

ORDINANCE O-4758

AN ORDINANCE OF THE CITY OF KIRKLAND AUTHORIZING THE COLLECTION OF IMPACT FEES FOR FIRE PROTECTION FACILITIES AND ADDING CHAPTER 27.10 TO THE KIRKLAND MUNICIPAL CODE.

1 WHEREAS, the City Council of the City of Kirkland finds that
2 new development will create additional demand and need for fire
3 protection facilities; and
4

5 WHEREAS, the Washington State Legislature passed the
6 Growth Management Act of 1990 and 1991, RCW 36.70A et seq.
7 and RCW 82.02 et seq. (the "Act"), which authorizes the collection
8 of impact fees on development activity to provide fire protection
9 facilities to serve new development; and
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11 WHEREAS, the Act requires that impact fees may only be
12 collected for public facilities which are addressed by a capital
13 facilities element of a comprehensive land use plan; and
14

15 WHEREAS, the Act requires that impact fees cannot exceed
16 a proportionate share of the costs of the new fire protection facility
17 improvements and the City must have additional funding sources
18 to fund these improvements; and
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20 WHEREAS, the City Council of the City of Kirkland
21 recognizes the proportionate share of the expense of new fire
22 protection facilities necessitated by the impacts of new
23 development should be borne by the developers of new growth
24 through the imposition of fire impact fees as authorized by the
25 Growth Management Act (RCW 82.02.050 – 82.02.100); and
26

27 WHEREAS, the City has prepared a Capital Facilities Plan in
28 compliance with the Act; and
29

30 WHEREAS, fire impact fees have been calculated for new
31 development based upon a specified formula.
32

33 NOW, THEREFORE, the City Council of the City of Kirkland
34 do ordain as follows:
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36 Section 1. A new Chapter 27.10, "Fire Impact Fees," is
37 added to Title 27 of the Kirkland Municipal Code to read as follows:
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39 **27.10.010 Findings and Authority.**

40 The City Council finds and determines that new growth and
41 development in the city, including but not limited to new
42 residential, commercial, retail, office, and industrial development

43 will create additional demand and need for fire protection facilities
 44 in the city and the Council finds that new growth and development
 45 should pay a proportionate share of the cost of fire protection
 46 facilities needed to serve the new growth and development. The
 47 City has conducted a study documenting the procedures for
 48 measuring the impact of new developments on fire protection
 49 facilities. This study has contributed to the rates established in
 50 the fee schedule of the City of Kirkland. The City has prepared a
 51 capital facilities plan documenting the impact of new development
 52 within the City. The city council accepts the methodology and
 53 data contained in the capital facilities plan. Therefore, pursuant
 54 to Chapter 82.02 RCW, the city council adopts this chapter to
 55 assess impact fees for new fire protection facilities within the City.
 56 The provisions of this chapter shall be liberally construed in order
 57 to carry out the purposes of the council in establishing the impact
 58 fee program.

59
 60 **27.10.020 Definitions.**

61 The following words and terms shall have the following
 62 meanings unless the context clearly requires otherwise. Terms
 63 otherwise not defined herein shall be defined pursuant to RCW
 64 82.02.090, or given their usual and customary meaning.

65 (a) "Act" shall mean the Growth Management Act, Chapter
 66 36.70A RCW.

67 (b) "Applicant" means the owner of real property according to
 68 the records of the King County Department of Records and
 69 Elections, or the applicant's authorized agent.

70 (c) "Building permit" means the official document or
 71 certification that is issued by the planning and building
 72 department and that authorizes the construction, alteration,
 73 enlargement, conversion, reconstruction, remodeling,
 74 rehabilitation, erection, tenant improvement, demolition, moving
 75 or repair of a building or structure.

76 (d) "Capital facilities" means the facilities or improvements
 77 included in the capital facilities plan.

78 (e) "Capital facilities plan" means the capital facilities plan
 79 element of the city's comprehensive plan adopted pursuant to
 80 Chapter 36.70A RCW, and such plan as amended.

81 (f) "City" means the City of Kirkland.

82 (g) "Council" means the city council of Kirkland.

83 (h) "Department" means the Fire Department.

84 (i) "Director" means the Director of the Planning and Building
 85 Department, or the director's designee.

86 (j) "Fire protection facilities" means fire stations, fire training
 87 facilities and structures, fire trucks and apparatus, and any
 88 furnishings and equipment that are used with fire stations, fire
 89 training facilities and structures, fire trucks and apparatus which
 90 can be capitalized.

91 (k) "Fire protection system improvements" means fire
 92 protection facilities that will benefit new development and that
 93 have been included in the city of Kirkland's capital facilities plan
 94 and are designed to provide service to service areas within the
 95 community at large (not private facilities).

- 96 (l) "Gross floor area" is the total square footage of all floors in
97 a structure as defined in Chapter 5 KZC.
- 98 (m) "Hearing examiner" means the person who exercises the
99 authority of Chapter 3.34 of this code.
- 100 (n) "Impact fee" means a payment of money imposed by the
101 city on an applicant prior to issuance of a building permit as a
102 condition of granting a building permit in order to pay for the
103 public facilities needed to serve new growth and development.
104 "Impact fee" does not include a reasonable permit fee or
105 application fee.
- 106 (o) "Impact fee account" or "Account" means the account
107 established for the fire protection facilities' impact fees are
108 collected. The account shall be established pursuant to this
109 chapter and shall comply with the requirements of RCW
110 82.02.070.
- 111 (p) "Independent fee calculation" means the study of data
112 submitted by an applicant to support the assessment of an impact
113 fee other than the fee in the schedule attached as set forth in KMC
114 27.10.150 of this chapter.
- 115 (q) "Interest" means the interest rate earned by local
116 jurisdictions in the State of Washington Local Government
117 Investment Pool, if not otherwise defined.
- 118 (r) "Low-income housing" means (1) an owner-occupied
119 housing unit affordable to households whose household income is
120 less than 80 percent of the King County median income, adjusted
121 for household size, as determined by the United States
122 Department of Housing and Urban Development (HUD), and no
123 more than 30 percent of the household income is paid for housing
124 expenses or (2) a renter-occupied housing unit affordable to
125 households whose income is less than 60 percent of the King
126 County median income, adjusted for household size, as
127 determined by HUD, and no more than 30 percent of the
128 household income is paid for housing expenses (rent and
129 appropriate utility allowance). In the event that HUD no longer
130 publishes median income figures for King County, the city may
131 use or determine such other method as it may choose to
132 determine the King County median income, adjusted for
133 household size. The director will make a determination of sales
134 prices or rents which meet the affordability requirements of this
135 section. An applicant for a low-income housing exemption may
136 be a public housing agency, a private non-profit housing
137 developer or a private developer.
- 138 (s) "Multifamily dwelling" means attached, stacked, duplex, or
139 assisted living unit as defined in Chapter 5 of Title 23 of this code
140 (Zoning Code) and cottage, carriage and two/three units homes
141 approved under Chapter 113 of Title 23 of this code (Zoning
142 Code).
- 143 (t) "Owner" means the owner of real property according to the
144 records of the King County Recorder's Office provided, that if the
145 real property is being purchased under a recorded real estate
146 contract, the purchaser shall be considered the owner of the real
147 property.
- 148 (u) "Residential" means housing, such as detached, attached
149 or stacked dwelling units (includes cottage, carriage and two-

150 /three-unit homes approved under Chapter 113 KZC, and senior
151 and assisted dwelling units intended for occupancy by one or more
152 persons and not offering other services). For the purpose of this
153 chapter, an accessory dwelling unit, regulated in Chapter 115 KZC,
154 is considered an adjunct to the associated primary structure, and
155 is not charged a separate impact fee. "Single-family dwelling"
156 means detached living unit as defined in Chapter 5 of Title 23 of
157 this code (zoning code).

158 (v) "Square footage" means the square footage of the gross
159 floor area of the development as defined in Chapter 5 KZC.
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161 **27.10.030 Assessment of impact fees.**

162 (a) The city shall collect impact fees, based on the fee
163 schedule in KMC 27.10.150 of this chapter, from any applicant
164 seeking a building permit from the city.

165 (b) All impact fees shall be collected from the applicant prior
166 to issuance of the building permit based on the land use
167 categories in Section 27.10.150. Unless the use of an independent
168 fee calculation has been approved by the director, or unless a
169 development agreement entered into pursuant to RCW
170 36.70B.170 provides otherwise, the fee shall be calculated based
171 on the impact fee schedule in effect at the time a complete
172 building permit application is filed.

173 (c) The city shall establish the impact fee rate for a land use
174 that is not listed on the rate schedule in Section 27.10.150. The
175 applicant shall submit all information requested by the department
176 for purposes of determining the impact fee rate pursuant to
177 Section 27.10.040.

178 (d) For mixed use buildings or developments, impact fees shall
179 be imposed for the proportionate share of each land use based on
180 the applicable unit of measurement found on the schedule in
181 Section 27.10.150.

