



CITY COUNCIL

AGENDA BILL # AB22-0020

City of Algona
200 Washington Blvd.
Algona, WA 98001

ITEM INFORMATION

SUBJECT: Impact Fees	Agenda Date: April 25th, 2022		
	Department/Committee/Individual	Created	Reviewed
	Mayor		X
	City Administrator		X
	City Attorney		
	City Clerk		
	Finance Dept		
	PW/Utilities		
	Planning Dept	X	
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline:	Planning Commission		
	Civil Service Committee		

Staff Contact: Mayor Hill

Attachments: See attached memo.

SUMMARY STATEMENT: (Prepared by Eric Jensen, Blueline Group)

See attached memo.

COMMITTEE REVIEW AND RECOMMENDATION:

RECOMMENDED ACTION:

RECORD OF COUNCIL ACTION

Meeting Date:

Action:

Vote:



MEMORANDUM

DATE: April 7, 2022
TO: Mayor Hill and City Councilmembers, City of Algona
FROM: Eric Jensen, Director of Planning
RE: Traffic Impact Fee Analysis Memo

Good afternoon, Mayor Hill and City Council members,

This memo is to provide a set of information via a representative proposal for undertaking the development of a Traffic Impact Fee (TIF) analysis in support of the City's intent to establish a Traffic Impact Fee program.

Upon direction of the Mayor, I reached out to a well-qualified financial and economic firm specializing in this type of municipal fee analysis to provide a set of proposals for undertaking traffic studies, performing analysis of data results, and outlining capital infrastructure needs to support the justification for establishing this impact fee program upon all new residential development.

I will be prepared to walk you all through the information and process at the Council meeting on Monday evening.

Please note: while this submitted information/proposal is current and effective in the event the City chooses to select this team of firms, it is understood that the City may choose to place the TIF proposal need out for bids through a *Request For Qualification* Process. If that is the desired direction, I will be prepared to provide a template RFQ for the City to consider publishing.

March 29, 2022

Eric Jensen
City of Algona
200 Washington Blvd
Algona, WA 98001

Subject: Transportation Impact Fee

Dear Mr. Jensen:

On behalf of FCS GROUP, I am pleased to provide the following proposed scope and budget for development of a transportation impact fee (TIF) for the City of Algona. The work plan described herein is intended to complement the work plan provided by DKS Associates under separate cover. Their work will result in several of the inputs needed to calculate the TIF. FCS GROUP will lead the associated TIF policy discussions and calculate the fee.

FCS GROUP proposes to take the following general approach:

- **Policy Framework.** In this step, we will work with City staff to develop a set of recommendations on key TIF policy issues, such as multi-modal TIF approaches, fee basis (average daily v. peak-hour trips), and project allocation methods. These recommendations will provide guidance for the technical analysis.
- **Technical Analysis.** The technical analysis includes using the information developed by DKS to compile growth-related project costs to the TIF basis, establish customer base and growth assumptions, and calculate the TIF. The charge calculation will reflect the agreed-upon policy recommendations.
- **Documentation.** In this step, we will write the methodology report describing the recommended policies and resulting charges, and draft the adopting ordinance.
- **Outreach.** This step includes meetings with the City Council.

Task Plan

The following task plan is for a transportation impact fee study for the City of Algona.

1. **Data Collection / Kickoff Meeting**
 - i. Provide the City a data needs list. Meet with City staff to collect and discuss initial data, review the work plan and schedule, discuss TIF policy and technical issues, and kickoff the study.
2. **Policy Framework**
 - i. Write a technical memorandum defining key policy issues, describing alternatives, and providing recommendations – for discussion and agreement with City staff. Key issues would likely include some if not all of the following:
 - » Multi-modal (e.g., vehicle, bike, pedestrian) TIF methodology.
 - » Basis of the Fee (average daily v. peak-hour trips; vehicle v. person trips)

- » Project cost allocation methodologies.
- » Credits and exemptions.

