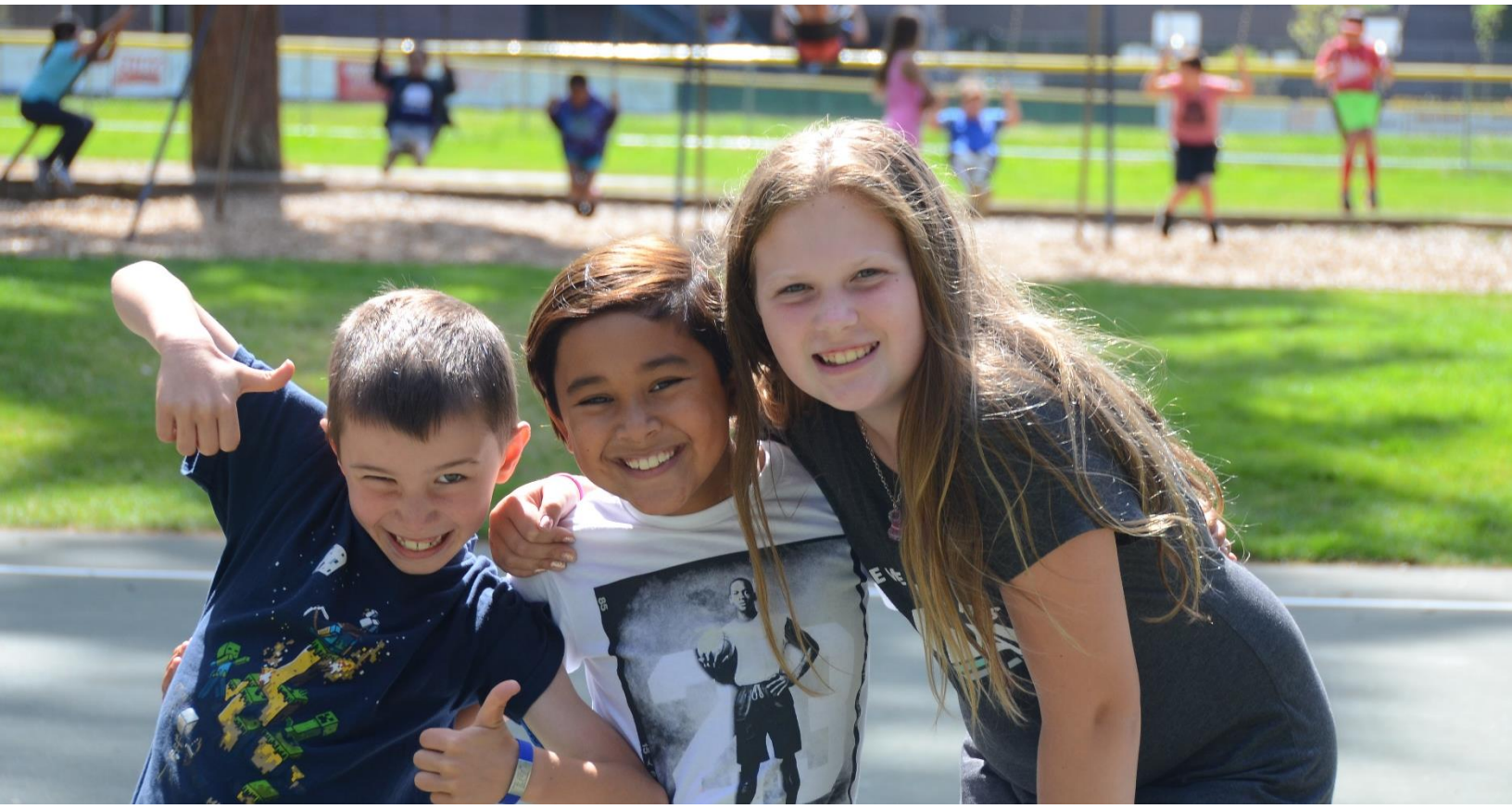
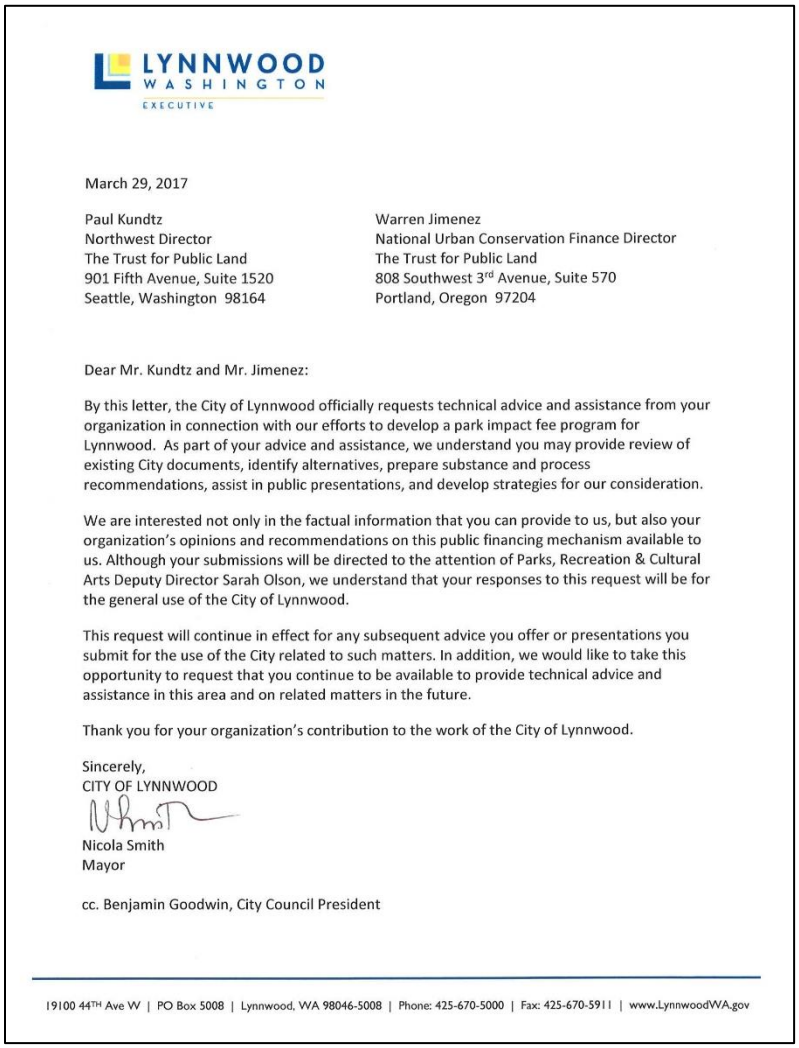
LYNNWOOD, WASHINGTON