182 (e) For building permits within new subdivisions approved
183 under Kirkland Municipal Code Title 22 (Subdivisions), a credit
184 shall be applied for any dwelling unit that exists on the land within
185 the subdivision prior to the subdivision if the dwelling unit is
186 demolished. The credit shall apply to the first complete building
187 permit application submitted to the city subsequent to demolition
188 of the existing dwelling unit, unless otherwise allocated by the
189 applicant of the subdivision as part of approval of the subdivision.

190 (f) At the time of issuance of any single-family detached or
191 attached residential building permit, the applicant may elect to
192 have the impact fee payment deferred until the building permit is
193 completed or eighteen months after issuance of the building
194 permits, whichever occurs first. The impact fee due and owing per
195 Section 27.10.030(c), shall be paid prior to building permit final

196 inspection, building permit final occupancy, or eighteen months
197 after the date of building permit issuance, whichever is applicable.
198 Applicants electing to use this deferred impact fee process shall
199 pay a two-hundred-forty-dollar administration fee with each
200 respective building permit prior to issuance of such building
201 permit.

202 (g) Except as otherwise provided in this section, the city shall
203 not issue any building permit unless and until the impact fee has
204 been paid.

205 (h) The payment of impact fees may be delayed through a
206 development agreement approved by the city council pursuant to
207 Chapter 36.70B RCW, provided the following criteria are met:

208 (1) Payment of fees may be delayed to no later than issuance
209 of the certificate of occupancy;

210 (2) The development agreement shall provide mechanisms,
211 such as withholding of the certificate of occupancy and/or
212 property liens, to assure that the city will collect the deferred fees;

213 (3) The delay shall not reduce the availability of funds to
214 implement the city's adopted capital improvement program in a
215 timely manner; and

216 (4) Projects must provide significant public benefit, including
217 but not limited to:

218 (A) Projects that implement adopted city council goals;

219 (B) Projects with economic benefit to the city;

220 (C) Projects that involve partnerships with other governmental
221 agencies; and

222 (D) Projects that include affordable housing as defined by the
223 Kirkland Zoning Code.

224

225 **27.10.040 Independent fee calculations.**

226 (a) If, in the judgment of the director, none of the fee
227 categories or fee amounts set forth in the schedule in Section
228 27.10.150 of this chapter accurately describes the impacts
229 resulting from issuance of the proposed building permit, the
230 applicant shall provide to the department for its review and
231 evaluation an independent fee calculation, paid for by the
232 applicant. The director may impose on the proposed building
233 permit an alternative impact fee based on the independent fee
234 calculation. With the independent fee calculation, the applicant
235 shall pay to the department an administrative processing fee of
236 one hundred dollars per calculation unless a different fee is
237 provided for in Title 5 of this code.

238 (b) If an applicant requests not to have the impact fees
239 determined according to the schedule in Section 27.10.150 of this

240 chapter, then the applicant shall submit to the director an
241 independent fee calculation, paid for by the applicant, for the
242 building permit. The independent fee calculation shall show the
243 basis upon which it was made. With the request, the applicant
244 shall pay to the department the administrative processing fee
245 provided for in Title 5 of this code.

246 (c) An applicant may request issuance of a building permit
247 prior to completion of an independent fee study; provided, that
248 the impact fee is collected based on the fee schedule in Section
249 27.10.150. A partial refund may be forthcoming if the fee collected
250 exceeds the amount determined in the independent fee
251 calculation and the department agrees with the independent fee
252 calculation.

253 (d) While there is a presumption that the calculations set forth
254 in the capital facilities plan used to prepare the fee schedule in
255 Section 27.10.150 are correct, the director shall consider the
256 documentation submitted by the applicant, but is not required to
257 accept such documentation which the director reasonably deems
258 to be inaccurate or not reliable, and may, in the alternative,
259 require the applicant to submit additional or different
260 documentation. The director is authorized to adjust the impact fee
261 on a case-by-case basis based on the independent fee calculation,
262 the specific characteristics of the building permit and/or principles
263 of fairness.

264 (e) Determinations made by the director pursuant to this
265 section may be appealed to the hearing examiner subject to the
266 procedures set forth in Section 27.10.120.

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268 **27.10.050 Exemptions.**

269 (a) The following building permit applications shall be exempt from
270 impact fees:

271 (1) Replacement of a structure with a new structure of the same
272 gross floor area at the same site or lot when such replacement occurs
273 within five years of the demolition or destruction of the prior structure.
274 For replacement of structures in a new subdivision, see Section
275 27.10.030(e).

276 (2) Replacement, alteration, expansion, enlargement, remodeling,
277 rehabilitation, or conversion of an existing dwelling unit where no
278 additional units are created.

279 (3) Any building permit for a legal accessory dwelling unit approved
280 under Title 23 of this code, the Kirkland Zoning Code, as it is considered
281 part of the single-family use associated with this fee.

282 (4) Alteration of an existing nonresidential structure that does not
283 expand the usable space.

284 (5) Miscellaneous improvements, including but not limited to fences,
285 walls, swimming pools, mechanical units, and signs.

286 (6) Demolition or moving of a structure.

287 (7)(A) Any applicant for the construction or creation of low-income
288 housing may request an exemption of 80 percent of the required impact
289 fee for low-income housing units subject to the criteria in subsection
290 (a)(7)(C) of this section.

291 (B) Any applicant for an exemption from the impact fees which
292 meets the criteria set forth in subsection (a)(7)(C) of this section shall
293 apply to the city manager for an exemption. The application shall be on
294 forms provided by the city and shall be accompanied by all information
295 and data the city deems necessary to process the application.

296 (C) Exemption Criteria. To be eligible for the impact fee exemption
297 established by this section, the applicant shall meet each of the following
298 criteria:

299 (i) The applicant must be proposing a greater number of low-income
300 housing units or a greater level of affordability for those units than is
301 required by the Kirkland Zoning Code and/or the Kirkland Municipal
302 Code. The allowed exemption shall only apply to those low-income units
303 in excess of the minimum required by code unless the development will
304 be utilizing public assistance targeted for low-income housing.

305 (ii) The applicant must demonstrate to the city manager's
306 satisfaction that the amount of the impact fee exemption is justified
307 based on the additional affordability provided above that required by
308 code and is necessary to make the project economically viable.

309 (iii) The proposed housing must meet the goals and policies set
310 forth in Section VII of the city of Kirkland comprehensive plan.

311 (D) The city manager shall review applications for exemptions under
312 subsection (a)(7)(A) of this section pursuant to the above criteria and
313 shall advise the applicant, in writing, of the granting or denial of the
314 application. In addition, the city manager shall notify the city council
315 when such applications are granted or denied.

316 (E) The determination of the city manager shall be the final decision
317 of the city with respect to the applicability of the low-income housing
318 exemption set forth in this subsection.

319 (F) Any claim for exemption must be made before payment of the
320 impact fee. Any claim not so made shall be deemed waived. The claim
321 for exemption must be accompanied by a draft lien and covenant
322 against the property guaranteeing that the low-income housing use will
323 continue. Before approval of the exemption, the planning and building
324 department shall approve the form of lien and covenant, which shall, at
325 a minimum, meet the requirements of RCW 82.02.060. Prior to issuance
326 of a certificate of occupancy for any portion of the development, the
327 applicant shall execute and record the approved lien and covenant with
328 the King County recorder's office. The lien and covenant shall run with
329 the land. In the event the property is no longer used for low-income
330 housing, the current owner shall pay the current impact fee plus interest
331 to the date of the payment.

332 (8)(A) Development activities of community-based human services
333 agencies which meet the human services needs of the community such

334 as providing employment assistance, food, shelter, clothing, or health
335 services for low- and moderate-income residents.

336 (B) Any applicant for an exemption from the impact fee which meets
337 the criteria set forth in subsection (a)(8)(C) of this section shall apply to
338 the city manager for an exemption. The application shall be on forms
339 provided by the city and shall be accompanied by all information and
340 data the city deems necessary to process the application.

341 (C) Exemption Criteria. To be eligible for the impact fee exemption
342 established by this section, the applicant shall meet each of the following
343 criteria:

344 (i) The applicant must have secured federal tax-exempt status
345 under Section 501(c)(3) of the Internal Revenue Code.

346 (ii) The applicant's services must be responsive to the variety of
347 cultures and languages that exist in the city.

348 (iii) The applicant must provide services and programs to those
349 considered most vulnerable and/or at risk, such as youth, seniors, and
350 those with financial needs, special needs, and disabilities.

351 (iv) The applicant's services must meet the human services goals
352 and policies set forth in Section XII of the city of Kirkland comprehensive
353 plan.

354 (v) The applicant shall certify that no person shall be denied or
355 subjected to discrimination in receipt of the benefit of services and
356 programs provided by the applicant because of sex, marital status,
357 sexual orientation, race, creed, color, national origin, or the presence of
358 any sensory, mental, or physical disability or the use of a trained dog
359 guide or service animal by a person with a disability.

360 (vi) The applicant must provide direct human services at the
361 premises for which the applicant is seeking exemption.

362 (D) The city manager shall review applications for exemptions under
363 subsection (a)(8)(A) of this section pursuant to the above criteria and
364 shall advise the applicant, in writing, of the granting or denial of the
365 application. In addition, the city manager shall notify the city council
366 when such applications are granted or denied.