3. Technical Analysis

- i. Compile the TIF project list and growth allocations, incorporating DKS' work into the impact fee analysis. The list will include the list of projects and updated costs to be used as the TIF basis – and the capacity-increasing portion of each project for inclusion in the TIF, consistent with the policy direction agreed upon in Task 2.
- ii. Set up a spreadsheet model for the TIF analysis, based on the preliminary policy direction from Task 2.
- iii. Calculate the impact fee from information on the eligible cost of planned future facilities. TIFs will be calculated for up to two different fee structure alternatives.

4. Documentation

- i. Prepare a draft methodology report describing policy recommendations, methodology, and results for review by City staff.
- ii. Prepare a draft ordinance reflecting the recommended TIF and TIF structure.
- iii. Provide a final report after Council action (Task 5).

5. Meetings

- i. Meet up to three times with City staff to review and discuss the following general topics:
 - » Policy options (technical memorandum) and recommendations.
 - » Analytical findings and results.
 - » Implementation of recommended charges.
- ii. Prepare for and attend up to two meetings (total) with the City Council (or other interested parties).

All deliverables will be provided to City staff in Microsoft Word, PowerPoint, and Excel, and, as needed, Adobe Acrobat (.pdf). The consultant will prepare and provide presentation materials in support of meetings as needed, and the presentation packet will include a survey of comparative TIFs.

Budget

The following budget would apply.

Tasks	Consultant/Staff Hours				Total Labor Hours	Budget
	Principal Ghilarducci	Technical Manager	Consultant	Admin		
Effective Hourly Billing Rates:	\$280	\$205	\$155	\$90		
Task 1 Data Collection / Kick-off Meeting						
i. Data Collection & Kickoff Meeting (1)	4	4	8	4	20	\$3,540
Task 2 Policy Framework						
i. Write Technical Memorandum	2	4	12		18	\$3,240
Task 3 Technical Analysis						
i. Compile TIF Project List	2	2	8		12	\$2,210
ii. Develop Spreadsheet Tool	2	4	12		18	\$3,240
iii. Calculate TIFs	2	4	8		14	\$2,620
Task 7 Documentation						
i. Draft Methodology Report	2	4	24		30	\$5,100
ii. Prepare Draft Ordinance	4	8	16		28	\$5,240
iii. Prepare Final Report	2	4	8	2	16	\$2,800
Task 8 Meetings						
i. Review Meetings with Staff (3)	6	12	12		30	\$6,000
ii. City Council Meetings (2)	8	4	6		18	\$3,990
Labor Budget	34	50	114	6	204	\$ 37,980
Expense Budget						\$ 100
Total Project Budget						\$ 38,080

Schedule

The task plan described above, which includes the impact fee work only, can be completed in 90-120 days. This analytical work cannot be performed without the key inputs that DKS will develop as part of its work.

Thank you for your consideration of this proposal. Please let me know at (425) 336-1865 or john@fcsgroup.com if you have any questions or comments.

Yours very truly,



John Ghilarducci
 President / Principal



APRIL 1, 2022

Eric Jensen
City of Algona
200 Washington Blvd
Algona, WA 98001

SUBJECT: SCOPE OF SERVICES FOR ALGONA TRANSPORTATION CAPITAL FACILITY PLAN AND TRAFFIC IMPACT FEE DEVELOPMENT

Dear Mr. Jensen,

DKS Associates is pleased to submit a scope of services and budget for the Algona Transportation Capital Facilities Plan Update. The scope of services is based on information provided by City staff in recent discussions. The overall project objective is to provide an Algona Transportation Capital Facilities Plan (CFP) update to support development of a traffic impact fee. The project will be delivered in two phases as described below with Phase 1 occurring in 2022 and Phase 2 occurring in 2023. DKS wants to ensure the scope of services meets the City's needs so please do not hesitate to let us know if revisions are necessary. We look forward to discussing next steps with you.

