	1,673	846	163	82
4	Manufacturing	0.5814	546	318	605	352	59	34
5	Retail Trade	2.0038	7,388	14,805	8,186	16,403	798	1,598
6	Services	0.5056	13,244	6,697	14,674	7,420	1,430	723
7	WTU	0.6004	894	537	991	595	97	58
8	Government	0.7060	999	705	1,106	781	108	76
9	Education	0.5357	2,448	1,312	2,713	1,453	264	142
10	<b>Total</b>			<b>60,006</b>		<b>67,548</b>		<b>7,542</b>

Notes

(1) From Appendix A: Equivalent Population Coefficients.

(2) From Exhibits 2 and 3.

(3) Equivalent Population = Equivalent Population Coefficient x Full Population.

(4) 2017-2023 Growth Full Population = 2023 Full Population - 2017 Full Population.

(5) 2017-2023 Growth Equivalent Population = 2023 Equivalent Population - 2017 Equivalent Population.

The totals in Exhibit 4 provide the equivalent population for the purpose of development of park impact fees for Lynnwood. The total equivalent population for the base year (2017) is 60,006, for the horizon year (2023) is 67,548, therefore the growth between 2017 and 2023 is 7,542.

# PARK IMPACT FEES

## Overview

Impact fees for Lynnwood’s parks, recreation facilities, and open space use an inventory and valuation of the existing assets to calculate the current investment per person (i.e., equivalent population or equivalent person).<sup>3</sup> The current investment per person is multiplied by the future population to identify the value of additional assets needed to provide growth with the same level of investment as the City owns for the current population. The future investment is reduced by the amount of specific other revenues that are available and the result is the net investment needed to be paid by growth. Dividing the net investment by the growth of the equivalent population results in the investment per person that can be charged an impact fee. The amount of the impact fee is determined by charging each fee-paying development for impact fee cost per person multiplied by the equivalent population coefficient for each type of development.

These steps are described below in the formulas, descriptions of variables, exhibits, and explanation of calculations of park impact fees. Throughout this chapter the term “person” is used as the short name that means equivalent population or equivalent person.

## Formula 1: Parks Capital Value per Person

The capital investment per person is calculated by dividing the value of the asset inventory by the current equivalent population.

$$(1) \frac{\text{Value of Parks Inventory}}{\text{Current Equivalent Population}} = \text{Capital Value per Person}$$

Equivalent population was described in the third chapter of this study and explained in Appendix A. There is one new variable that requires explanation: (A) value of parks inventory.

### Variable (A): Value of Parks Inventory

The value of the existing inventory of parks, recreation facilities, and open space is calculated by determining the current replacement value of park land and improvements. The sum of all of the values equals the current replacement value of the City’s existing park and recreation system. Replacement value is today’s cost if the City had to replace its parks, as though the City had no parks and had to create the same park system at today’s cost. Replacement value is used rather than the original cost of the parks because the park impact fee will have to pay current prices in order to buy additional parks and recreation facilities.

The values of parks in this rate study do not include any costs for interest or other financing. If a jurisdiction borrows money to “front fund” the costs that will be paid by impact fees, the carrying costs for financing can be added to the costs. Additionally, the impact fee can be recalculated to include such costs.

Exhibits 5 lists the inventory of park land as well as all recreation facilities and improvements that make up the City of Lynnwood’s existing parks and recreation system. Each listing includes the name of the asset, the number of units of the asset, the type of units represented, the per-unit value of each asset, and the total value of each asset. Exhibit 5 lists the total replacement value of Lynnwood’s park land and assets at \$227,032,902.

<sup>3</sup> See Appendix A.