367 (E) The determination of the city manager shall be the final decision
368 of the city with respect to the applicability of the community-based
369 human services exemption set forth in this subsection.

370 (F) Any claim for exemption must be made before payment of the
371 impact fee. Any claim not so made shall be deemed waived. The claim
372 for exemption must be accompanied by a draft lien and covenant
373 against the property guaranteeing that the human services use will
374 continue. Before approval of the exemption, the department shall
375 approve the form of lien and covenant. Within ten days of approval, the
376 applicant shall execute and record the approved lien and covenant with
377 the King County recorder's office. The lien and covenant shall run with
378 the land. In the event the property is no longer used for human services,
379 the current owner shall pay the current impact fee plus interest to the
380 date of the payment.

381 (G) The amount of impact fees not collected from human services
382 agencies pursuant to this exemption shall be paid from public funds
383 other than the impact fee account.

384 (9) Buildings or structures constructed as shelters that provide
385 emergency housing for people experiencing homelessness and
386 emergency shelters for victims of domestic violence as defined by state
387 law.

388 (10) Fire stations and fire protection facilities.

389 (b) Unless otherwise established in this section, the public works
390 director shall be authorized to determine whether a particular
391 development for a proposed building permit falls within an exemption
392 of this chapter or in this code. Determinations of the planning and
393 building director shall be subject to the appeals procedures set forth in
394 Section 27.04.130.

395
396 **27.10.060 Fire impact fees relating to change of use.**

397 The city shall not impose fire impact fees to the extent the assessment
398 of the fee is the result of a change to a land use category that results in
399 a higher fee under Section 27.10.150; provided, that this section shall
400 not apply to a project:

401 (a) To the extent the project will add, increase, or expand the gross
402 floor area of an existing building; or

403 (b) For which a certificate of occupancy has been issued and the
404 impact fees have been paid, but the tenant land use is changed before
405 the space is occupied;

406 and provided further, that this section applies only to the use,
407 renovation, or remodeling of existing structures, and does not apply to
408 redevelopment projects or other projects in which existing structures
409 are replaced or substantially redeveloped.

410
411 **27.10.070 Adjustments.**

412 Pursuant to and consistent with the requirements of RCW
413 82.02.060, the City's capital facilities plan has provided
414 adjustments for past and future taxes paid or to be paid by the
415 new development which are earmarked or proratable to the same
416 new system improvements that will serve the new development.
417 The schedule set forth in Section 27.10.150 of this chapter has
418 been reasonably adjusted for taxes and other revenue sources
419 that are anticipated to be available to fund system improvements.

420
421 **27.10.080 Establishment of Impact Fee Accounts.**

422 (a) An impact fee account is established for the fees collected
423 pursuant to this chapter and shall be entitled the fire impact fee
424 account. Impact fees shall be earmarked specifically and

425 deposited in the special interest-bearing account. Funds
426 withdrawn from this account shall be used in accordance with the
427 provisions of Section 27.10.100. Interest earned on impact fees
428 shall be retained in the account and expended for the purpose for
429 which the impact fees were collected.

430 (b) On an annual basis, the finance director shall provide a
431 report to the council on the account showing the source and
432 amount of all moneys collected, earned, or received, and system
433 improvements that were financed in whole or in part by impact
434 fees.

435 (c) Impact fees shall be expended or encumbered within ten
436 years of receipt, unless the council identifies in written findings an
437 extraordinary and compelling reason or reasons for the city to hold
438 the fees beyond the ten-year period. Under such circumstances,
439 the council shall establish the period of time within which the
440 impact fees shall be expended or encumbered.

441
442 **27.10.090 Refunds.**

443 (a) If the city fails to expend or encumber the impact fees
444 within ten years of payment (or where extraordinary or compelling
445 reasons exist, such other time periods as established pursuant to
446 Section 27.10.080), the current owner of the property for which
447 impact fees have been paid may receive a refund of the fee. In
448 determining whether impact fees have been expended or
449 encumbered, impact fees shall be considered expended or
450 encumbered on a first-in, first-out basis.

451 (b) The city shall notify potential claimants by first class mail
452 deposited with the United States Postal Service at the last known
453 address of such claimants.

454 (c) Property owners seeking a refund of impact fees must
455 submit a written request for a refund of the fees to the director
456 within one year of the date the right to claim the refund arises or
457 the date that notice is given, whichever is later.

458 (d) Any impact fees for which no application for a refund has
459 been made within the one-year period shall be retained by the city
460 and expended on the appropriate public facilities.

461 (e) Refunds of impact fees under this chapter shall include any
462 interest earned on the impact fees by the city.

463 (f) If the city terminates the impact fee program, all
464 unexpended or unencumbered funds, including interest earned,
465 shall be refunded pursuant to this chapter. The city shall publish
466 notice of the termination and the availability of refunds in a
467 newspaper of general circulation at least two times and shall notify
468 all potential claimants by first class mail to the last known address

469 of the claimants. All funds available for refund shall be retained
470 for a period of one year after the second publication. At the end
471 of one year, any remaining funds shall be retained by the city, but
472 must be expended for the appropriate public facilities. This notice
473 requirement shall not apply if there are no unexpended or
474 unencumbered balances within the account.

475 (g) The city shall refund the impact fee paid plus interest to
476 the current owner of property for which the impact fee had been
477 paid, if the development was never completed or occupied;
478 provided, that if the city expended or encumbered the impact fee
479 in good faith prior to the application for a refund, the director may
480 decline to provide the refund. If within a period of three years,
481 the same or subsequent owner of the property proceeds with the
482 same or substantially similar development, the owner can petition
483 the director for an offset. The petitioner shall provide receipts of
484 impact fees previously paid for a development of the same or
485 substantially similar nature on the same property or some portion
486 thereof. The director shall determine whether to grant an offset,
487 and the determinations of the director may be appealed pursuant
488 to the procedures in Section 27.10.130.

489
490 **27.10.100 Use of funds.**

491 (a) Pursuant to this chapter, impact fees may be spent for fire
492 protection facilities and fire protection system improvements that
493 will reasonably benefit the new development, including but not
494 limited to, architectural and/or engineering design studies, land
495 surveys, land acquisition, engineering, permitting, financing,
496 administrative expenses, relocatable facilities, capital equipment,
497 construction, site improvements, necessary off-site
498 improvements, applicable impact fees or mitigation costs and
499 other expenses which could be capitalized, and which are
500 consistent with the City's capital facilities plan.

501 (b) Impact fees shall be expended or encumbered on a first-
502 in, first-out basis.

503 (c) Impact fees may be used to recoup costs for system
504 improvements previously incurred by the city to the extent that
505 new growth and development will be served by the previously
506 constructed system improvements.

507 (d) In the event that bonds or similar debt instruments are or
508 have been issued for the advanced provision of system
509 improvements, impact fees may be used to pay debt service on
510 such bonds or similar debt instruments to the extent that system
511 improvements provided are consistent with the requirements of
512 this chapter and are used to serve the new development.

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27.10.110 Review of schedule and fee increases.

(a) The schedule in Section 27.10.150 will be amended to reflect changes to the capital facilities plan in Chapter XIII of Title 17 of this code (the comprehensive plan). Amendments to the schedule for this purpose shall be adopted by the council.

(b) The fees on the schedule in Section 27.10.150 shall be indexed to provide for an automatic fee increase each January 1st beginning in the year 2022. The June to June Seattle-Tacoma-Bellevue Area Consumer Price Index (CPI-W) will be used to determine the increase in fees for each year to reflect increased project costs. In the event that the fees on the schedule in Section 27.10.150 are increased during the preceding calendar year due to changes to the capital facilities plan pursuant to subsection (a) of this section, the fees will not be indexed the following January. The finance and administration department shall compute the fee increase and the new schedule shall become effective immediately after the annual fee increase calculation.

(c) A new rate study, which establishes the schedule in Section 27.10.150, shall be updated every three years, unless the city determines that circumstances do not warrant an update.

27.10.120 Appeals.

(a) An appeal of an impact fee imposed on a building permit may only be filed by the applicant of the building permit for the subject property. An applicant may either file an appeal and pay the impact fee imposed by this chapter under protest or appeal the impact fee before issuance of the building permit. No appeal may be filed after the impact fee has been paid and the building permit has been issued.

(b) An appeal shall be filed with the hearing examiner on the following determinations of the director:

- (1) The applicability of the impact fees to a given building permit pursuant to Sections 27.10.030 and 27.10.050;
- (2) The decision on an independent fee calculation in Section 27.10.040; or
- (3) Any other determination which the director is authorized to make pursuant to this chapter.

(c) An appeal, in the form of a letter of appeal, along with the required appeal fee, shall be filed with the department for all determinations by the director, prior to issuance of a building permit. The letter must contain the following:

- (1) A basis for and arguments supporting the appeal; and

556 (2) Technical information and specific data supporting the
557 appeal.

558 (d) The fee for filing an appeal shall be two hundred and fifty
559 dollars.