PROJECT SCOPE – PHASE 1

TASK 1 – REVIEW EXISTING PLANS AND POLICIES

DKS will obtain and review applicable portions of the following transportation plans and policies:

- 2015 Algona Comprehensive Plan
- Transportation Plans of bordering agencies – Auburn, Pacific, King County
- 2018 Puget Sound Regional Council - Regional Transportation Plan
- Washington Department of Commerce Periodic Update Checklist for Cities

DKS will use relevant available data to supplement the new data collected in Task 2 and identify potential issues or conflicts with the CFP update. This scope does not include any updates to transportation vision, goals and policies provided in the 2015 Algona Comprehensive Plan.

TASK 2 – FACILITY INVENTORY AND EXISTING CONDITIONS ANALYSIS

DKS will conduct a high level inventory of collectors and arterials for the existing conditions narrative for motor vehicles, transit, pedestrian and bicyclists. DKS will obtain available GIS mapping data from King County to support the creation of graphics for the CFP. The

inventory findings will be summarized in GIS figures for each mode. The maps and inventory will be used to identify gaps and deficiencies in the walking, bike and transit systems.

DKS will conduct weekday AM peak period (7 to 9 AM) and PM peak period (4 to 6 PM) turn movement counts at the identified study intersections. The proposed locations were selected to be consistent with the 2015 Algona Comprehensive Plan (Figure 9-2).

- Celery Avenue/Boundary Boulevard
- Algona Boulevard/Broadway Boulevard
- Algona Boulevard/Main Street
- West Valley Highway/1st Avenue
- Algona Boulevard/1st Avenue
- Seattle Boulevard/1st Avenue
- Main Street/1st Avenue
- Milwaukee Boulevard/1st Avenue
- Stanley Avenue/1st Avenue
- Washington Boulevard/1st Avenue
- Seattle Boulevard/Frontage Road
- Tacoma Boulevard/5th Avenue
- Milwaukee Boulevard/5th Avenue

DKS will obtain collision data from WSDOT for the past five years at the study intersections and along city collector and arterial facilities within the Algona city limits. DKS will review the collision data, calculate intersection and roadway crash rates, identify existing safety issues and recommend potential countermeasures, if needed.

DKS will create a Synchro operations model of the study intersections to represent 2022 existing conditions. The model will be used to report intersection performance (level of service, delay, volume to capacity ratio) and identify existing operational deficiencies and local system needs based on regional and local performance standards.

TASK 3 – FUTURE TRAFFIC VOLUME FORECASTS

DKS will use the current regional travel demand models, provided by Puget Sound Regional Council (PSRC), to estimate growth in traffic volumes. DKS will conduct a high level review of the base and future models and refine the network and link attributes as needed. Future 2042 Baseline PM peak hour traffic volumes will be developed for the study intersections and key roadway segments.

DKS will document the traffic volume forecast methodology and the land use growth projections (residential and employment) obtained from the PSRC model.

TASK 4 - FUTURE SYSTEM NEEDS AND RECOMMENDATIONS

DKS will update the existing conditions Synchro model of the study intersections to represent 2042 Baseline conditions. The model will be used to report intersection performance (level of service, delay, volume to capacity ratio), and identify future operational deficiencies and local system needs based on state and local performance standards. These operations will be used to determine the need for roadway network improvements to be modeled in Task 3.

DKS will update the Baseline conditions Synchro model of the study intersections to represent 2042 Mitigated conditions. DKS will conduct a high level evaluation of additional street connectivity improvements based on an iterative process using the future travel demand model.

DKS will evaluate the need for pedestrian, bicycle, transit, and parking based on the transportation analysis and input from the project team.

DKS will prepare a 20-year transportation capital facility project list with descriptions and an accompanying project map. Planning level cost estimates will be prepared for each project.