Exhibit 5. Park Asset Inventory and Value					
Row	Asset Description	Total Units	Replacement Value	Units	Total Value
1	Park and Facility Acres	197	\$808,505	per acre	\$159,671,652
2	Parking Spaces	20	\$250,000	per park	\$5,000,000
3	Parking Spaces (Handicap)	20	\$250,000	per park	\$5,000,000
4	Trail miles total	18	\$300,000	per park	\$5,400,000
5	Splash Pad	2	\$500,000	each	\$1,000,000
6	Skate Park	1	\$500,000	each	\$500,000
7	Amphitheater / Stage	2	\$300,000	each	\$600,000
8	Orienteering Course	2	\$15,000	each	\$30,000
9	Public Art	13	\$100,000	per park	\$1,300,000
10	Restrooms	14	\$250,000	each	\$3,500,000
11	Off Leash Dog Area	1	\$50,000	each	\$50,000
12	Playgrounds	20	\$250,000	each	\$5,000,000
13	Free Standing Slides	4	\$2,500	each	\$10,000
14	Hill Climb	3	\$3,000	each	\$9,000
15	Sw ings (seats)	25	\$1,000	each	\$25,000
16	Tot Sw ings (seats)	20	\$1,000	each	\$20,000
17	Tire Sw ings	4	\$5,000	each	\$20,000
18	Teeter Totter	2	\$2,500	each	\$5,000
19	Cable Glider	1	\$22,000	each	\$22,000
20	Climbing Rock	1	\$10,000	each	\$10,000
21	Bike Racks	10	\$500	each	\$5,000
22	Horseshoes	1	\$5,000	each	\$5,000
23	Picnic Tables	147	\$500	each	\$73,500
24	Picnic Shelters / Plaza	9	\$50,000	each	\$450,000
25	Flag Plaza	2	\$250,000	each	\$500,000
26	Drinking Fountain	16	\$1,500	each	\$24,000
27	Barbeques	23	\$250	each	\$5,750
28	Doggie Bags / Waste	8	\$400	each	\$3,200
29	Benches	54	\$400	each	\$21,600
30	Memorial Tables	2	\$1,300	each	\$2,600
31	Memorial Benches	11	\$1,100	each	\$12,100
32	Kiosk Info Center	2	\$3,000	each	\$6,000
33	Agility course / Dogs	2	\$8,000	each	\$16,000
34	Softball Fields	3	\$750,000	each	\$2,250,000
35	Baseball Fields	3	\$750,000	each	\$2,250,000
36	Soccer and Multipurpose Flds	2	\$750,000	each	\$1,500,000
37	Basketball Courts	8	\$150,000	each	\$1,200,000
38	Basketball Keys	5	\$50,000	each	\$250,000
39	Tennis Courts	8	\$150,000	each	\$1,200,000
40	Racquetball Courts	4	\$2,500	each	\$10,000
41	Ball Wall	2	\$5,000	each	\$10,000
42	Concession Buildings	2	\$200,000	each	\$400,000
43	Recreation Facility	1	\$25,480,000	total	\$25,480,000
44	Senior Center	1	\$75,000	total	\$75,000
45	Historic Structures	5	\$3,000,000	total	\$3,000,000
46	Interpretive signs	7	\$1,500	each	\$10,500
47	Site Furnishings	20	\$30,000	per park	\$600,000
48	Lighting	5	\$80,000	per park	\$400,000
49	Other Rec Element	2	\$50,000	each	\$100,000
50	<b>Total Replacement Value</b>				<b>\$227,032,902</b>
<b>Notes</b>					
<i>Total units for all assets based on 2015 inventory, condition assessment, and replacement values in City of Lynnwood Parks, Arts, Recreation &amp; Conservation (PARC) Plan.</i>					
<i>Replacement value for park/facility acres is the average value per acre of all land in the city as of October 2017. The total land value of all parcels in the City was divided by the total acreage of all parcels in the City to determine the average value per acre. (Source: Snohomish County Assessor).</i>					
<i>Replacement value for all other assets based on 2015 inventory, condition assessment, and replacement values in City of Lynnwood Parks, Arts, Recreation &amp; Conservation (PARC) Plan.</i>					

Exhibit 6 lists the total capital value of parks at \$227,032,902 (from Exhibit 5) and divides it by the current equivalent population of 60,006 (from Exhibit 4) to calculate the capital value of \$3,783 per equivalent population.

<b>Exhibit 6. Value of Parks per Equivalent Population</b>		
<b>Total Value of Lynnwood Parks</b>	<b>Current (2017) Equivalent Population</b>	<b>Capital Value per Equivalent Population</b>
\$227,032,902	60,006	\$3,783

## Formula 2: Value Needed for Growth

Impact fees must be related to the needs of growth, as explained in the second chapter of this report. The first step in determining growth's needs is to calculate the total value of parks that are needed for growth. The calculation is accomplished by multiplying the capital value per person by the number of new persons that are forecasted for the City's growth.

$$(2) \text{ Capital Value per Person} \times \text{Equivalent Population Growth} = \text{Value Needed for Growth}$$

Exhibit 7 shows the calculation of the value of parks needed for growth. The current capital value per person is calculated in Exhibit 6. The growth in equivalent population is calculated in Exhibit 4. The result is that Lynnwood needs to add park land and improvements valued at \$28,534,515 to serve the growth of 7,542 additional people who are expected to be added to the City's existing equivalent population.

<b>Exhibit 7. Value Needed for Growth</b>		
<b>Capital Value per Equivalent Population</b>	<b>Growth of Equivalent Population</b>	<b>Value Needed for Growth</b>
\$3,783	7,542	\$28,534,515

## Formula 3: Investment Needed for Growth

The investment needed for growth is calculated by subtracting the value of any existing reserve capacity from the total value of parks needed to serve the growth.

$$(3) \text{ Value Needed for Growth} - \text{Value of Existing Reserve Capacity} = \text{Investment Needed for Growth}$$

There is one new variable used in Formula 3 that requires explanation: (B) value of existing reserve capacity of parks.

### Variable (B): Value of Existing Reserve Capacity

The value of reserve capacity is the difference between the value of the City's existing inventory of parks, and the value of those assets that are needed to provide the level of service standard for the existing population. Because the capital value per person is based on the current assets and the current population, there is no reserve capacity or no unused value that can be used to serve future population growth.<sup>4</sup>

<sup>4</sup> Also, the use of the current assets and the current population means there is no existing deficiency. This approach satisfies the requirements of RCW 82.02.050 (4) to determine whether or not there are any existing deficiencies to ensure that impact fees are not charged for any deficiencies.

Exhibit 8 shows the calculation of the investment in parks that is needed for growth. The value of parks needed to serve growth (from Exhibit 7) is reduced by the value of existing reserve capacity, in this case zero. As a result, Lynnwood needs to invest \$28,534,515 in additional parks to serve future growth.

Exhibit 8. Investment Needed for Growth		
Value Needed for Growth	Value of Existing Reserve Capacity	Investment Needed for Growth
\$28,534,515	\$0	\$28,534,515

#### Formula 4: City Investment for Growth

The City of Lynnwood has historically used a combination of local and state grants as well as other resources, such as real estate excise taxes, to pay for the cost of park and recreation capital facilities. The City’s plan for the future is to continue using grant revenue and some local revenues to pay part of the cost of parks and open space needed for growth. The City’s share of investment for growth is calculated by multiplying the total investment needed to serve growth by the City’s share of investment for growth.

$$(4) \text{ Investment Needed for Growth} \times \text{City Share of Investment for Growth} = \text{City Investment for Growth}$$

There is one new variable used in Formula 4 that requires explanation: (C) City share of investment for growth.

