

**PARKS AND RECREATIONAL FACILITIES
IMPACT FEE RATE STUDY**

FOR

City of Sequim, Washington

Prepared By

The Henderson Group, Inc.

FINAL STUDY REPORT

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1. INTRODUCTION

This study of impact fees for parks and recreational facilities for the City of Sequim presents the methodology, summarizes the data, and explains the calculation of the fees. The methodology is designed to comply with the requirements of Washington law. This introduction describes the basis for parks and recreational impact fees, including:

- Definition and Rationale of Impact Fees
- Statutory Basis For Impact Fees
- Responsibility for Public Facilities
- Need for Additional Parks and Recreational Facilities
- Determining the Benefit of Parks and Recreational Facilities to Development
- Methodology and Relationship to Capital Facilities Plan
- Data Sources and Calculation

Definition and Rationale of Impact Fees

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 the new development. New development is synonymous with “growth.”

Local governments charge impact fees on either of two bases. First, as a matter of policy and legislative discretion, they may want new development to pay the full cost of its share of new public facilities because that portion of the facilities would not be needed except to serve the new development. In this case, the new development is required to pay for virtually all the cost of its share of new public facilities¹.

On the other hand, local governments may use other sources of revenue to pay for the new public facilities that are required to serve new development. If, however, such revenues are not sufficient to cover the entire costs of new facilities necessitated by new development, the new development may be required to pay an impact fee in an amount equal to the difference between the total cost and the other sources of revenue.

There are many kinds of "public facilities" that are needed by new development, including parks and recreational facilities, fire protection facilities, schools, roads, water and sewer plants, libraries, and other government facilities. This study covers parks and recreational facilities for the City of Sequim, Washington. Impact fees for parks and recreational facilities are charged to all residential development within the City of Sequim.

¹ RCW 82.02.050 (2) prohibits impact fees that charge 100% of the cost, but does not specify how much less than 100%, leaving that determination to local governments.

Statutory Basis For Impact Fees

RCW 82.02.050 - 82.02.090 authorizes local governments in Washington to charge impact fees. The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development), and 2) the ability to charge small-scale development their proportionate share, whereas SEPA may exempt small developments.

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

Types of Public Facilities

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

Types of Improvements

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

Benefit to Development

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

Proportionate Share

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

Reductions of Impact Fee Amounts

Impact fees rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or prorable to particular system improvements). *RCW*

82.02.050(1)(c) and (2) and RCW 82.02.060(1)(b) Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)*

Exemptions from Impact Fees

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

Developer Options

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

Capital Facilities Plans

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

New versus Existing Facilities

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

Accounting Requirements

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

ISSUES RELATING TO IMPACT FEES

Prior to calculating impact fee rates, several issues must be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for additional park

and recreational facilities, the need for revenue for additional parks and recreational facilities, and the benefit of new parks and recreational facilities to new development.

Responsibility for Public Facilities

In general, local governments that are authorized to charge impact fees are responsible for the specific public facilities for which they may charge such fees. The City of Sequim is legally and financially responsible for the parks and recreational 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 82.82.090(7)*).

Need for Additional Park and Recreational Facilities

The need for additional parks and recreational facilities is determined by using standards for levels of service for park and recreational facilities to calculate the quantity of facilities that are required. The required quantity is then compared to the existing inventory to determine the need for additional land and facilities. The analysis of needed parks and recreational facilities must comply with the statutory requirements for identifying existing deficiency, reserve capacity and new capacity requirements for facilities.

For the purpose of quantifying the need for parks and recreational facilities, this study uses the City's value of investment in existing parks and recreational facilities per capita. As greater growth occurs, more investment is required; therefore more parks and recreational facilities are needed to maintain standards. The analysis and text documenting the investment in parks and recreational facilities per person is explained in Section 2 of this study.

Determining the Benefit to Development

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

A. Proportionate Share

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

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

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

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

- Impact fees that recover the costs of existing unused capacity can be based on the replacement cost of the facility in order to account for carrying costs of 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 prorable to, the system improvements needed to serve new growth).
- The "credit" requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable constraints on determining credits. For example, the location of dedicated land and the quality and design of a donated public facility can be required to conform to local standards for such facilities.