DKS will develop a roadway classification map to identify the hierarchy of the street system. This figure will inform how city guidelines and standards are applied.

TASK 5 - FINANCE PROGRAM AND SIX-YEAR TRANSPORTATION IMPROVEMENT PLAN

The City will provide transportation funding sources and expenditures over the past five years. DKS will coordinate with the City to estimate future funds expected to be available to construct new transportation projects, for maintenance, and for other transportation-related programs. Funding forecasts will be prepared for the short-term year 2028 and long-term year 2042.

DKS will prepare recommendations for priority projects to include in a Six-Year Transportation Improvement Plan (Year 2028) with input from City staff. DKS will provide information on additional transportation revenue sources to consider for potential funding shortfalls.

DKS will provide support to the City to develop a Traffic Impact Fee (TIF) program using the CFP project list and cost estimates from Task 5. The land use growth projections (residential and employment) obtained from the PSRC model in Task 3 will be used to determine growth in trips through the year 2042.

PROJECT SCOPE - PHASE 2

TASK 6 - DRAFT AND ADOPTION READY CAPITAL FACILITIES PLAN

DKS will document the findings and recommendations in a Draft Transportation Capital Facilities Plan. DKS will respond to one round of consolidated and unified comments from the project team and provide an Adoption Ready Draft Transportation Capital Facilities Plan.

DKS will coordinate with City staff to prepare the Washington Department of Commerce Periodic Update Checklist for Cities to highlight Draft CFP compliance with state requirements.

TASK 7 - MEETINGS/PUBLIC INVOLVEMENT

To support the CFP update, DKS will attend the following meetings:

- Up to three project team coordination conference calls

- One Community Open House (optional online platform)
- One Planning Commission/City Council Work Session (optional online platform)
- One City Council Hearing for adoption (optional online platform)

FEE PROPOSAL

The following table summarizes the scope of work tasks and proposed budget for Phase 1 and Phase 2:

Phase 1 Tasks	Budget
Task 1 – Review Existing Plans and Policies	\$1,595
Task 2 – Facility Inventory and Existing Conditions Analysis	\$13,140
Task 3 – Future Traffic Volume Forecasts	\$8,960
Task 4 - Future System Needs and Recommendations	\$16,580
Task 5 – Finance Program and Six-Year Transportation Improvement Plan	\$8,280
Total Budget – Phase 1	\$48,555

Phase 2 Task	Budget
Task 6 – Draft and Adoption Ready CFP and Comp Plan Summary	\$11,024
Task 7 – Meetings/Public Involvement	\$7,460
Total Budget – Phase 2	\$18,774



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	PW/Utilities		
	Planning Dept		
	Community Services		
	Police Dept		
	Finance Committee		
Planning Commission			
Civil Service Committee			
Cost Impact:			
Fund Source:			
Timeline:			
Staff Contact: Mayor Hill			
Attachments:			
SUMMARY STATEMENT: (Prepared by Zach Lell, City Attorney)			
<p>GMA Impact Fees—Defined Impact fees are fixed, one-time charges assessed by a municipality against new development projects for the purpose of funding public facilities. This financing mechanism is one of the key tools cities can use to help ensure that new development pays for itself, and that the public infrastructure needed to support new development is not unfairly subsidized by local taxpayers.</p> <p>Impact fees are authorized by Chapter 82.02 RCW, a corollary statute to the Growth Management Act (GMA). For that reason they are commonly referred to as “GMA impact fees.”</p> <p>Use of Impact Fees Cities may collect GMA impact fees to finance four categories of public infrastructure:</p> <ul style="list-style-type: none"> ▪ Transportation facilities (i.e., public streets and roads) ▪ Park facilities (i.e., parks, recreational facilities and open space) ▪ School facilities ▪ Fire protection facilities <p>(Continues on next two pages...)</p>			
COMMITTEE REVIEW AND RECOMMENDATION:			
RECOMMENDED ACTION:			
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Meeting Date:	Action:	Vote:	

SUMMARY STATEMENT CONTINUED:

State law further provides that GMA impact fees may only be imposed for “system improvements”, defined as public facilities that are included in the City’s capital facilities plan and designed to provide service *within the community at large*. System improvements are distinct from “project improvements”—i.e., site improvements and facilities that serve a *particular development project* only. Impact fees cannot be imposed to fund project improvements.