#### Variable (C): City Share of Investment for Growth

The City expects to continue to use some money from grants and taxes to pay for a portion of the cost of parks that are needed to serve growth. The estimate used in this study is based on two analyses. First, the City’s recent experience funding parks was analyzed to calculate the annual average amount for the years 2013 through 2017. Second, the City’s plans for park projects in 2018-2023 were analyzed to identify the portion of costs that are eligible for growth. The City’s share of investment for growth is assumed to be the continuation of the amount of other funding (from the first analysis) divided by the cost of the growth portion of park projects during 2018-2023.

Appendix B contains the details and results of these analyses. During the past five years the City received an annual average of \$2.6 million from grants and taxes for park projects. During the next six years, there are a total of \$41.69 million of parks projects. Among these parks projects, \$33.96 million add capacity, and therefore are considered projects eligible for impact fee funding. The City expects to continue funding parks capital projects with about \$2.6 million per year in funding sources other than impact fees. Over the six-year CFP, \$2.6 million amounts to \$15.7 million. \$15.7 million is 46.3 percent of \$33.96 million. Therefore, local and state grants and other revenues are expected to pay for 46.3 percent of park projects that add “capacity” to the park system for new development by increasing the value of park and recreation assets.

Exhibit 9 shows the calculation of the City’s share of investment in parks and open space to serve growth. The total investment needed for growth is multiplied by the City’s share of investment for growth resulting in the City investment in parks for growth. The result is the City expects to use \$13.2 million in local and state grants and other revenues for parks projects for growth.

Exhibit 9. City Investment for Growth		
Investment Needed for Growth	City Share of Investment for Growth	City Investment for Growth
\$28,534,515	46.3%	\$13,201,766

## Formula 5: Investment to be Paid by Growth

The future investment in parks that needs to be paid by growth may be reduced if the City has other revenues it invests in its parks. The investment to be paid by growth is calculated by subtracting the amount of any revenues the City invests in infrastructure for growth from the total investment in parks needed to serve growth.

$$(5) \frac{\text{Investment Needed for Growth}}{\text{for Growth}} - \frac{\text{City Investment for Growth}}{\text{for Growth}} = \frac{\text{Investment to be Paid by Growth}}{\text{Paid by Growth}}$$

Exhibit 10 shows the calculation of the investment in parks that needs to be paid by growth. The City investment for growth (from Exhibit 9) is subtracted from the total investment in parks needed to serve growth (from Exhibit 8). Exhibit 10 shows that growth in Lynnwood needs \$15.3 million for additional parks to maintain the City's standards for future growth. The City's investment for growth is projected to be \$13.2 million in local and state grants and other revenues towards this cost for parks. The remaining \$15.3 million for parks will be paid by growth (i.e., impact fees).

Exhibit 10. Investment to be Paid by Growth		
Investment Needed for Growth	City Investment for Growth	Investment to be Paid by Growth
\$28,534,515	\$13,201,766	\$15,332,750

## Formula 6: Growth Cost per Person

The growth cost per person is calculated by dividing the investment in parks that is to be paid by growth by the amount of population growth.

$$(6) \frac{\text{Investment to be Paid by Growth}}{\text{Paid by Growth}} \div \frac{\text{Growth of Equivalent Population}}{\text{Population}} = \frac{\text{Growth Cost per Person}}{\text{per Person}}$$

Exhibit 11 shows the calculation of the cost per person of parks that needs to be paid by growth. The investment in parks needed to be paid by growth (from Exhibit 10), is divided by the growth in equivalent population (from Exhibit 4). As a result, the cost for parks to be paid by growth is \$2,033 per person.

Exhibit 11. Growth Cost per Person		
Investment to be Paid by Growth	Growth of Equivalent Population	Growth Cost per Equivalent Person
\$15,332,750	7,542	\$2,033

## Formula 7: Impact Fee per Unit of Development

The amount to be paid by each new development unit depends on the equivalent population coefficient. The cost per unit of development is calculated by multiplying the growth cost per person by the equivalent population coefficient for each type of development.

$$(7) \frac{\text{Growth Cost per Person}}{\text{per Person}} \times \frac{\text{Equivalent Population Coefficient}}{\text{Coefficient}} = \frac{\text{Cost per Unit of Development}}{\text{of Development}}$$

The equivalent population coefficients from the Appendix A were combined for all non-residential categories to provide an equitable treatment of all businesses, and avoid requiring additional impact fees when changes in use occur in existing commercial buildings.

Exhibit 12 shows the calculation of the parks impact fee per unit of development. The growth cost of \$2,033 per person from Exhibit 11 is multiplied by the equivalent population coefficient from Appendix

A to calculate the impact fee per unit of development. The residential equivalent population coefficients are from Appendix Exhibit A5. The non-residential equivalent population coefficient is from Appendix Exhibit A4, adjusted to show the coefficient per square foot in Exhibit 12, below, rather than per 1,000 square feet (as shown in Exhibit A4).