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

B. 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 and use by owners, employees and customers of business enterprises (direct benefit), and use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit). These measures of relationship are implemented by the following techniques:

- Impact fees for parks and recreational facilities are charged to properties, which need (i.e., benefit from) new parks and recreational facilities. Parks and recreational facilities are provided by the City of Sequim for public use to all kinds of property throughout the City regardless of the type of use of the property. Impact fees for park and recreational facilities, however, are only charged to residential development in the City because the dominant stream of benefits redounds to the occupants and owners of dwelling units. As a matter of City policy, the City of Sequim elects not to charge parks and recreational impact fees to non-residential properties because there is not sufficient data to document the proportionate share of parks and/or use of parks that is reasonably needed by non-residential development.

- The relative needs of different types of growth are considered in establishing fee amounts (i.e., single family dwelling units versus multi family dwelling units, etc.).
- Fee-payers can pay a smaller fee if they can demonstrate that their development will have less impact than is presumed in the calculation of the impact fee schedule for their property classification. Such reduced needs must be permanent and enforceable (i.e., through land use restrictions).
- Washington law requires one or more service areas as a way of connecting a unit of development and the benefits of public facilities paid for by impact fees. All impact fees paid by new development in the service area would be required to be spent on new park and recreational facilities in the same service area. Sequim parks and recreational facilities serve the entire City; therefore the impact fees are based on a single district.

C. Reasonably Related to Expenditures

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

Methodology and Relationship to Capital Facilities Plan

Impact fees for parks and recreational facilities in the City of Sequim are based on the value per capita of the City's capital improvements for parks and recreational facilities. New development will be provided its share of the investment per capita, to be funded by a combination of general and capital improvement fund revenue and impact fees.

The amount of the impact fee is determined by charging each new development for the average number of persons per dwelling unit multiplied times the amount of the investment per capita that is to be paid by growth.

The investment per capita for future population is made through parks projects listed in the City's Capital Facilities Plan. The value per capita of the projects in the CFP is comparable to the value per capita for the current population, as shown in Appendix A, therefore (1) the standard is a reasonable and conservative basis for the impact fee, and (2) there is no existing deficiency that the City must eliminate.

Data Sources and Calculation

A. Data Sources

The data in this study of impact fees for parks and recreational facilities in the City of Sequim, Washington was provided by the City of Sequim (e.g., Comprehensive Plan 2006 Update, Parks Master Plan [March 2006]), Transportation Improvement Program [2009-2014], etc.) unless a different source is specifically cited.

B. Data Rounding

The data in this study was prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data.

The reason for these insignificant differences is that the spreadsheet software was allowed to calculate results to more places after the decimal than is reported in the tables of these reports. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional differences due to rounding of data that appears in this study.

2. CAPACITY COSTS

“Capacity” capital facility projects directly contribute to the City of Sequim’s physical inventory of park land and recreational facilities, and represent new and/or expanded facilities. “Non-capacity” projects include only the repair, renovation, replacement of, remodel, etc. of existing parks and recreational capital facilities, and do not contribute additional new inventory to the City’s parks system. Impact fees can only be used to help pay for the growth cost of “capacity” facilities projects.

The cost of parkland includes land, design, landscaping, site improvements, some recreational facilities (e.g., equipment or apparatus not separately listed in this study), and legal and administrative costs (which includes contingency). The cost of recreational facilities includes design, site preparation, construction, and legal and administrative costs (which includes contingency). The cost of facilities does not include land if the facilities are customarily located at a park. If the facility is usually located at any site other than a park, the cost includes land.

The cost of new parks and recreational facilities in this rate study does not include any costs for interest or other financing. If borrowing is used to “front fund” the costs that will be paid by impact fees, the carrying costs for financing can be added to the costs, and the impact fee can be recalculated to include such costs.

Impact fees proposed in this rate study will help the City pay for the proportionate share of costs for facilities needed to support the City’s growth population for the next six years and to increase

the parks and recreational facilities that serve the current population. As Table 1 shows, Columns 1 and 2 include the project name/description and year of construction, respectively. Columns 3 and 4 identify the related unit of park land (acre) or facility (ballfields, tennis courts, pathways, etc.), as well as the number of units for each type of facility. Finally, Columns 5 and 6 show each unit's cost and the total cost, which is calculated by multiplying Column 4 times Column 5.