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



THE TRUST FOR PUBLIC LAND



LYNNWOOD
WASHINGTON
EXECUTIVE

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 3rd 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

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Acknowledgements

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Elena Flesher, Administrative Assistant

Parks & Recreation Board
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Cover Photo: provided by City of Lynnwood.
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TABLE OF CONTENTS

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[1] 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.[2] 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.

Exhibit 1. City of Lynnwood Park Impact Fee Rates

Row	Type of Development	Unit of Development	Impact Fee per Unit of Development
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.

[1] Revised Code of Washington (RCW) is the state law of the State of Washington.
[2] 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, 1st 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

Notes

Source of Population for 2010-2017: Washington Office of Financial Management (http://www.ofm.wa.gov/pop/april1/ofm_april1_population_final.pdf).

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%
Notes											
Const/Res = Construction & Resources; FIRE = Finance, Insurance, and Real Estate; Mfg = Manufacturing; Svces = Services; WTU = Wholesale Trade, Transportation and Utilities; Govt = Government; Educ = Education.											
CAGR = Compound Annual Growth Rate.											
2005-2015 employment data from Puget Sound Regional Council (https://www.psrc.org/covered-employment-estimates).											
Estimates for 2017-2035 based on 2005-2015 PSRC data and calculated compound annual growth rate (1.72%).											
Notes from Puget Sound Regional Council file:											
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.											
2. Data includes full-time and part-time (not adjusted to FTE).											
3. Location may reflect central payroll location rather than actual work location.											

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[1]**	**2017 Base Year Full Population[2]**	**2017 Base Year Equivalent Population[3]**	**2023 Horizon Year Full Population[2]**	**2023 Horizon Year Equivalent Population[3]**	**2017-2023 Growth Full Population[4]**	**2017-2023 Growth Equivalent Population[5]**
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	**Total**			**60,006**		**67,548**		**7,542**
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).[3] 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.

$$(1)\quad \begin{matrix} Value\ of \\ Parks\ Inventory \end{matrix} \div \begin{matrix} Current\ Equivalent \\ Population \end{matrix} = \begin{matrix} Captial\ Value \\ per\ Person \end{matrix}$$

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.

[3] 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	Swings (seats)	25	$1,000	each	$25,000
16	Tot Swings (seats)	20	$1,000	each	$20,000
17	Tire Swings	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	**Total Replacement Value**				**$227,032,902**

Notes

Total units for all assets based on 2015 inventory, condition assessment, and replacement values in City of Lynnwood Parks, Arts, Recreation & Conservation (PARC) Plan.