<b>Exhibit 12. Impact Fee per Unit of Development</b>					
<b>Row</b>	<b>Type of Development</b>	<b>Growth Cost per Equivalent Person</b>	<b>Equivalent Population Coefficient</b>	<b>Unit of Development</b>	<b>Impact Fee per Unit of Development</b>
1	Residential - single family	\$2,033	2.7317	dwelling unit	\$5,553.69
2	Residential - duplex	\$2,033	2.1843	dwelling unit	\$4,440.77
3	Residential - multi family (3+ bedrooms)	\$2,033	1.9628	dwelling unit	\$3,990.33
4	Residential - multi family (2- bedrooms)	\$2,033	1.9628	dwelling unit	\$3,990.33
5	Residential - mobile home park	\$2,033	1.4727	dwelling unit	\$2,994.07
6	Residential - self-contained retirement community	\$2,033	1.9702	dwelling unit	\$4,005.42
7	Residential - senior adult housing	\$2,033	1.9702	dwelling unit	\$4,005.42
8	Non-Residential (Commercial) - all uses	\$2,033	0.0014	square foot	\$2.82



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## APPENDICES

## Appendix A: Equivalent Population Coefficients

### What is “Equivalency”?

When governments analyze things that are different than each other, but which have something in common, they sometimes use “equivalency” as the basis for their analysis.

For example, many water and sewer utilities calculate fees based on an average residential unit, then they calculate fees for business users on the basis of how many residential units would be equivalent to the water or sewer service used by the business. This well-established and widely practiced method uses “equivalent residential unit” (ERUs) as the multiplier that uses the rate for one residence to calculate rates for businesses. If a business needs a water connection that is double the size of an average house, that business is 2.0 ERUs, and would pay fees that are 2.0 times the fee for an average residential unit.

Another use of “equivalency” that is used in public sector organizations is “full time equivalent” (FTE) employees. One employee who works full-time is 1.0 FTE. A half-time employee is 0.5 FTE. By adding up the FTE coefficients of all part-time employees, the total is the FTE of all the part-time employees. Cities like Renton and Redmond charge business licenses on the basis of the number of employees in each business. To be fair to businesses with part-time employees, they convert the part-time employee count to FTE, and then pay the fee per FTE.

### Equivalency and Park Impact Fees

The use of equivalency can be used to develop park impact fees that apply to new commercial development as well as residential development. Equivalent population coefficients for park impact fees use the same principles as ERUs or FTEs to measure differences among residential population and different kinds of businesses in their availability to benefit from Lynnwood’s parks. They document the nexus between parks and development by quantifying the differences among different categories of park users.

The analysis that calculates the equivalent population coefficients takes into account several factors and reports the result as a statistic that allows each category of business to include its share of growth based on the “equivalent population” that it generates. The “equivalency” calculation recognizes that employees and visitors have less time in Lynnwood to benefit from Lynnwood’s parks (in the same way that part-time employees spend less time on the job than full-time employees).

The equivalent population coefficients are used in two ways. First, they are multiplied by the number of employees in different types of businesses in Lynnwood to count employees and visitors to businesses as “equivalent population” in Lynnwood. This provides a total population of residents, employees and visitors that will be used to calculate the park and open space value per equivalent population. Second, the adjusted park or open space growth cost per equivalent population is multiplied by the combined equivalent population coefficient for all businesses to calculate the impact fee rate for all non-residential development. Combining all non-residential categories into a single impact fee rate provides equitable treatment of all business and avoids the need for additional impact fees to be paid when changes in use occur in existing non-residential buildings.

### Calculation of Equivalent Population Coefficients for Park Impact Fees

There are two parts to the equivalent population coefficient: (1) employees, and (2) visitors.

Exhibit A1 presents the data for the following factors used in analyzing employees: the number of days per week and hours per day that different types of business are typically open, the percent of hours that

the employees are typically at the business location, and the resulting number of hours per week that each employee is in their business location in Lynnwood and therefore proximate to Lynnwood’s parks.

<b>Exhibit A1. Employee Hours in Location (per Employee)</b>					
<b>Row</b>	<b>Land-Use Category</b>	<b>Employees</b>			
		<b>Days per Week at Location<sup>1</sup></b>	<b>Hours per Day at Location<sup>1</sup></b>	<b>Percent of Time at Location<sup>1</sup></b>	<b>Hours in Location per Person<sup>2</sup></b>
1	Construction	5	9	25%	11.25
2	FIRE	5	9	80%	36.00
3	Manufacturing	5	9	100%	45.00
4	Retail Trade	7	9	100%	63.00
5	Services	5	9	80%	36.00
6	WTU	5	9	100%	45.00
7	Government	5	9	80%	36.00
8	Education	5	9	100%	45.00
<i>Notes</i>					
<i>(1) Assumptions from Planner’s Estimating Guide.</i>					
<i>(2) Hours in Location per Person = # days per week x # hours per day x % of time at location.</i>					

Exhibit A2 presents the data for the following factors used in analyzing visitors: the number of days per week that different types of businesses are typically open, the number of hours that visitors are typically at the business location, the number of visitors per employee at different types of businesses, and the resulting number of visitor hours per employee that visitors are in the business location in Lynnwood and therefore proximate to Lynnwood’s parks.