**TABLE 1: CAPACITY COSTS (2009-2014)
CITY OF SEQUIM**

(1)	(2)	(3)	(4)	(5)	(6)
<u>Project</u>	<u>Year</u>	<u>Type of Units</u>	<u>Number of Units</u>	<u>Cost (\$) per Unit</u>	<u>Project Cost (\$)</u>
COMMUNITY PARKS					
1. Carrie Blake Park --Tennis Courts	2012	courts	4	75,000	300,000
2. Re-Use Site (8 acres) Soccer/Softball Fields	2010	fields	4	117,875	471,500
NEIGHBORHOOD PARKS					
3. Kirner Neighborhood Park (1.3 AC)					
a. Restrooms	2013				60,000
4. Gerhardt Neighborhood Park (7.62 AC)					
a. Upgrade Original Homestead	2013				60,000
b. Move/Demolish Living Residence	2013				60,000
5. Potential New Neighborhood Parks					
a. Land Acquisition-Hendrickson/Kendall	2012	acres	2.5	120,000	300,000
b. Land Acquisition-S 7th Ave/McCurdy	2012	acres	2.5	120,000	300,000
c. Land Acquisition-Burrowes	2010	acres	2.8	133,929	375,000
URBAN PATHWAYS AND BIKEWAYS					
6. ODTPhase 3	2010	feet	10,560	52	549,120
7. 3rd Avenue UPB	2010	feet	10,560	52	549,120
8. Bell Creek UPB					
a. Bell Creek North	2014	feet	17,110	52	889,720
b. Bell Creek South	2010	feet	7,445	52	387,140
9. Sequim-Dungeness Way	2013	feet	6,548	52	340,496
NATURAL RESOURCE AREAS					
10. Keeler PNR Area (35.07 AC)					
a. Phase 2 Park Land Acquisition	2009	acres	19.5	10,285	200,558
b. Phase 3 Park Land Acquisition	2010	acres	19.5	10,285	200,558
c. Phase 4 Park Land Acquisition	2011	acres	19.5	10,285	200,558
d. Phase 5 Park Land Acquisition	2012	acres	10.5	10,285	107,993
e. Parking Lot/Master Plan/Phase 1Pathway	2010				375,000
TOTAL					5,726,761

3. FUNDING OTHER THAN IMPACT FEES

As noted in the introduction to this report, impact fees must be adjusted to account for other (non-impact fee) revenue that is paid by new development. This section summarizes the planned use of other revenues to fund future parks and recreational facilities.

The City of Sequim has historically used local revenues, such as real estate excise tax, grants and other revenues within the City's Park Restricted Fund, General Fund, Transportation Improvement Program (TIP) to pay for part of the cost of parks and recreational facility capital costs. Revenues that are used for repair, maintenance or operating costs are not used to reduce impact fees because they are not used, earmarked or prorated for the system improvements that are the basis of the impact fees.

Revenues from past taxes paid on vacant land prior to development are not included because new capital projects do not have prior costs; therefore prior taxes did not contribute to such projects. The other potential credit that reduces capacity costs (and subsequent impact fees) are donations of land or other assets by developers or builders. Those reductions depend upon specific arrangements between the developer and the City of Sequim.

Column 1 in Table 2 below shows the identical list of projects from Table 1. Columns 2 through 5 identify five potential sources of revenue: Real Estate Excise Tax (REET) 1st and 2nd Qtr %, Transportation Improvement Program (TIP), Transportation Improvement Board (TIB), and State grants. Column 6 calculates the total amount of non-impact fee revenues for each capital project during 2009-2014.