560 (e) Within twenty-eight calendar days of the filing of the
561 appeal, the director shall mail to the hearing examiner the
562 following:

563 (1) The appeal and any supportive information submitted by
564 the appellant;

565 (2) The director's determination along with the record of the
566 impact fee determination and, if applicable, the independent fee
567 calculation; and

568 (3) A memorandum from the director analyzing the appeal.

569 (f) The hearing examiner shall review the appeal from the
570 applicant, the director's memorandum, and the record of
571 determination from the director. No oral testimony shall be given,
572 although legal arguments may be made. The determination of the
573 director shall be accorded substantial weight.

574 (g) The hearing examiner is authorized to make findings of
575 fact and conclusions of law regarding the decision. The hearing
576 examiner may, so long as such action is in conformance with the
577 provisions of this chapter, reverse or affirm, in whole or in part,
578 or modify the determination of the director, and may make such
579 order, requirements, decision or determination as ought to be
580 made, and to that end shall have the powers which have been
581 granted to the director by this chapter. The hearing examiner's
582 decision shall be final.

583 (h) The hearing examiner shall distribute a written decision to
584 the director within fifteen working days.

585 (i) The department shall distribute a copy of the hearing
586 examiner's decision to the appellant within five working days of
587 receiving the decision.

588 (j) In the event the hearing examiner determines that there is
589 a flaw in the impact fee program, that a specific exemption per
590 Section 27.10.030(c) should be awarded on a consistent basis, or
591 that the principles of fairness require amendments to this chapter,
592 the hearing examiner may advise the council as to any question
593 or questions that the hearing examiner believes should be
594 reviewed as part of the council's review of the fee schedule in
595 Section 27.10.150 as provided by Section 27.10.110.

596 (k) The hearing examiner's final decision is subject to appeal
597 to the Superior Court of the State of Washington, King County,
598 pursuant to the rules and regulations set forth in the Land Use
599 Petition Act, Chapter 36.70C, RCW.

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27.10.130 Responsibility for payment of fees.

(a) The building permit applicant is responsible for payment of the fees authorized by this chapter in connection with a building permit application.

(b) In the event that a building permit is erroneously issued without payment of the fees authorized by this chapter, the building official may issue a written notice to the property owner and occupant advising them of the obligation to pay the fees authorized by this chapter. Such notice shall include a statement of the basis under which the fees under this chapter are being assessed, the amount of fees owed, and a statement that the property owner or occupant may appeal the fee determination within twenty calendar days of the date the notice was issued. Any appeals of such a fee determination shall be processed in accordance with the procedures set forth in KMC 27.10.120.

(c) If a property owner or occupant fails to appeal the issuance of a fee notice under subsection (b) of this section, or if the property owner or occupant’s appeal is unsuccessful, the city is authorized to institute collection proceedings for the purpose of recovering the unpaid impact fees.

27.10.140 Existing authority unimpaired.

Nothing in this chapter shall preclude the city from requiring the applicant for a building permit, to mitigate adverse environmental impacts of a specific development pursuant to the State Environmental Policy Act, Chapter 43.21C RCW, based on the environmental documents accompanying the underlying development approval process, and/or Chapter 58.17 RCW, governing plats and subdivisions; provided, that the exercise of this authority is consistent with the provisions of RCW 82.02.050(1)(c).

27.10.150 Fire Impact Fee Schedule.

The impact fee schedule below is based on the city’s latest rate study. As authorized under Section 27.10.110(b), the schedule may automatically increase each January 1st based on the June to June Seattle-Tacoma-Bellevue Area Consumer Price Index. See the public works department’s fee schedule for the current impact fee.

Land Use Type	Total Fee	Unit of Development
Commercial	\$ 1.40	per Sq. Ft.

644	Office & Industrial	0.07	per Sq. Ft.
645	Schools	0.53	per Sq. Ft.
646	Health Care	3.24	per Sq. Ft.
647	Government	3.03	per Sq. Ft.
648	Single-Family	1,019.38	per Dwelling Unit
649	Multifamily	412.92	per Dwelling Unit

650
651 Section 2. If any provision of this ordinance or its
652 application to any person or circumstance is held invalid, the
653 remainder of the ordinance, or the application of the provision to
654 other persons or circumstances is not affected.

655
656 Section 3. This ordinance shall be in force and effect five
657 days from and after its passage by the Kirkland City Council and
658 publication pursuant to Section 1.08.017, Kirkland Municipal Code
659 in the summary form attached to the original of this ordinance and
660 by this reference approved by the City Council.

661
662 Passed by majority vote of the Kirkland City Council in open
663 meeting this 4 day of May, 2021.

664
665 Signed in authentication thereof this 4 day of May, 2021.



Penny Sweet, Mayor

Attest:



Kathi Anderson, City Clerk

Approved as to Form:



Kevin Raymond, City Attorney

Publication Date: 05/10/2021

PUBLICATION SUMMARY
OF ORDINANCE NO. 4758

AN ORDINANCE OF THE CITY OF KIRKLAND AUTHORIZING THE COLLECTION OF IMPACT FEES FOR FIRE PROTECTION FACILITIES AND ADDING CHAPTER 27.10 TO THE KIRKLAND MUNICIPAL CODE.

SECTION 1. Establishes a new Chapter 27.10 entitled "Fire Impact Fees."

SECTION 2. Provides a severability clause for the ordinance.

SECTION 3. Authorizes publication of the ordinance by summary, which summary is approved by the City Council pursuant to Section 1.08.017 Kirkland Municipal Code and establishes the effective date as five days after publication of summary.

The full text of this Ordinance will be mailed without charge to any person upon request made to the City Clerk for the City of Kirkland. The Ordinance was passed by the Kirkland City Council at its meeting on the 4 day of May, 2021.

I certify that the foregoing is a summary of Ordinance 4758 approved by the Kirkland City Council for summary publication.



Kathi Anderson, City Clerk

City of Kirkland, WA

FIRE AND PARKS IMPACT FEE UPDATE

Final Report
December 2020

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This entire report is made of readily recyclable materials, including the bronze wire binding and the front and back cover, which are made from post-consumer recycled plastic bottles.



FCS GROUP
Solutions-Oriented Consulting

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Section I. INTRODUCTION

The City of Kirkland, Washington (City) is a growing city with increasing demands for parks facilities. To help offset the costs that these demands place upon the City, the City imposes a Parks Impact Fee of \$4,391 for a single-family home, and \$3,338 for a multi-family dwelling unit. This fee was intended to recover an equitable share of system costs from growth, recognizing both the investments in infrastructure that the City has made and the future investments that the City will have to make to provide capacity to serve growth. The parks impact fee was last studied in 2015, and the City Council adopted Park Impact fees based on this study, which became effective in 2016. The fees have been indexed to inflation over the intervening time period and have thus increased every year. In 2020, the City contracted with FCS GROUP to update the fee. In addition, the City requested an initial impact fee for its fire and emergency medical services, which is included in this report. The scope of work also included updating the City's Transportation Impact Fee, but finalizing that work has been put on hold pending updates to the City's Transportation Management Plan (TMP) expected in 2021. Those results will be summarized in a separate report when the new information has been incorporated.

Consistent with these objectives, this study included the following key elements:

- **Overview of Washington Laws and Methodology Alternatives.** We worked with City staff to examine previous impact fee methodologies and evaluate alternative approaches in compliance with Washington law.
- **Develop Policy Framework.** We worked with City staff to identify, analyze, and agree on key policy issues and direction.
- **Technical Analysis.** In this step, we worked with City staff to resolve technical issues, isolate the recoverable portion of existing and planned facilities costs, and calculate fee alternatives. The most important technical consideration involves the identification and inclusion of planned capacity-increasing project costs.
- **Documentation and Presentation.** In this step, we presented preliminary findings to the City Council and summarized findings and recommendations in this report.

Section II. IMPACT FEE LEGAL OVERVIEW

Impact fees are enabled by state statutes, authorized by local ordinance, and constrained by the United States Constitution. Impact fees allow cities to recover some of the cost of expanding public facilities necessitated by growth. These fees allow “growth to pay for growth” in a fair and equitable manner. Impact fees have a specific definition and associated constraints in the state of Washington. Impact fees are allowed under RCW 82.02.050 through 82.02.110 and are permitted for:

- Public streets and roads
- Publicly owned parks, open space, and recreation facilities
- School facilities
- Fire protection facilities

The statute provides specific guidance on the permissible methodology for calculating impact fees. This guidance can be broken down into three major categories:

1. **Eligibility Requirements.** RCW 82.02.050(3) states that impact fees:
 - a. Shall only be imposed for system improvements that are reasonably related to the new development;
 - b. Shall not exceed a proportionate share of the costs of system improvements that are reasonably related to the new development; and;
 - c. Shall only be used for system improvements that will reasonably benefit the new development.

These requirements, which exist to protect developers, ensure that impact fees are based on—and spent for—capacity that will directly or indirectly serve new development. That is why careful scrutiny is given to the included project list. Moreover, the impact fee that a developer pays must represent that particular development’s fair share of required capacity. That is why developments pay a unique fee based on land use, anticipated occupancy, and size.

Additionally, RCW 82.02.050(5) states that “Impact fees may be collected and spent only for the public facilities . . . which are addressed by the capital facilities plan element of a comprehensive land use plan.” This means that if a project is not listed in the adopted capital facilities plan element, then it is not eligible to be included in impact fee calculations.