<b>Exhibit A2. Visitor Hours in Location (per Employee)</b>					
<b>Row</b>	<b>Land-Use Category</b>	<b>Visitors</b>			
		<b>Days per Week at Location<sup>1</sup></b>	<b>Hours per Day at Location<sup>1</sup></b>	<b>Visitors per Employee<sup>2</sup></b>	<b>Visitor Hours in Location per Employee<sup>3</sup></b>
1	Construction	5	1	1.0872	5.4360
2	FIRE	5	1	1.2948	6.4740
3	Manufacturing	5	1	0.7668	3.8340
4	Retail Trade	7	1	15.0461	105.3227
5	Services	5	1	1.2948	6.4740
6	WTU	5	1	1.0872	5.4360
7	Government	5	1	4.6605	23.3025
8	Education	5	n/a	n/a	0.0000
<i>Notes</i>					
<i>(1) Assumptions from Planner’s Estimating Guide.</i>					
<i>(2) Visitors per Employee from Planner’s Estimating Guide. Does not include tourists, which are important to Lynnwood, but for which no data is available that measures tourists per employee by type of business.</i>					
<i>(3) Visitor Hours in Location per Employee = # days per week x # hours per day x # visitors per employee.</i>					

Exhibit A3 presents the last step in calculating the equivalent population coefficient for different types of businesses. Employee hours are added to visitor hours per employee for each type of business. The total is divided by 84 hours per week. Parks are considered a “daytime” public facility that is assumed to be

available 12 hours per day, 7 days per week, for a total of 84 hours.<sup>5</sup> The result of this calculation is the daytime equivalent population coefficient for each type of business.<sup>6</sup>

<b>Exhibit A3. Non-Residential Equivalent Population Coefficients</b>			
<b>Row</b>	<b>Land-Use Category</b>	<b>Total Hours in Location per Employee<sup>1</sup></b>	<b>Daytime Equivalent Population Coefficient<sup>2</sup></b>
1	Construction	16.6860	0.1986
2	FIRE	42.4740	0.5056
3	Manufacturing	48.8340	0.5814
4	Retail Trade	168.3227	2.0038
5	Services	42.4740	0.5056
6	WTU	50.4360	0.6004
7	Government	59.3025	0.7060
8	Education	45.0000	0.5357
<i>Notes</i>			
<i>(1) Total Hours in Location per Employee = Employee Hours + Visitor Hours</i>			
<i>(2) Daytime Equivalent Population Coefficient = Total Hours in Location per Employee ÷ Daytime Hours (84 hours)</i>			

For the last step in the impact fee calculation, the equivalent population coefficients for non-residential development are combined as a single weighted average coefficient that is multiplied by the growth cost per equivalent population to calculate the impact fee rate for non-residential development. As noted earlier, the single rate provides equity among all types of business and avoids the need for impact fees for changes of use of existing buildings.

Exhibit A4 presents the calculation of the weighted coefficient for equivalent population for all non-residential development. The growth of equivalent employment in each land use category from Exhibit 4 (page 14) is divided by the total of all growth of equivalent employment (2,738) to determine the percent that each land use category is of the total employment. The percent for each land use is then multiplied by the land use coefficient for that land use (from Exhibit A3) to calculate the weighted coefficient for each land use. Lastly, the sum of the weighted coefficients is calculated as the combined non-residential coefficient that is converted from 1,000 square feet to per square foot when used in Exhibit 12 (page 20) to calculate the impact fee for all non-residential development.

<sup>5</sup> By way of comparison, police and fire facilities are considered to be “24-hour” public facilities, therefore 24 x 7 = 168 hours for their equivalent population coefficient calculations.

<sup>6</sup> The original versions of Exhibits A1 through A3 were developed by Dr. Arthur C. Nelson, a leading scholar and researcher in the field of impact fees. The table appeared in Nelson’s 2004 *Planner’s Estimating Guide*. The underlying employee data has been updated to the most recent edition (2008) of *Trip Generation* by the Institute of Transportation Engineers.

Exhibit A4. Weighted Average Equivalent Population Coefficient for Non-Residential Development					
Row	Land Use Category	Growth of Equivalent Employees	% of Total Employees	Daytime Equivalent Population Coefficient	Weighted Coefficient
1	Construction	25	0.91%	0.1986	0.0018
2	FIRE	82	3.01%	0.5056	0.0152
3	Manufacturing	34	1.25%	0.5814	0.0073
4	Retail Trade	1,598	58.37%	2.0038	1.1695
5	Services	723	26.40%	0.5056	0.1335
6	WTU	58	2.12%	0.6004	0.0127
7	Government	76	2.78%	0.7060	0.0196
8	Education	142	5.17%	0.5357	0.0277
9	<b>Combined Non-Residential</b>	<b>2,738</b>	<b>100.00%</b>	<b>n/a</b>	<b>1.3874</b>

The equivalent population coefficient for residential development is based on the same methodology, but without a separate factor for visitors because residences do not have regular visitors that can be quantified like a business. The residential coefficient assumes 7 days a week, 15 hours per day, 75 percent at the location, for a total of 78.75 hours in location. Dividing 78.75 by 84 hours for daytime facilities (described above) produces an equivalent population coefficient of 0.9375 for residential development. When calculating the impact fee, the coefficient is multiplied by the average number of persons per dwelling unit by type of development. Exhibit A5 presents the residential equivalent population coefficients per dwelling unit by type of development. For example, a residential single family home has 2.91 persons per dwelling unit, so the residential equivalent population coefficient is  $0.9375 \times 2.91 = 2.73$ . Persons per dwelling unit were obtained from the Washington Office of Financial Management and are specific to Lynnwood. As noted in the Introduction, the types of residential development are the same as Lynnwood's transportation impact fee so that the park impact fee will be easy to understand and administer for developers and for City staff.