**TABLE 2: FUNDING OTHER THAN IMPACT FEES (2009-2014)
CITY OF SEQUIM**

(1)	(2)	(3)	(4)	(5)	(6)
<u>Project</u>	<u>REET</u>	<u>TIP</u>	<u>TIB</u>	<u>Grants/ Other*</u>	<u>Total Non-Impact Fee Funding</u>
COMMUNITY PARKS					
1. Carrie Blake Park --Tennis Courts	15,000			85,000	100,000
2. Re-Use Site (8 acres) Soccer/Softball Fields	15,000			150,000	165,000
NEIGHBORHOOD PARKS					
3. Kirner Neighborhood Park (1.3 AC)				15,000	15,000
a. Restrooms					
4. Gerhardt Neighborhood Park (7.62 AC)					
a. Upgrade Original Homestead					
b. Move/Demolish Living Residence					
5. Potential New Neighborhood Parks				125,000	125,000
a. Land Acquisition-Hendrickson/Kendall					
b. Land Acquisition-S 7th Ave/McCurdy					
c. Land Acquisition-Burrowes					

TABLE 2: FUNDING OTHER THAN IMPACT FEES (2009-2014) - continued
CITY OF SEQUIM

URBAN PATHWAYS AND BIKEWAYS				
6. ODT Phase 3	100,000		100,000	200,000
7. 3rd Avenue UPB	60,000			60,000
8. Bell Creek UPB				
a. Bell Creek North			300,000	300,000
b. Bell Creek South			175,000	175,000
9. Sequim-Dungeness Way		250,000		250,000
NATURAL RESOURCE AREAS				
10. Keeler PNR Area (35.07 AC)			200,000	200,000
a. Phase 2 Park Land Acquisition				
b. Phase 3 Park Land Acquisition				
c. Phase 4 Park Land Acquisition				
d. Phase 5 Park Land Acquisition				
e.. Parking Lot/Phase 1 Pathway				
TOTAL			30,000	160,000
			250,000	1,150,000
				1,590,000

**Other -- Taxes/Grants/Loans: 1. Recreation and Conservation Office (RCO) Grants; 2. Aquatic Land Enhancement Account-ALEA (RCW 7924.580); 3. REET for Conservation Areas (RFCW 82.46.070); 4. Dedicated Motor Vehicle Fuel Tax - Trails (RCW 40.37.50); 5. Public Works Trust Fund; 6. CDBG/CTED; 7. North American Wetland Conservation Act Grant (NAWCA) - Associated with Ducks Unlimited. *Other-Local: 1. SEPA/Developer Mitigation - Sequim City Council (e.g. Fees-In-Lieu, Land Dedication, etc.); 2. Private Donations; 3. Street Vacations (RCW 75.39) - Sequim City Council.*

4. APPORTIONMENT OF POPULATION (2008–2014)

The revenues described in the preceding section are paid by both current and future residents, therefore it is necessary to apportion the revenues between the two population groups. The apportionment of the revenues will be based on each population groups proportion of the total. However, because growth occurs over time, and not all at once, the apportionment is based on the cumulative increase in population compared to the total cumulative population over the same time period. This analysis will be described below

The City population represent the persons primarily served by the inventory of parks and recreational facilities, although a considerably number of “out of City” visitors also use Sequim’s park land and facilities. As part of the City’s long-range planning process, including its Comprehensive Plan pursuant to the Growth management Act, the City prepares forecasts of future growth. Sequim’s population consists of the City’s current 2008 population (5,419) and forecasted 6-year growth population 2009-2014 (2,011) for a 2014 population of 7,430 persons.

Columns 1 and 2 in Table 3 show the current year and six growth years, as well as the “base”, or current population for 2008. For each year beyond 2008, the base population will increase annually by 335 persons (2,011 growth population divided by 6 years), as shown in Column 3. Column 4 shows the cumulative growth increase from year-to-year. The total population as it increases each year is shown in Column 5. The totals of Columns 4 and 5 show that the cumulative population growth during 2009-2014 represents 15.65% of the year 2014 total population. This percent will be used to calculate the apportioned % of non-impact fee revenues that are paid by the current population and the growth population in Table 4 in the next section.

**TABLE 3: APPORTIONMENT OF POPULATION (2008-2014)
CITY OF SEQUIM**

(1) <u>Year</u>	(2) <u>Base Population</u>	(3) <u>Annual Growth</u>	(4) <u>Cumulative Growth</u>	(5) <u>Total Population</u>
2008	5,419			5,419
2009	5,419	335	335	5,754
2010	5,419	335	670	6,089
2011	5,419	335	1,005	6,424
2012	5,419	335	1,340	6,759
2013	5,419	335	1,675	7,094
2014	5,419	336	2,011	7,430
Total			7,036	44,969
Cumulative Growth % of Total Population			15.65%	

5. APPORTIONMENT OF FUNDING OTHER THAN IMPACT FEES

Table 4 apportions the non-impact fee revenues (\$1,590,000 from Table 2) in Column 2, and multiplies that amount by the respective base population (84.35%) and growth population (15.65%). The results of this calculation identifies the dollar amount of non-impact fee revenue that each population group contributes to paying for capital projects during 2009-2014, as shown Columns 3 and 4.