2. **Cost Basis.** RCW 82.02.060(1) outlines the cost basis of impact fee calculations, stating that the basis must consider:
 - a. The cost of public facilities necessitated by new development;
 - b. An adjustment to the cost of the public facilities for past or future payments made or reasonably anticipated to be made by new development to pay for particular system improvements in the form of user fees, debt service payments, taxes, or other payments earmarked for or pro-ratable to the particular system improvement;

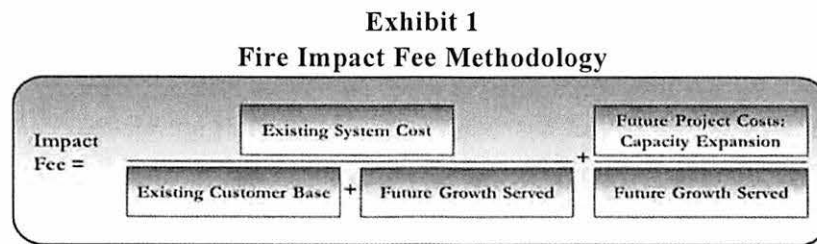
- c. The availability of other means of funding public facility improvements;
- d. The cost of existing public facilities improvements; and
- e. The methods by which public facilities improvements were financed.

This means that adjustments to the impact fee cost basis must be made for the amount of outstanding debt that was or will be used to pay for capital facility improvements, as well as other methods of funding public facilities improvements.

- 3. **Customer Base.** The costs determined to be eligible must be proportionately allocated across the projected customer base.

Section III. FIRE IMPACT FEE

The City does not currently have a fire impact fee. Therefore, instead of an update using an existing methodology, a new methodology must be applied. This study uses the *buy in plus growth method*, meaning that the impact fee is comprised of two separate parts: the existing cost component and the future cost component. Conceptually, this recognizes that the new customer is not fully served by the existing system, as evidenced by the need to make additional expansion investments. An expansion charge is added to this existing system charge by dividing the expansion portion of future capacity investments by the projected growth. The existing cost component consists of the existing system cost, divided by the existing customer base *plus* the future growth served. The future cost component consists of the capacity expanding portion of future projects, divided by *only* future growth served. These two components are then added together to create the fire impact fee. This methodology is shown in **Exhibit 1**.



Each of these components requires explanation and is examined in detail below.

III.A. EXISTING SYSTEM COST

The existing system cost is simply the cost of the City's existing assets used to provide fire and EMS services. This primarily consists of fire apparatus (including engines, aid cars, and marine units), miscellaneous equipment, and fire stations that are currently in service. The included assets are shown in **Exhibit 2** and **3**.

**Exhibit 2
Fire Apparatus**

Veh #	Acquisition		Useful Life	Original
	Date			Cost
F-612	2003		18	\$ 355,048
F-613A	2005		18	169,694
F-213	2006		8	58,314
F-613B	2006		18	233,605
F403B	2007		17	4,814
F-613C	2007		17	632
F-216	2008		8	66,368
F-318A	2010		8	188,990
F-614A	2010		18	542,752
F-614B	2010		18	244
F-318B	2011		8	1,243
F-614C	2011		18	2,163
F-319A	2012		8	197,374
F-615A	2012		18	269,200
F-319B	2013		8	330
F-615B	2013		18	311,091
F-320	2014		8	211,243
F-321	2014		8	211,455
F-507A	2014		8	2,403
F-615C	2014		17	2,947
F-322A	2015		8	225,148
F-323A	2015		8	225,148
F-507B	2015		18	1,215,767
F-616A	2015		18	603,529
Marine-1	2015		10	38,690
Marine-2	2015		10	38,690
F-318C	2016		8	40,359
F-319C	2016		8	40,359
F-322B	2016		8	42,739
F-323B	2016		8	42,769
F-507C	2016		8	1,349
F-616B	2016		8	23
F-617	2017		18	665,441
F 617	2018		18	22,418
F214X	2006		8	26,964
F222	2014		8	31,265
F223	2014		8	31,265
F224	2014		8	31,265
F225	2014		8	31,265
Included Total				\$ 6,184,368

The total apparatus cost is \$6.2 million. The other major component of the City's assets is its fire stations, which total \$8.5 million.

**Exhibit 3
City Fire Stations**

Station	Year Acquired	Original Cost
Fire Station #21	1998	\$ 1,352,826
Fire Station #22	1980	662,700
Fire Station #26	1994	1,588,088
FS#25 (FD41 Annex)	2011	1,078,600
Fire Station #25 Renovation	2018	3,653,513
FS#27 (FD41 Annex)	2011	213,700
Total		\$ 8,549,428

Combined with \$379,317 in included-miscellaneous equipment, the total existing cost component can be calculated as shown in **Exhibit 4** below and totaling \$15,113,113.

**Exhibit 4
Existing Cost Component**

Asset Category	Cost
Apparatus	\$ 6,184,368
Miscellaneous Equip.	379,317
Stations	8,549,428
Existing Cost Component	\$ 15,113,113

III.B. CUSTOMER BASE

The next step is to calculate the existing customer base. The City provided the number of dwelling units in the City in 2015, along with the area (in square feet) of various nonresidential land use types. Based on the City's comprehensive plan, anticipated development by 2035 and annual growth rates could be calculated as shown in **Exhibit 5**. Using the compound annual growth rate, the total amount of development in 2019 could be interpolated. Development in 2019 is the existing customer base, and the estimated development between 2020 and 2035 is the future customer base.

**Exhibit 5
Development**

Land Use	Measurement	2015 Existing	Additional 2035 Development	Compound Annual Growth Rate	2019 Development
Commercial	Sq. Ft.	4,063,759	889,766	0.99%	4,227,905
Office & Industrial	Sq. Ft.	8,799,061	4,831,614	2.21%	9,604,008
Schools	Sq. Ft.	2,468,850	551,102	1.01%	2,570,371
Health Care	Sq. Ft.	2,017,135	450,269	1.01%	2,100,081
Government	Sq. Ft.	320,571	71,559	1.01%	333,753
Single-Family	Dwelling Unit	20,451	3,511	0.80%	21,109
Multifamily	Dwelling Unit	17,086	10,153	2.36%	18,756

The City provided response data from 2019, categorized by land use type. This was used to calculate the 2019 incident generation rate, or the number of incidents generated by each unit of development, as shown in **Exhibit 6**.

**Exhibit 6
2019 Incident Generation Rate**

Land Use	Measurement	2019 Development	2019 Incidents	2019 Incident Generation Rate
Commercial	Sq. Ft	4,227,905	936	0.00022
Office & Industrial	Sq. Ft	9,604,008	169	0.00002
Schools	Sq. Ft	2,570,371	220	0.00009
Health Care	Sq. Ft	2,100,081	1,092	0.00052
Government	Sq. Ft	333,753	162	0.00049
Single-Family	Dwelling Unit	21,109	2,903	0.13754
Multifamily	Dwelling Unit	18,756	2,157	0.11500
Total			7,640	

Assuming that incident generation rates across land use types remain the same, an incident forecast for 2035 can be prepared, as shown in Exhibit 7.

**Exhibit 7
Incident Forecast**

Land Use	Measurement	2015 Existing	2035 Development	2019 Incident Generation Rate	2035 Incident Forecast
Commercial	Sq. Ft	4,063,759	4,953,525	0.00022	1,097
Office & Industrial	Sq. Ft	8,799,061	13,630,675	0.00002	240
Schools	Sq. Ft	2,468,850	3,019,952	0.00009	259
Health Care	Sq. Ft	2,017,135	2,467,404	0.00052	1,283
Government	Sq. Ft	320,571	392,130	0.00049	191
Single-Family	Dwelling Unit	20,451	23,962	0.13754	3,296
Multifamily	Dwelling Unit	17,086	27,239	0.11500	3,133
Total					9,497

The annual number of incidents is expected to grow by 1,857 incidents between 2019 and 2035 (9,497 – 7,640 = 1,857). This results in a *growth eligibility percentage* of 19.56 percent.

$$1,857 \div 9,497 = 19.56\%$$

Unlike other City services, it is difficult to assign future investments as 100 percent growth related. Apparatus are mobile, and most of the growth within the City is projected to be infill and redevelopment. Thus, future projects will be assumed to serve both existing development and future growth. This means that future system investments will only be 19.56 percent eligible for inclusion in the future cost component.

III.C. FUTURE COST COMPONENT

The City provided a capital improvement plan (CIP) that included both funded and unfunded projects. However, after discussions with City staff, it was determined that the unfunded portion of the CIP should be included in the impact fee cost basis only if the City's Proposition #1 levy failed at

the November 2020 election. The levy passed, so the projects listed in the unfunded portion of the CIP will be funded with levy funds instead, and not included in the impact fee study. The included CIP projects are shown in **Exhibit 8**.