Exhibit A5. Residential Equivalent Population Coefficients				
Row	Type of Development	Equivalent Population Coefficient	Persons per Dwelling Unit <sup>1</sup>	Residential Equivalent Population Coefficient
1	Residential - single family	0.9375	2.9139	2.7317
2	Residential - duplex	0.9375	2.3299	2.1843
3	Residential - multi family (3+ bedrooms)	0.9375	2.0936	1.9628
4	Residential - multi family (2- bedrooms)	0.9375	2.0936	1.9628
5	Residential - mobile home park	0.9375	1.5709	1.4727
6	Residential - self-contained retirement community	0.9375	2.1015	1.9702
7	Residential - senior adult housing	0.9375	2.1015	1.9702
<u>Notes</u>				
(1) From Washington Office of Financial Management ( <a href="https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/adjusted-2000-population-and-housing-structure-type-and-group-quarters-state-counties-cities-and-towns">https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/adjusted-2000-population-and-housing-structure-type-and-group-quarters-state-counties-cities-and-towns</a> )				
<u>Notes from Washington Office of Financial Management file</u>				
Used "1-Unit PPOH" for Residential - single family.				
Used "2-Unit PPOH" for Residential - duplex.				
Combined "3/4-Unit and 5+ Unit PPOH" for Residential - multi family (2- and 3+ bedrooms).				
Used "MH PPOH" for Residential - mobile home park.				
Used "2+ Unit PPOH" for Residential - self-contained retirement community and Residential - senior adult housing.				

As noted previously, the equivalent population coefficients are used in two ways. First, they are multiplied by the number of employees in each type of business and the residential population to calculate the total equivalent population in Lynnwood. Second, the growth cost per equivalent population is multiplied by the combined equivalent population coefficient for all businesses to calculate the impact fee rate for all types of non-residential development.

## Appendix B: Past Investment and Future Projects

As noted previously, impact fee rates must be adjusted to account for other revenues that pay for a portion of growth's proportionate share of costs of park improvements that are needed to serve growth.

The City expects to continue to receive and use some money from grants and taxes to pay for a portion of the cost of parks that are needed to serve growth. Appendix B contains two analyses that provide the basis for data used to calculate the required adjustment of park impact fees.

1. The City's experience funding parks during the years 2013 through 2017 was analyzed to determine the annual average amount.
2. The City's plans for park projects in 2018-2023 were analyzed to identify the portion of costs that are eligible for growth.

The adjustment of the City's park impact fee to account for other revenues is based on the assumption that the City will continue to receive other funding in amounts comparable to the first analysis, although specific sources and amounts may be different. The adjustment is completed by dividing the assumed amount of other funding by the cost of the growth portion of park projects during 2018-2023 (from the second analysis).

### Funding for Park Projects 2013 - 2017

Exhibit B1 itemizes the City's sources of funding for parks capital projects from 2013-2017. The funding totaled \$13.1 million during the 5 years which is an annual average of \$2.6 million. Of the \$13.1 million in capital spending, \$8.4 million was used for capacity adding projects.<sup>7</sup> The remaining amount was used for deferred maintenance and other non-capacity adding projects.

### Park Projects Planned for 2018 - 2023

The proposed Capital Facilities Plan (CFP) for 2018-2023 contains 34 park projects. Exhibit B2 lists the 34 park projects and their total cost totaling \$41.685 million. The column "% Added Capacity" lists the percent of each project that adds capacity to the system by increasing acreage and/or adding improvements. These additions increase the value of the system, and therefore provide value that serves growth. The capacity value of the projects is determined by multiplying the percent added capacity by the total unfunded cost. The resulting capacity cost totals \$33.96 million across all projects. Multiplying \$2.6 million of other funding (during 2013 - 2017) by 6 years (for 2018 - 2023), the City estimates that it will invest approximately \$15.7 million in its parks capital project from sources other than impact fees. This represents 46.3 percent of the total funding needed for capacity projects. This percentage is used in Formula 4 in the Park Impact Fees chapter of this study.

<sup>7</sup> The total cost of each project was multiplied by its percent added capacity to determine the amount spent on capacity adding projects, approximately \$8.4 million.

Exhibit B1. 2013-2017 Past Investment														
Row	Project	% Added Capacity	Year	Capital Development Fund	General Fund	REET 1	REET 2	Fund 411 Surface Water Utility	Fund 121 Tree Fund	Snohomish County	Conservation Futures	WWRP Local Parks Grant	Grants & Other Sources	Total
1	Park Deferred Maintenance	0%	2017	\$200,000										\$200,000
2	Meadow dale Playfields Renovation*	25%	2017		\$3,093,076								\$2,550,000	\$5,643,076
3	Meadow dale Park Improvements*	100%	2017				\$193,050							\$193,050
4	Lynn dale Park Off-Leash Dog Area*	100%	2016			\$22,680								\$22,680
5	Lunds Gulch Open Space (Seabrook) Acquisition*	100%	2015	\$200,000		\$489,267		\$370,000	\$30,000		\$4,999,913			\$6,089,180
6	Lynn dale Park Amphitheater Renovation*	25%	2014	\$42,990						\$42,990				\$85,980
7	Stadler Ridge Park Development*	100%	2014				\$350,000					\$350,000		\$700,000
8	Scriber Lake Boardwalk Renovation	0%	2013	\$6,335			\$152,000							\$158,335
9	<b>Total</b>													<b>\$13,092,301</b>
10	<b>Annual Average</b>													<b>\$2,618,460</b>

Notes

Source: City of Lynnwood.