**TABLE 4: APPORTIONMENT OF FUNDING OTHER THAN IMPACT FEES (2009-2014)
CITY OF SEQUIM**

(1) <u>Source</u>	(2) <u>Total Non-Impact Fee Funding</u>	(3) <u>Portion Paid by Base Population 84.35%</u>	(4) <u>Portion Paid by Growth Population 15.65%</u>
Funding Other Than Impact Fees	1,590,000	1,341,223	248,777

6. GROWTH'S SHARE OF PROJECT COSTS (2009-2014)

The investment in parks and recreational facilities needed to serve growth from Table 2 is shown in the first line in Table 5 below. Next, the base population's share of non-impact fee revenue is listed and subtracted from the total cost to determine growth population's share of capital project costs of \$4,385,538 during 2009-2014.

**TABLE 5: GROWTH'S SHARE OF PROJECT COSTS (2009-2014)
CITY OF SEQUIM**

(1) <u>Item</u>	(2) <u>Calculation</u>
Total Projects Cost	5,726,761
Cost Funded by Base Population	1,341,223
Cost to be Funded by Growth	4,385,538

7. GROWTH'S COST PER CAPITA (2009-2014)

In this section, the investment in additional parks and recreational facilities to be paid by growth (from Table 5) is used to calculate the park and recreational facilities growth cost per person which is then used to calculate the impact fee per dwelling unit. First, the total cost to be funded by growth is reduced by \$248,777 which is non-impact fee revenue paid by growth (from Table 4). The balance of \$4,136,761 will be paid by impact fees. The growth cost per capita is calculated by dividing the \$4,136,761 by the population growth of 2,011. The result is the amount per capita (\$2,057) that will be paid by growth through impact fees.

**TABLE 6: GROWTH'S COST PER CAPITA (2009-2014)
CITY OF SEQUIM**

(1) <u>Item</u>	(2) <u>Calculation</u>
Cost to be Funded by Growth	4,385,538
Growth's Portion of Non-Impact Fee Funding	248,777
Growth's Portion to be Paid by Impact Fees	4,136,761
Growth Population	2,011
Growth Cost per Capita for Impact Fees	2,057

8. IMPACT FEE RATES

Table 7 shows above the calculation of the impact fee cost per dwelling unit of parks and recreational facilities that needs to be paid by growth. Table 7 begins with the cost per new person for parks and recreational facilities that will be paid by growth from Table 6: \$2,057. The amount to be paid by each new dwelling unit depends on the number of persons per dwelling unit.

The number of persons per dwelling unit is the factor used to convert the growth cost of parks and recreational facilities per person into impact fees per dwelling unit. The data is based on the 2008 estimated housing units and population by type of housing units for the City of Sequim.

Table 7 ends by multiplying the growth cost per person by the number of persons per dwelling unit. The result is the impact fee per dwelling unit for parks and recreational facilities in the City of Sequim.

**TABLE 7: IMPACT FEE RATES
CITY OF SEQUIM**

(1) <u>Item</u>	(2) Single Family <u>Houses</u>	(3) Multi Family <u>Dwelling Units</u>
Growth Cost per Capita	2,057	2,057
Persons per Dwelling Unit	1.92	2.07
Impact Fee per Dwelling Unit	3,950	4,258

APPENDIX: LEVEL OF SERVICE STANDARDS

Level of service standard for parks and recreational facility impact fees in the City of Sequim is based on the value per capita of parkland and recreational facilities divided by the population served by the parks and recreational facilities.

Table A-1 shows the existing inventory of parks and recreational facilities, the unit of measure of each component (i.e., acres of land, miles of urban pathways/bikeways, number of soccer fields, etc.) in the second column, the number of units in the current inventory in the third column, the average cost per unit of capacity in the fourth column, and the total current value in the fifth column (which is calculated by multiplying the respective inventory for each component by the average cost per unit for that component).