**Exhibit 8
Future Projects**

Project Number	Project Title	Prior Year(s) (not included)	2019-2024 Total	Impact Fee Eligibility	Impact Fee Eligible Cost
FIRE					
PSC 06300	Air Fill Station Replacement		86,200	19.56%	16,857
PSC 06600	Thermal Imaging Cameras		93,400	19.56%	18,265
PSC 07100	Self Contained Breathing Apparatus (SCBA)		1,017,600	19.56%	198,999
PSC 07600	Personal Protective Equipment		1,320,500	19.56%	258,233
PSC 08000	Emergency Generators	120,000	120,000	19.56%	46,934
PSC 08100	Fire Station 26 Training Prop		290,000	19.56%	56,712
PSC 08200	Water Rescue Craft Storage & Lift		87,900	19.56%	17,189
FACILITIES					
PSC 30021	Fire Station 24 Land Acquisition	4,437,530	5,737,530	19.56%	1,989,804
PSC 30022	Fire Station 24 Replacement	10,133,300	16,890,908	19.56%	5,284,772
Total Funded Public Safety Projects		\$ 14,690,830	\$ 25,644,038		\$ 7,887,764

The future cost to be included is \$25.6 million. When multiplied by the growth eligibility percentage calculated above, the future cost basis is \$7.9 million.

III.D. IMPACT FEE CALCULATION

All the cost bases of the impact fee have now been calculated. However, as the impact fee will be charged based on individual land use type, each cost component must be distributed across the various land use types. This is done on the percentage of incidents in the relevant year (2019 for the current cost basis and 2035 for the future cost basis). **Exhibit 9** shows the distribution and resulting impact fee for apparatus costs.

**Exhibit 9
Apparatus Fee Calculation**

Land Use Type	Unit of Development	2019 Incidents	2019 Incident Breakdown	Cost Basis:		Fee
				2019	2035	
Commercial	Sq. Ft.	936	12.25%	\$ 757,740	4,953,525	\$ 0.15
Office & Industrial	Sq. Ft.	169	2.21%	136,642	13,630,675	0.01
Schools	Sq. Ft.	220	2.88%	178,344	3,019,952	0.06
Health Care	Sq. Ft.	1,092	14.29%	883,735	2,467,404	0.36
Government	Sq. Ft.	162	2.12%	131,318	392,130	0.33
Single-Family	Dwelling Unit	2,903	38.01%	2,350,415	23,962	98.09
Multifamily	Dwelling Unit	2,157	28.24%	1,746,174	27,239	64.11
Total		7,640	100.00%	\$ 6,184,368		

Exhibit 10 shows the distribution and resulting impact fee for fire stations and miscellaneous equipment costs.

**Exhibit 10
Stations and Miscellaneous Equipment Fee Calculation**

Land Use Type	Unit of Development	2019 Incidents	2019 Incident Breakdown	Cost Basis		2035 Development	Fee
				\$8,928,745			
Commercial	Sq. Ft.	936	12.25%	\$	1,093,995	4,953,525	\$ 0.22
Office & Industrial	Sq. Ft.	169	2.21%		197,278	13,630,675	0.01
Schools	Sq. Ft.	220	2.88%		257,486	3,019,952	0.09
Health Care	Sq. Ft.	1,092	14.29%		1,275,901	2,467,404	0.52
Government	Sq. Ft.	162	2.12%		189,592	392,130	0.48
Single-Family	Dwelling Unit	2,903	38.01%		3,393,435	23,962	141.62
Multifamily	Dwelling Unit	2,157	28.24%		2,521,057	27,239	92.55
Total		7,640	100.00%	\$	8,928,745		

Finally, the future cost basis is distributed in **Exhibit 11**. As the future cost basis is divided only by future growth, the incidents, incident breakdown, and development are different than in **Exhibits 9** and **10**.

**Exhibit 11
Future Projects Fee Calculation**

Land Use Type	Unit of Development	2035 Projected Incidents	2035 Incident Breakdown	Cost Basis		Growth by 2035	Fee
				\$	7,887,764		
Commercial	Sq. Ft.	1,097	11.55%	\$	910,885	889,766	\$ 1.02
Office & Industrial	Sq. Ft.	240	2.52%		198,977	4,831,614	0.04
Schools	Sq. Ft.	259	2.73%		214,989	551,102	0.39
Health Care	Sq. Ft.	1,283	13.51%		1,065,320	450,269	2.37
Government	Sq. Ft.	191	2.01%		158,301	71,559	2.21
Single-Family	Dwelling Unit	3,296	34.70%		2,737,444	3,511	779.68
Multifamily	Dwelling Unit	3,133	32.99%		2,601,849	10,153	256.26
Total		9,497	100.00%	\$	7,887,764		

The total fire impact fee is the sum of these three calculated fees, shown below in **Exhibit 12**.

**Exhibit 12
Fire Impact Fee Schedule**

Land Use Type	Existing Fee		Future Fee		Total Fee	Unit of Development
	\$	Component	\$	Component		
Commercial	\$	0.37	\$	1.02	\$ 1.40	per Sq. Ft.
Office & Industrial		0.02		0.04	0.07	per Sq. Ft.
Schools		0.14		0.39	0.53	per Sq. Ft.
Health Care		0.88		2.37	3.24	per Sq. Ft.
Government		0.82		2.21	3.03	per Sq. Ft.
Single-Family		239.71		779.68	1,019.38	per Dwelling Unit
Multifamily		156.66		256.26	412.92	per Dwelling Unit

Finally, the calculated fire impact fees can be multiplied by anticipated growth to forecast the revenue the City will receive if it fully adopts the fire impact fee.

**Exhibit 13
Fire Impact Fee Revenue Forecast**

Land Use Type	Total Fee	Unit of Development	Growth by 2035	Existing Component Revenue	Future Component Revenue
Commercial	\$ 1.40	per Sq. Ft.	889,766	\$ 332,614	\$ 910,885
Office & Industrial	0.07	per Sq. Ft.	4,831,614	118,363	198,977
Schools	0.53	per Sq. Ft.	551,102	79,533	214,989
Health Care	3.24	per Sq. Ft.	450,269	394,105	1,065,320
Government	3.03	per Sq. Ft.	71,559	58,562	158,301
Single-Family	1,019.38	per Dwelling Unit	3,511	841,610	2,737,444
Multifamily	412.92	per Dwelling Unit	10,153	1,590,558	2,601,849
Total Revenue Generated				\$ 3,415,346	\$ 7,887,764

The total revenue generated is \$11.3 million. This represents 44% of the 2019-24 CIP shown in **Exhibit 8**.

FCS GROUP also surveyed neighboring jurisdictions to determine how the City’s calculated fire impact fees fit into a regional context. The results of this survey are shown in **Exhibit 14**. Fire impact fees are not as common as other types of impact fees, but Kirkland’s calculated fee is in line with those imposed by other Western Washington jurisdictions.

**Exhibit 14
Fire Impact Fee Survey**

City	SFR	MFR
Issaquah	\$ 2,213	\$ 2,485
Shoreline	2,187	1,895
Kirkland	1,019	413
Renton	830	965
Redmond	125	149
Sammamish	N/A	N/A
Bellevue	N/A	N/A
Sammamish	N/A	N/A
Vancouver	N/A	N/A

Section IV. PARKS IMPACT FEE

This section provides the detailed calculations of the maximum defensible parks impact fee. As the City already has an existing parks impact fee, this study uses the same investment-based methodology as was previously used. This approach is based on the total value of the City’s park system, divided by the total applicable customer base. One change was made to the previous calculation. This impact fee uses residential equivalents (described below) that is added to the city population to account for the impacts of nonresidential development on City infrastructure.

IV.A. CUSTOMER BASE

The first step is to calculate the parks capital value per person, or the value of the existing system divided by the user base. The City currently defines the user base of its park system as the City’s population. However, an alternative methodology is based on *residential equivalents*, which measures and includes the additional impact of employees of businesses within the City on the parks system. The calculation of residential equivalents is shown below.

IV.A.1. Residential Equivalents

To charge parks impact fees to both residential and non-residential developments, we must estimate both (1) how much availability non-residential occupants (i.e., employees) have to use parks facilities and (2) how that availability differs from residential occupants (i.e., residents).

The calculation begins with the most recent data for both population and employment in Kirkland. As shown below, in 2017 (the most recent year for which both population and employment data were available), 86,080 residents lived in Kirkland, and 47,834 employees worked in Kirkland. Of these, 5,484 people both lived and worked in Kirkland, as shown in **Exhibit 15**.

Exhibit 15
Residents and Employees in Kirkland (2017)

	Living Inside Kirkland	Living Outside Kirkland	Total
Working inside Kirkland	5,484	42,350	47,834
Working outside Kirkland	39,184		
Not working	41,412		
Total	86,080		

Source: WA OFM Population Statistics, US Census Bureau: OnTheMap Application

Next, we estimate the number of hours per week that each category of person would be available to use the parks facilities in Kirkland. For example, a resident of the City who was not working would have 112 hours per week available to use park facilities (7 days x 16 hours per day). The table below shows FCS GROUP’s estimate of maximum time available for use. It is not an estimate of actual use.