This table includes both non-capacity adding projects (such as deferred maintenance and renovations) and capacity adding projects. While impact fees can only be used to pay for projects that add capacity to the system, the annual average of past investment including all project types was used as a conservative estimate of the city's share of future investment for capacity adding projects. In reality, some of these funds will be needed for non-capacity adding projects.

\*Capacity adding project.

**Exhibit B2. Parks Projects in Proposed 2018-2023 Capital Facilities Plan**

<b>Row</b>	<b>Project Title</b>	<b>Total Expenses</b>	<b>% Added Capacity</b>	<b>Total Capacity Expenses</b>
1	Town Square Park Acquisition	\$6,000,000	100%	\$6,000,000
2	Alderwood Middle School Site Acquisition	\$5,000,000	100%	\$5,000,000
3	Scriber Lake Park Renovation, Phase II & III	\$3,000,000	100%	\$3,000,000
4	City Center Village Green Park Acquisition & Development	\$3,000,000	100%	\$3,000,000
5	Strategic Acquisitions	\$1,500,000	100%	\$1,500,000
6	Scriber Creek Trail Extension, Acquisition & Development (aka Center to Sound Trail)	\$1,500,000	100%	\$1,500,000
7	Rowe Park Development	\$1,020,000	100%	\$1,020,000
8	Doc Hageman Park Development, Phase I	\$1,015,000	100%	\$1,015,000
9	Senior Center / Teen Center Expansion	\$500,000	100%	\$500,000
10	Historic Site Acquisition & Preservation	\$500,000	100%	\$500,000
11	Lund's Gulch OS Preservation, Phase IV	\$500,000	100%	\$500,000
12	South Lund's Gulch Trail Development	\$400,000	100%	\$400,000
13	188th St Mini Park Development	\$300,000	100%	\$300,000
14	Alderwood Transition Area Mini Park	\$250,000	100%	\$250,000
15	Tunnel Creek Trail	\$200,000	100%	\$200,000
16	Heritage Park, Phase IV - East Side Development	\$200,000	100%	\$200,000
17	Off-Leash Dog Area - Development	\$100,000	100%	\$100,000
18	Scriber Creek Trail Improvements	\$6,900,000	90%	\$6,210,000
19	Interurban Trail Missing Link	\$1,300,000	75%	\$975,000
20	South Lynnwood Park Improvements	\$1,300,000	50%	\$650,000
21	Recreation Center Parking Lot Expansion	\$1,100,000	50%	\$550,000
22	Heritage Park, Phase III - Water Tower Renovation	\$500,000	50%	\$250,000
23	Interurban Trail Improvements	\$300,000	50%	\$150,000
24	Park Central (Wilcox Park Improvements)	\$150,000	50%	\$75,000
25	Daleway Park Renovation, Phase II	\$250,000	25%	\$62,500
26	Lynndale Park Renovation, Phase IV	\$250,000	20%	\$50,000
27	Recreation Center Covered Walkway	\$200,000	0%	\$0
28	Scriber Creek Trail, Master Plan (aka Center to Sound Trail)	\$150,000	0%	\$0
29	Neon Sign Exhibit	\$200,000	0%	\$0
30	Meadowdale Playfields LED Lighting	\$1,750,000	0%	\$0
31	Deferred Park Maintenance & Capital Renewal	\$1,700,000	0%	\$0
32	Recreation Center Refresh	\$500,000	0%	\$0
33	Park Signage Program	\$50,000	0%	\$0
34	Seabrook Property Demolition	\$100,000	0%	\$0
35	<b>Total</b>	<b>\$41,685,000</b>		<b>\$33,957,500</b>
<u>Notes</u>				
For full project descriptions, please see Capital Facilities Plan.				



## Appendix C: Park Impact Fees Calculated for Residential Development Only

Some cities charge park impact fees for all types of development, including residential and non-residential (commercial) development. Other cities charge park impact fees only to residential development, but not to commercial development.

This report provides both alternatives to the City of Lynnwood. The previous pages of this report calculate park impact fees for all types of development. Appendix C calculates rates the City would use if it decides to charge park impact fees only to residential development.

The calculations for a parks impact fee on residential development only follows the same process as the calculation for both residential and commercial development. The difference is that rather than using equivalent population, these calculations use the full population (residents only). In Exhibit C1, the total value of Lynnwood parks is divided by the current population to determine the capital value per person.

<b>Exhibit C1. Value per Person (Residential Only)</b>		
<b>Total Value of Lynnwood Parks</b>	<b>Current (2017) Population</b>	<b>Capital Value per Person</b>
\$227,032,902	36,950	\$6,144

In Exhibit C2, the capital value per person is multiplied by the anticipated growth of the residential population to determine the value of parks needed for growth.

<b>Exhibit C2. Value Needed for Growth (Residential Only)</b>		
<b>Capital Value per Person</b>	<b>Growth of Population</b>	<b>Value Needed for Growth</b>
\$6,144	5,124	\$31,483,534

In Exhibit C3, the value needed for growth is reduced by any existing reserve capacity, which is zero in this case, to determine the investment needed for growth.

<b>Exhibit C3. Investment Needed for Growth (Residential Only)</b>		
<b>Value Needed for Growth</b>	<b>Value of Existing Reserve Capacity (surplus)</b>	<b>Investment Needed for Growth</b>
\$31,483,534	\$0	\$31,483,534

In Exhibit C4, the City's investment for growth is 46.3 percent (from Appendix B) of the investment needed for growth. The remaining amount, \$16,917,377, will be paid by growth (i.e., impact fees).