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).

Replacement value for all other assets based on 2015 inventory, condition assessment, and replacement values in City of Lynnwood Parks, Arts, Recreation & Conservation (PARC) Plan.

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.

Exhibit 6. Value of Parks per Equivalent Population		
Total Value of Lynnwood Parks	**Current (2017) Equivalent Population**	**Capital Value per Equivalent Population**
$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.

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

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.

Exhibit 7. Value Needed for Growth		
Capital Value per Equivalent Population	**Growth of Equivalent Population**	**Value Needed for Growth**
$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.

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

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.[4]

[4] 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.

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

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.

$$(5)\ \begin{matrix}Investment\ Needed\\ for\ Growth\end{matrix} - \begin{matrix}City\ Investment\\ for\ Growth\end{matrix} = \begin{matrix}Investment\ to\ be\\ Paid\ by\ Growth\end{matrix}$$

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.

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

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.

$$(7)\ \begin{matrix}Growth\ Cost\\ per\ Person\end{matrix} \times \begin{matrix}Equivalent\ Population\\ Coefficient\end{matrix} = \begin{matrix}Cost\ per\ Unit\\ of\ Development\end{matrix}$$

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).

Exhibit 12. Impact Fee per Unit of Development

Row	Type of Development	Growth Cost per Equivalent Person	Equivalent Population Coefficient	Unit of Development	Impact Fee per Unit of Development
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

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.

Exhibit A1. Employee Hours in Location (per Employee)

Row	Land-Use Category	Employees			
		Days per Week at Location[1]	Hours per Day at Location[1]	Percent of Time at Location[1]	Hours in Location per Person[2]
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

Notes

(1) Assumptions from Planner's Estimating Guide.

(2) Hours in Location per Person = # days per week x # hours per day x % of time at location.

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.

Exhibit A2. Visitor Hours in Location (per Employee)

Row	Land-Use Category	Visitors			
		Days per Week at Location[1]	Hours per Day at Location[1]	Visitors per Employee[2]	Visitor Hours in Location per Employee[3]
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

Notes

(1) Assumptions from Planner's Estimating Guide.

(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.

(3) Visitor Hours in Location per Employee = # days per week x # hours per day x # visitors per employee.

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.[5] The result of this calculation is the daytime equivalent population coefficient for each type of business.[6]

Exhibit A3. Non-Residential Equivalent Population Coefficients

Row	Land-Use Category	Total Hours in Location per Employee[1]	Daytime Equivalent Population Coefficient[2]
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

Notes

(1) Total Hours in Location per Employee = Employee Hours + Visitor Hours

(2) Daytime Equivalent Population Coefficient = Total Hours in Location per Employee ÷ Daytime Hours (84 hours)

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.

[5] 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.

[6] 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	**Combined Non-Residential**	**2,738**	**100.00%**	**n/a**	**1.3874**

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 x 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[1]**	**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
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.				

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.[7] 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.

[7] 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	Lynndale Park Off-Leash Dog Area*	100%	2016			$22,680								$22,680
5	Lunds Gulch Open Space (Seabrook) Acquistion*	100%	2015	$200,000		$489,267		$370,000	$30,000		$4,999,913			$6,089,180
6	Lynndale 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 Boardw alk Renovation	0%	2013	$6,335			$152,000							$158,335
9	**Total**													**$13,092,301**
10	**Annual Average**													**$2,618,460**

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				
Row	**Project Title**	**Total Expenses**	**% Added Capacity**	**Total Capacity Expenses**
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	**Total**	**$41,685,000**		**$33,957,500**
Notes				
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.

Exhibit C1. Value per Person (Residential Only)		
Total Value of Lynnwood Parks	**Current (2017) Population**	**Capital Value per Person**
$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.

Exhibit C2. Value Needed for Growth (Residential Only)		
Capital Value per Person	**Growth of Population**	**Value Needed for Growth**
$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.

Exhibit C3. Investment Needed for Growth (Residential Only)		
Value Needed for Growth	**Value of Existing Reserve Capacity (surplus)**	**Investment Needed for Growth**
$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).

Exhibit C4. Investment to be Paid by Growth (Residential Only)		
Investment Needed for Growth	**City Investment for Growth @ 46.3%**	**Investment to be Paid by Growth**
$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.

Exhibit C5. Growth Cost per Person (Residential Only)		
Investment to be Paid by Growth	**Growth of Population**	**Growth Cost per Person**
$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.					

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