The amount of impact fees assessed by the City against new development may not exceed the proportionate share of the cost of the particular system improvement(s) being funded. The City must also identify other funding sources, and may not rely solely on impact fees for the purposes of financing such improvements.

Collection of Impact Fees

Impact fees generally must be paid before construction on a particular development project begins. However, state law allows a limited number of payment deferrals, at the developer’s request, for single-family residential projects.

Once impact fees are assessed by the City, the moneys collected must be earmarked and retained in special interest-bearing accounts. If the City fails to expend or encumber the funds within 10 years of collection, the current owner of the property for which the impact fee was originally assessed may seek a refund.

Impact Fee Ordinances

In order to assess GMA impact fees, the City must first adopt an ordinance establishing its local impact fee program. State law imposes several requirements for local impact fee ordinances:

- The ordinance must include a schedule of impact fees for each type of covered development activity, specifying the impact fee amount to be imposed. The fee schedule must be based upon a formula or other calculation method that incorporates, among other factors:
 - The cost of public facilities necessitated by new development;
 - An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development;
 - The availability of other funding sources;
 - The cost of existing public facilities improvements; and
 - The methods by which public facilities improvements were financed.
- The ordinance must establish one or more reasonable service areas and impose impact fees for various land use categories per unit of development within such areas.
- The ordinance must allow credits for the value of land dedications or physical improvements provided by the developer.
- The ordinance must allow the opportunity for potential adjustment of the standard impact fee for unusual circumstances in order to ensure fairness.

SUMMARY STATEMENT CONTINUED:

- The ordinance must allow for consideration of studies and data submitted by developers who seek to adjust the amount of the fee.
- The ordinance may provide an exemption for low-income housing, early learning facilities, and other development activities with broad public purposes.
- The ordinance may provide for the imposition of an impact fee for system improvement costs previously incurred by the City to the extent that new growth and development will be served by the previously constructed improvements. However, the City cannot use impact fees to make up for any pre-existing deficiencies.

Procedure

The process for adopting a local GMA impact fee program is relatively straightforward. Unlike amendments to the City's zoning and land use regulations, there is no requirement for the City to hold a public hearing, involve the City's Planning Commission, or evaluate the proposal under the State Environmental Policy Act (SEPA). A typical process would involve the following steps:

- The City would select and retain a qualified consultant to prepare an inventory and cost-itemization of the City's present and future system improvement needs in light of current growth projections. Because GMA impact fees may only be collected to finance facilities that are listed in the City's capital facilities plan, necessary amendments to the plan may also be identified during this process. Plan updates of this type may occur during the City's annual Comprehensive Plan docket cycle or in conjunction with a mid-year budget amendment.
- Using the data from the inventory and cost-itemization process, the consultant would then develop a formula or other model for calculating the City's impact fee assessments in a manner consistent with the state law parameters identified above.
- Finally, the City would prepare and adopt one or more ordinances establishing the standards and procedures of Algona's local impact fee program. (The specific program for each type of impact fee—i.e., transportation, parks, etc.—is typically created through a separate ordinance and codified as an independent chapter of the City's code.) The ordinance(s) would be centered around a schedule of impact fees for particular categories of development; the fee schedule would in turn be based upon the consultant-developed formula referenced above.

There is no requirement under state law for cities to adopt a GMA impact fee program; the decision to do so lies within the policy discretion of the City Council. The City also has broad latitude in developing the formula upon which the impact fees will be based, as well as the specific fee amounts that will be assessed against new development.