<b>Exhibit C4. Investment to be Paid by Growth (Residential Only)</b>		
<b>Investment Needed for Growth</b>	<b>City Investment for Growth @ 46.3%</b>	<b>Investment to be Paid by Growth</b>
\$31,483,534	\$14,566,157	\$16,917,377

In Exhibit C5, the investment to be paid by growth is divided by the anticipated growth to determine the growth cost per person, which is \$3,302.

<b>Exhibit C5. Growth Cost per Person (Residential Only)</b>		
<b>Investment to be Paid by Growth</b>	<b>Growth of Population</b>	<b>Growth Cost per Person</b>
\$16,917,377	5,124	\$3,302

To determine the impact fee by type of development, the growth cost per person is multiplied by the number of persons per household. Exhibit C6 shows the calculation of the parks impact fee per unit of development.

**Exhibit C6. Park Impact Fee Rates (Residential Only)**

Row	Type of Development	Growth Cost per Person	Persons per Household (1)	Unit of Development	Impact Fee per Unit of Development
1	Residential - single family	\$3,302	2.9139	dwelling unit	\$9,620.40
2	Residential - duplex	\$3,302	2.3299	dwelling unit	\$7,692.55
3	Residential - multi family (3+ bedrooms)	\$3,302	2.0936	dwelling unit	\$6,912.26
4	Residential - multi family (2- bedrooms)	\$3,302	2.0936	dwelling unit	\$6,912.26
5	Residential - mobile home park	\$3,302	1.5709	dwelling unit	\$5,186.48
6	Residential - self-contained retirement community	\$3,302	2.1015	dwelling unit	\$6,938.40
7	Residential - senior adult housing	\$3,302	2.1015	dwelling unit	\$6,938.40

Notes

(1) From Washington Office of Financial Management (<https://ofm.wa.gov/washington-data-research/population-demographics/population-estimates/adjusted-2000-population-and-housing-structure-type-and-group-quarters-state-counties-cities-and-towns>)

Notes from Washington Office of Financial Management file

Used "1-Unit PPOH" for Residential - single family.

Used "2-Unit PPOH" for Residential - duplex.

Combined "3/4-Unit and 5+ Unit PPOH" for Residential - multi family (2- and 3+ bedrooms).

Used "MH PPOH" for Residential - mobile home park.

Used "2+ Unit PPOH" for Residential - self-contained retirement community and Residential - senior adult housing.

**With any questions or for more information please contact:**

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The following shall be added to LMC 3.104.030, to be effective on and from June 1, 2018 through December 31, 2019.

### **EXHIBIT B: FEE SCHEDULE (80% of Rate Study Fee)**

<b>TITLE 3: FINANCE</b>			
<b>City of Lynnwood Park Impact Fee Rates</b>			
Row	Type of Development	Unit of Development	Impact Fee per Unit of Development
1	Residential - single family	dwelling unit	\$4,442.95
2	Residential - duplex	dwelling unit	\$3,552.62
3	Residential - multi family (3+ bedrooms)	dwelling unit	\$3,192.26
4	Residential - multi family (2- bedrooms)	dwelling unit	\$3,192.26
5	Residential - mobile home park	dwelling unit	\$2,395.26
6	Residential - self-contained retirement community	dwelling unit	\$3,204.37
7	Residential - senior adult housing	dwelling unit	\$3,204.37
8	Non-Residential (Commercial) - all uses	square foot	\$2.26
9	PIF Administrative Fee		\$250.00
10	PIF Payment Deferral Administrative Fee		\$250.00
11	PIF Independent Fee Calculation Fee		\$250.00

Note 1: The above fees will increase on January 1, 2020 per LMC 3.107.220 Phasing of Fees.

Note 2: The above fees will be further adjusted on January 1, 2022 per LMC 3.107.160 Periodic Adjustment of Fees.

Note 3: Accessory dwelling Units (ADUs) are classified as Residential multi family for purposes of park impact fee assessment.

The following shall be added to LMC 3.104.030, to be effective on and after January 1, 2020.

### **EXHIBIT C: FEE SCHEDULE (100% of Rate Study Fee)**

<b>TITLE 3: FINANCE</b>			
<b>City of Lynnwood Park Impact Fee Rates</b>			
<b>Row</b>	<b>Type of Development</b>	<b>Unit of Development</b>	<b>Impact Fee per Unit of Development</b>
<b>1</b>	Residential - single family	dwelling unit	\$5,553.69
<b>2</b>	Residential - duplex	dwelling unit	\$4,440.77
<b>3</b>	Residential – multi family (3+ bedrooms)	dwelling unit	\$3,990.33
<b>4</b>	Residential - multi family (2- bedrooms)	dwelling unit	\$3,990.33
<b>5</b>	Residential - mobile home park	dwelling unit	\$2,994.07
<b>6</b>	Residential - self-contained retirement community	dwelling unit	\$4,005.42
<b>7</b>	Residential - senior adult housing	dwelling unit	\$4,005.42
<b>8</b>	Non-Residential (Commercial) - all uses	square foot	\$2.82
<b>9</b>	PIF Administrative Fee		\$250.00
<b>10</b>	PIF Payment Deferral Administrative Fee		\$250.00
<b>11</b>	PIF Independent Fee Calculation Fee		\$250.00

Note 1: The above fees will become effective on January 1, 2020.

Note 2: The above fees will be further adjusted on January 1, 2022 per LMC 3.107.160 Periodic Adjustment of Fees.

Note 3: Accessory dwelling Units (ADUs) are classified as Residential multi family for purposes of park impact fee assessment.