Exhibit 16
Available Hours by Category

Hours per Week of Park Availability per Person, Residential Demand	Living Inside Kirkland	Living Outside Kirkland
Working inside Kirkland	72	N/A
Working outside Kirkland	72	N/A
Not working	112	N/A
Hours per Week of Park Availability per Person, Non-Residential Demand	Living Inside Kirkland	Living Outside Kirkland
Working inside Kirkland	10	10
Working outside Kirkland	N/A	N/A
Not working	N/A	N/A

Source: FCS GROUP

When the hours of availability above are multiplied by the population and employee counts presented earlier, we can determine the relative parks demand of residents and employees. As shown in **Exhibit 17**, the parks demand of one employee is equivalent to the parks demand of 0.11 resident. Another way of understanding this is that the parks demand of 9.12 employees is equivalent to the parks demand of one resident.

Exhibit 17
Total Available Hours by Class

Total Hours per Week of Park Availability, 2017	Residential Hours	Non-Residential Hours	Total Hours
Working inside Kirkland	394,848	478,340	873,188
Working outside Kirkland	2,821,248		2,821,248
Not working	4,638,144		4,638,144
Total	7,854,240	478,340	8,332,580
Hours per resident	91.24		
Hours per employee		10.00	
Employee Residential Equivalent			0.110

Source: Previous tables

IV.A.2. Growth

The current (2020) demand for parks facilities is 96,121 residential equivalents. That number is the sum of 90,660 residents (based on the Washington State Office of Financial Management’s official state population projections), and 5,461 residential equivalents for 49,832 employees. The number of employees is based on the 2017 number of employees, inflated to 2020 based on the City’s planning data.

During the forecast period from 2020 to 2024, chosen to match the capital plan, residential population is expected to grow by 983 residents to a total of 91,643 residents. Population growth was forecast at 0.27 percent annually, and growth in employees forecast at 1.37 percent annually. As

shown in **Exhibit 18**, residential equivalents will grow by 1,289 residential equivalents to a total of 97,410 residential equivalents.

Exhibit 18
Growth in Residential Equivalents

	2017	2020	2024	Growth from 2020 to 2024
Population	86,080	90,660	91,643	983
Employees	47,834	49,832	52,627	2,795
Residential Equivalent Employees	5,242	5,461	5,768	306
Total Residential Equivalents	91,322	96,121	97,410	1,289

As of the time of this report, the City had not determined whether to use residential equivalents as the customer base, which would allow it to charge nonresidential development, or to retain its current approach and charge only residential development. This report shows each calculation in parallel, so the differences between the two approaches are clear.

IV.B. IMPACT FEE CALCULATION

The next step is to calculate the capital value per person or residential equivalent. This study is based on the previous valuations of the City park system, inflated by the actual rise in property assessed values in Kirkland between 2014 and 2020 (80.74 percent). This is shown in **Exhibit 19**.

Exhibit 19a
Park System Inventory

Name	2014			2020			
	Land Value	Improvement Value	2014 Total Value	Inflated Land Value	Inflated Improvement Value	Additional CIP Improvements	2020 Total Value
132nd Square Park	\$ 466,000	\$ 2,462,121	\$ 2,928,121	\$ 842,264	\$ 4,450,121	\$ 9,058	\$ 5,301,444
Beach Property	45,000	-	45,000	81,335	-	-	81,335
Brookhaven Park	622,100	24,725	646,825	1,124,405	44,688	-	1,169,093
Carillon Woods	9,634,000	180,920	9,814,920	17,412,823	327,001	-	17,739,824
Cedar View Park	465,500	101,500	567,000	841,361	183,455	-	1,024,815
Cotton Hill Park	803,000	-	803,000	1,451,370	-	-	1,451,370
Crestwoods Park	13,784,500	2,457,493	16,241,993	24,914,579	4,441,756	-	29,356,336
David E. Brink Park	15,379,000	648,124	16,027,124	27,796,534	1,171,442	-	28,967,975
Edith Moulton Park	3,648,000	287,940	3,935,940	6,593,521	520,433	1,878,356	8,992,310
Everest Park	5,812,800	3,918,638	9,731,438	10,506,255	7,082,680	409	17,589,344
Forbes Creek Park	2,852,000	524,875	3,376,875	5,154,803	948,677	-	6,103,480
Forbes Lake Park	1,382,000	-	1,382,000	2,497,874	-	140,602	2,638,476
Heritage Park	16,215,500	2,091,641	18,307,141	29,308,452	3,780,504	-	33,088,956
Heronfield Wetlands	2,128,200	16,100	2,144,300	3,846,582	29,100	-	3,875,682
Highlands Park	1,271,000	351,584	1,622,584	2,297,249	635,465	-	2,932,714
Houghton Beach Park	30,150,000	2,238,895	32,388,895	54,494,147	4,046,656	-	58,540,803
Juanita Bay Park	25,880,200	4,886,922	30,767,122	46,776,764	8,832,790	2,759	55,612,312
Juanita Beach Park	10,752,000	9,210,079	19,962,079	19,433,535	16,646,614	688,569	36,768,717
Juanita Heights Park	1,168,000	5,600	1,173,600	2,111,083	10,122	736,033	2,857,238
Kingsgate Park	1,293,000	5,000	1,298,000	2,337,013	9,037	-	2,346,050
Kiwanis Park	8,282,000	16,000	8,298,000	14,969,172	28,919	-	14,998,091
Lake Ave W Street End Park	5,513,278	12,700	5,525,978	9,964,888	22,954	-	9,987,843
Marina Park	12,000,000	5,573,669	17,573,669	21,689,213	10,074,040	11,798	31,775,051
Mark Twain Park	624,000	874,062	1,498,062	1,127,839	1,579,810	-	2,707,649
Marsh Park	16,950,000	705,526	17,655,526	30,636,013	1,275,192	18,937	31,930,142
McAuliffe Park	2,888,800	523,408	3,412,208	5,221,316	946,026	-	6,167,342
Neil-Landguth Wetland Park	140,000	5,000	145,000	253,041	9,037	-	262,078
North Kirkland Com Ctr Park	3,172,800	7,196,029	10,368,829	5,734,628	13,006,349	-	18,740,977
North Rose Hill Woodlands Park	1,944,000	1,100,505	3,044,505	3,513,652	1,989,091	-	5,502,743
Ohde Avenue Pea Patch	666,000	2,250	668,250	1,203,751	4,067	-	1,207,818
Open Space 1138020240	189,000	-	189,000	341,605	-	-	341,605
Open Space 1437900440	1,000	-	1,000	1,807	-	-	1,807
Open Space 3295730200	1,000	-	1,000	1,807	-	-	1,807
Open Space 3326059150	988,000	-	988,000	1,785,745	-	-	1,785,745
Open Space 6639900214	177,000	-	177,000	319,916	-	-	319,916
Open Space 3326059136	1,060,900	-	1,060,900	1,917,507	-	-	1,917,507
Open Space 2426049132	651,000	-	651,000	1,176,640	-	-	1,176,640
Open Space 2540800430	1,000	-	1,000	1,807	-	-	1,807
Open Space 3261020380	5,000	-	5,000	9,037	-	-	9,037
Open Space 3275740240	1,000	-	1,000	1,807	-	-	1,807
Open Space 3754500950	476,000	-	476,000	860,339	-	-	860,339
Open Space 6619910290	240,000	-	240,000	433,784	-	-	433,784

Exhibit 19b
Park System Inventory cont.