Average current costs are based on a variety of information. The parkland valuations come from either the assessed values or the actual purchase price for recent acquisitions. The recreational facilities costs are a combination of actual costs, planned costs and City of Sequim Planning and Public Works Departments estimates of costs.

The cost of parkland includes land, design, landscaping, site improvements, some recreational facilities (e.g., equipment or apparatus not separately listed in this study), and legal and administrative costs (which includes contingency). The cost of recreational facilities includes design, site preparation, construction, and legal and administrative costs (which includes contingency).

The cost of facilities does not include land if the facilities are customarily located at a park. If the facility is usually located at any site other than a park, the cost includes land. The cost of new parks and recreational facilities in this rate study does not include any costs for interest or other financing.

Column (5) in Appendix Table 1 shows that the capital value for all park land and recreational facilities in the City's current (2008) inventory is \$10,816,284. In addition, the City's future plans include \$1,341,223 for park improvements that will be funded by sources paid by the current population, thus increasing the value for the current population.

The combined current and new capacity values total is \$12,157,507. This combined total value is divided by the City's 2008 population of 5,419 at the bottom of Table A-1 to determine the current capital value per person of \$2,243.

**Appendix Table 1: Current (2008) Level of Service
City of Sequim**

(1)	(2)	(3)	(4)	(5)
<u>Park or Recreational Facility</u>	<u>Type of Units</u>	<u>Number of Units</u>	<u>Value (\$) per Unit</u>	<u>Total Cost (\$)</u>
COMMUNITY PARKS				
Carrie Blake	acres	22.7	100,000	2,270,000
Pioneer Memorial	acres	5.0	100,000	500,000
Water Re-Use Site	acres	27.6	100,000	2,760,000
FIELDS				
Soccer/Softball	fields	2.0	217,875	435,750
Dr. Standard Little League Park	fields	4.0	215,000	860,000
NEIGHBORHOOD PARKS				
Margaret Kimer	acres	1.3	100,000	130,000
Spruce Street	acres	0.25	100,000	25,000
Gerhardt	acres	7.6	100,000	760,000
Seal Street	acres	0.1	100,000	10,000
Heritage Bustop	acres	0.1	100,000	10,000
URBAN PATHWAYS/BIKEWAYS				
Walk/Bike Citywide System	miles	3.0	274,560	823,680
Zwicker Pedestrian Trail	miles	0.1	274,560	34,320
Olympic Discovery Trail	miles	3.9	274,560	1,070,784
NATURAL RESOURCE AREA				
Keeler	acres	45.1	25,000	1,126,750
TOTAL VALUE				10,816,284
Funding of New Capacity Paid by Current Population				1,341,223
Total Value for Current Population				12,157,507
Current Population				5,419
Value per Capita for Current Population				2,243

Appendix Table 2 repeats the capital value for all new park land and recreational facilities included in the City's 2009-2014 CIP that will be funded by growth. This total, from Table 6, is \$4,385,538. This level of service is achieved by a combination of impact fees and additional non-impact fee revenue that will be paid by growth. The total value is divided by the City's 2009-2014 growth population of 2,011 at the bottom of the table to determine the growth population's capital value per person of \$2,181.

**Appendix Table 2: Level of Service for Growth Population
City of Sequim**

(1) <u>Item</u>	(2) <u>Amount</u>
Cost to be Funded by Growth	4,385,538
Growth Population	2,011
Growth Cost per Capita	2,181

As noted in the introduction to this report, RCW 82.02.050(4) requires identification of any existing deficiencies in facility capacity for current development, capacity of existing facilities

available for new development, and additional facility capacity needed for new development. The similarity of the values per capita for current population (\$2,285) and growth population (\$2,181) demonstrates the equitable levels of service for both population groups. There is no existing deficiency for the current population because their level of service is based on the value of the current inventory. There is no significant capacity of existing facilities to serve new development because the entire value of the existing park system is assigned to the current population, and the portion of future parks that will be paid by the current population is also assigned to the current population (as calculated in Table 4). As a result, the CFP includes additional facility capacity needed for new development, as demonstrated by Tables 1, 4 and 6.