Name	2014			2020			
	Land Value	Improvement Value	2014 Total Value	Inflated Land Value	Inflated Improvement Value	Additional CIP Improvements	2020 Total Value
Open Space 7016100600	536,000	-	536,000	968,785	-	-	968,785
Open Space 7016300061	1,000	-	1,000	1,807	-	-	1,807
Open Space 7955060320	164,000	-	164,000	296,419	-	-	296,419
Open Space 9527000610	1,000	-	1,000	1,807	-	-	1,807
Open Space 1119000270	1,000	-	1,000	1,807	-	-	1,807
Open Space 3558910830	1,000	-	1,000	1,807	-	-	1,807
Peter Kirk Park	27,181,400	17,367,453	44,548,853	49,128,597	31,390,532	78,596	80,597,726
Phyllis A Needy - Houghton Nbr	422,000	363,653	785,653	762,737	657,278	-	1,420,015
Reservoir Park	718,000	150,300	868,300	1,297,738	271,657	-	1,569,395
Rose Hill Meadows	1,888,000	452,044	2,340,044	3,412,436	817,040	-	4,229,476
Settler's Landing	1,800,000	506,400	2,306,400	3,253,382	915,285	-	4,168,667
Snyders Corner Park	772,000	-	772,000	1,395,339	-	-	1,395,339
South Norway Hill Park	2,553,400	-	2,553,400	4,615,103	-	-	4,615,103
South Rose Hill Park	450,000	480,721	930,721	813,345	866,872	-	1,682,217
Spinney Homestead Park	3,896,000	718,878	4,614,878	7,041,764	1,299,324	-	8,341,088
Street End Park	299,891	-	299,891	542,033	-	-	542,033
Terrace Park	865,700	397,787	1,263,487	1,564,696	718,974	815	2,284,485
Tot Lot Park	763,000	138,205	901,205	1,379,072	249,796	4,372	1,633,241
Van Aalst Park	1,788,000	260,160	2,048,160	3,231,693	470,222	-	3,701,915
Watershed Park	10,248,900	-	10,248,900	18,524,214	-	-	18,524,214
Waverly Beach Park	6,605,500	1,761,240	8,366,740	11,939,008	3,183,325	1,301,710	16,424,042
Windsor Vista Park	977,000	-	977,000	1,765,863	-	-	1,765,863
Wiviott Property	131,000	-	131,000	236,774	-	-	236,774
Yarrow Bay Wetlands	3,209,600	-	3,209,600	5,801,141	-	-	5,801,141
Cross Kirkland Corridor Trail	1,000,000	4,102,560	5,102,560	1,807,434	7,415,108	-	9,222,542
2015 Dock Shoreline	-	-	-	-	-	106,060	106,060
2017 Neighborhood Park Land Acq	-	-	-	-	-	1,683,120	1,683,120
2013 Dock Shoreline	-	-	-	-	-	344,061	344,061
Totem LK/CKC Land Acquisifon	-	-	-	-	-	181,569	181,569
2016 Dock Shoreline	-	-	-	-	-	300,184	300,184
OO Denny Park Improvements	-	-	-	-	-	150,605	150,605
Parks Maintenance Center	-	-	-	-	-	10,816,907	10,816,907
PK Pool Liner Replacement	-	-	-	-	-	214,855	214,855
2017 Dock Shoreline	-	-	-	-	-	212,341	212,341
2018 Neighborhood Park Land Acqu	-	-	-	-	-	65,124	65,124
2015 Dock Shoreline	-	-	-	-	-	328	328
Totem LK/CKC Land Acquisifon	-	-	-	-	-	125	125
Totem Lake Park Master Plan Ph. 1	-	-	-	-	-	996,231	996,231
15/17/18 City School Partnership	-	-	-	-	-	161,253	161,253
2018 City-School Partnership	-	-	-	-	-	161,253	161,253
Neighborhood Park Land Acquisi (extra)	-	-	-	-	-	3,000	3,000
Total	\$ 265,996,969	\$ 72,120,702	\$ 338,117,671	\$ 480,772,071	\$ 130,353,437	\$ 20,269,029	\$ 631,394,537

As shown, the value of the park system has increased from about \$338 million to \$631 million. This results in an increase in the capital value per person or residential equivalent, as shown in **Exhibit 20**.

Exhibit 20
Capital Value per Person / Residential Equivalent

	Previous Study	Current Study (w/o nonresidential)	Current Study (w/nonresidential)
Value of Parks Inventory	\$ 338,118,273	\$ 631,394,537	\$ 631,394,537
Population / Residential Equivalents	82,590	90,660	96,121
Capital Value Per Person / RE	\$ 4,094	\$ 6,964	\$ 6,569

Now that the capital value per resident or residential equivalent has been calculated, the next step is to calculate the value of parks needed for growth. This is the capital value calculated above,

multiplied by the forecasted growth. This represents the total investment that is eligible to be recovered through impact fees.

Exhibit 21
Value Needed for Growth

	Previous Study	Current Study (w/o nonresidential)	Current Study (w/nonresidential)
Capital Value per Person / RE	\$ 4,094	\$ 6,964	\$ 6,569
Growth of Population / REs	4,320	983	1,289
Investment Needed for Growth	\$ 17,685,809	\$ 6,843,223	\$ 8,466,310

The investment needed for growth has decreased from the previous study, due to the relatively short remaining planning period, and an anticipated decrease in the population growth rate. However, these values also need to be adjusted for consistency with the CIP. Under Washington state law, impact fees can only recover the growth-related cost of CIP projects that add capacity to the park system. The City provided a list of projects that would be completed through 2024, as well as an estimate of how much of each project would increase the capacity of the park system. This is shown in **Exhibit 22**.

Exhibit 22
Capital Improvement Program

Project Number	Project Title	2019-2024 Total	Capacity Share	Eligible Cost
PKC 04900	Open Space, Park Land & Trail Acq Grant Match Program	100,000	100%	\$ 100,000
PKC 06600	Parks, Play Areas & Accessibility Enhancements	1,115,000	0%	-
PKC 08711	Waverly Beach Park Renovation Phase II	515,000	0%	-
PKC 11901	Juanita Beach Park Bathhouse Replacement	1,208,311	13%	157,080
PKC 11903	Juanita Beach Park Playground	366,000	58%	212,280
PKC 12100	Green Kirkland Forest Restoration Program	600,000	0%	-
PKC 13310	Dock & Shoreline Renovations	1,660,000	0%	-
PKC 13330	Neighborhood Park Land Acquisition	5,418,000	100%	5,418,000
PKC 13400	132nd Square Park Playfields Renovation	5,672,200	50%	2,836,100
PKC 13420	132nd Square Park Master Plan	135,000	80%	108,000
PKC 13530	Juanita Heights Park Trail	243,800	100%	243,800
PKC 13902	Totem Lake Park Development - Expanded Phase I	6,159,200	90%	5,543,280
PKC 14200	Houghton Beach & Everest Park Restroom Repl. Design	85,000	0%	-
PKC 14700	Parks Maintenance Center	2,958,351	14%	414,169
PKC 15100	Park Facilities Life Cycle Projects	950,000	0%	-
PKC 15400	Indoor Recreation & Aquatic Facility Study	160,000	100%	160,000
PKC 15500	Finn Hill Neighborhood Green Loop Trail Master Plan	160,000	100%	160,000
PKC 15600	Park Restrooms Renovation/Replacement Program	1,583,000	0%	-
PKC 15700	Neighborhood Park Development Program	1,583,000	100%	1,583,000
Total Funded Park Projects		30,671,862	Total	\$ 16,935,710

The total growth-related portion of the CIP is about \$16.9 million. As this value exceeds the investment needed for growth calculated in **Exhibit 21**, no adjustment is needed to reduce the investment needed for growth -- the adjustment percentage is 100 percent, as shown in **Exhibit 23**.

**Exhibit 23
CIP Adjustment**

	Previous Study	Current Study (w/o nonresidential)	Current Study (w/nonresidential)
Cost of CIP Projects that Add Capacity	\$ 6,857,400	\$ 16,935,710	\$ 16,935,710
Investment Needed for Growth	17,685,809	6,843,223	8,466,310
Adjustment Percentage	39%	100%	100%

The penultimate step is to multiply the adjustment percentage by the capital value per person or residential equivalent calculated in **Exhibit 20**. This is the growth cost per person or residential equivalent, shown in **Exhibit 24**.

**Exhibit 24
Growth Cost per Person / Residential Equivalent**

	Previous Study	Current Study (w/o nonresidential)	Current Study (w/nonresidential)
Capital Value per Person / RE	\$ 4,094	\$ 6,964	\$ 6,569
Adjustment Percentage	39%	100%	100%
Growth Cost per Person / RE	\$ 1,587	\$ 6,964	\$ 6,569

Finally, the growth cost per person or residential equivalent is multiplied by the Kirkland-specific average occupancy rates of various residential units or the residential equivalence (if applicable) to determine the parks impact fee.

**Exhibit 25
Occupancy Rates by Dwelling Unit**

	Previous Study Value	Current Study
Single-Family	2.5	2.5
Multi-Family	1.9	1.7
Residential Suite	N/A	0.9
Residential Equivalence	N/A	0.1

This results in the calculated impact fees shown below.

**Exhibit 26
Impact Fee per Unit of Development**

	Previous Study	Current Study (w/o nonresidential)	Current Study (w/nonresidential)
Single-Family	\$ 3,968	\$ 17,496	\$ 16,501
Multi-family	3,016	11,845	11,172
Residential Suite	N/A	6,268	5,912
Per Employee	N/A	N/A	720

The calculated impact fee represents a sizeable increase over the existing parks impact fee. This is driven primarily by the low growth forecasted within the city through 2024 (based on past projections), as well as the large increase in the assessed value of the parks system. Thus, the high impact fee appropriately reflects the high cost of developing new parks within Kirkland. It should be

reiterated that this represents the *maximum allowable impact fee*, and the City is not under any obligation to adopt the calculated fee.

Finally, FCS GROUP compared the calculated park impact fee to other regional jurisdictions.

**Exhibit 27
Park Impact Fee Survey**

Parks Impact Fee Comparison	Single Family	
	Residence	Multi-Family
Kirkland (calculated maximum)	\$ 16,501	\$ 11,172
Issaquah	9,107	5,591
Sammamish	6,739	4,362
Redmond	4,738	3,289
Kirkland (existing)	4,391	3,338
Shoreline	4,090	2,683
Renton	3,946	2,801
Vancouver	2,379	1,739
Bellevue	N/A	N/A

The calculated maximum for the City (including non-residential) is significantly higher than any other surveyed jurisdiction.

Section V. INDEXING

The City already annually indexes its impact fees to the *Engineering News-Record* Construction Cost Index. We recommend that the City continue this practice for its parks impact fee and institute it for its fire and EMS impact fee, as it provides an adjustment which at least partially responds to the cost basis over time. We also recommend that the City continue its practice of periodically updating its impact fees to ensure that they recover the full cost of growth's impacts on City facilities.