

**CITY OF MOUNTLAKE TERRACE**

**ORDINANCE NO. 2573**

**AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE AMENDING  
ORDINANCE NO. 2505, INCLUDING APPENDIX A AND APPENDIX B, AND  
CHAPTER 18.30 "TRANSPORTATION IMPACT FEES" OF THE  
MOUNTLAKE TERRACE MUNICIPAL CODE, INCLUDING APPENDIX A  
AND APPENDIX B, BY REVISING THE PERIOD FOR EXPENDING  
TRANSPORTATION IMPACT FEE REVENUES AND REVISING THE  
SCHEDULE AND METHOD OF CALCULATING TRANSPORTATION  
IMPACT FEES FOR DEVELOPMENT**

**WHEREAS**, RCW 82.02.050 - 82.02.100 authorizes and provides for impact fees as a funding tool that may be used by local governments planning under the Growth Management Act (GMA) for the financing of certain kinds of public facilities; and

**WHEREAS**, the City of Mountlake Terrace is required to plan and does plan under the GMA; and

**WHEREAS**, the City has identified street capital improvement projects that are eligible to be funded in part by impact fees and such projects were identified in the final Town Center Environmental Impact Statement (2007) and are being included in the City's Capital Improvement Plan and/or Transportation Improvement Program; and

**WHEREAS**, the City's Comprehensive Plan, including the adopted Town Center Plan, designates a specific area of the City as "Town Center;" and

**WHEREAS**, certain street improvements as identified in the Environmental Impact Statement (2007) will be needed for future growth and development, with or without implementation of the Town Center Plan, and impact fees may be charged on a citywide basis to help pay for the cost of such improvements; and

**WHEREAS**, other street improvements as identified in the Environmental Impact Statement (2007) will be needed to mitigate impacts of development within the Town Center, pursuant to implementation of the Town Center Plan, and impact fees for such development may be charged on a specific area basis that coincides with the boundaries of the designated Town Center; and

**WHEREAS**, the City adopted a transportation impact fee ordinance, Ordinance No. 2458, in September 2007 and such ordinance provided for Service Area 2 to be co-extensive with the designated Town Center district; and

**WHEREAS**, on December 1, 2008, the designated Town Center district was expanded to include a new area along 236<sup>th</sup> Street SW; and

**WHEREAS**, the City Council adopted a transportation impact fee ordinance, Ordinance No. 2505, on December 15, 2008 and such ordinance included the new area of the designated Town Center district and repealed and replaced Ordinance No. 2458; and

**WHEREAS**, both Ordinance No. 2458 and Ordinance No. 2505 provided for park impact fees to help mitigate the impacts of development and set development's share to be discounted from the total estimated cost of the mitigation projects by 25%; and

**WHEREAS**, the existing economic conditions and constrained financial markets have created a financing environment that significantly impedes economic development and the City Council desires to encourage economic development that will bring new vitality to the city; and

**WHEREAS**, in 2011, the Washington State Legislature passed ESHB 1478, which provided certain types of fiscal relief to local governments and revised the period by which impact fee revenues must be expended from six years to ten years; and

**WHEREAS**, at a public meeting on August 22, 2011, the City of Mountlake Terrace Planning Commission reviewed impact fee rate options and recommended that the City Council adopt an ordinance to revise the park impact fee rate by changing from a 25% discount to the development contribution for the park mitigation costs to a 50% discount, effective August 1, 2011, and making the rate change subject to a three-year sunset before returning to the 25% discount; and

**WHEREAS**, pursuant to proper public notice under the municipal code, the City Council held a public hearing on September 6, on the proposed impact fee revisions;

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOUNTLAKE TERRACE, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1.** Ordinance No. 2505 § 1 and Mountlake Terrace Municipal Code Section 18.30.090, Expenditures are hereby amended to read as follows:

**18.30.090 Expenditures.**

A. The impact fees deposited into the impact fee account, and the interest and profit received from the investment thereof, shall be expended only for those transportation projects for which the impact fees were collected, in conformance with the Capital Facilities Plan and/or the Transportation Improvement Program, as appropriate.

B. The funds shall be expended or encumbered within ten years of receipt by the City, unless written findings by the City Council identify an extraordinary and compelling reason for fees to be held longer than ten years. Impact fees shall be considered encumbered on a first in, first out basis.

C. The City shall prepare an annual report on the impact fee account showing the source and amount of all moneys collected, earned, or received and system improvements that were financed in whole or in part by impact fees.

**Section 2.** Ordinance No. 2505 § 1 and Mountlake Terrace Municipal Code Section 18.30.100, Refunds are hereby amended to read as follows:

**18.30.100 Refunds.**

A. The City shall refund to the current property owners of property on which an impact fee has been paid, any impact fees that have not been expended or encumbered for the transportation improvement projects for which they were collected within ten years from the date of receipt (or such longer period of time established in the event that the City finds that an extraordinary or compelling reason exists to hold the fees longer than ten years as provided in MTMC 18.30.090). Impact fees shall be considered encumbered on a first in, first out basis. The City shall notify potential refund claimants by first-class mail deposited with the United States postal service at the last known address of claimants.

B. The City shall also refund to the current property owner on which an impact fee has been paid all impact fees paid with respect to such property if the development activity for which the impact fee was imposed did not occur; provided, that if some, but not all, of the development activity for which an impact fee was imposed occurred, the impact will be deemed to have occurred, and no refund shall be available under this Section.

C. Owners seeking a refund of impact fees must submit a written request for a refund of impact fees to the Community Development Director within one year of the date the right to claim the refund arises (which, for purposes of refund claims authorized by this Section of this ordinance only, shall be the date of voluntary or involuntary abandonment of the building permit) or the date that notice is given as provided in subsection A of this section, whichever is later. Refunds of impact fees shall include interest and any profits earned on the impact fees from the date of their receipt to the date of refund. Any impact fees not expended within the time limitations described in MTMC 18.30.090 of this chapter, and for which no application for a refund has been made within the one-year refund claim period, shall be retained by the City and expended on the transportation projects for which the impact fees were collected, without further limitation as to time of expenditure.

**Section 3.** Ordinance No. 2505 Appendix "A" as codified in Mountlake Terrace Municipal Code Chapter 18.30 is hereby amended to read as shown on Appendix "A", Transportation Impact Fees, which is incorporated by reference as though fully set forth.

**Section 4.** Ordinance No. 2505 Appendix "B" as codified in Mountlake Terrace Municipal Code Chapter 18.30 is hereby amended to read as shown on Appendix "B", Impact Fee Calculation Methodology, which is incorporated by reference as though fully set forth.

**Section 5. Conflict.** In the event of a conflict between this Ordinance or any mitigation measure imposed thereto, and any ordinance or regulation of the City, the provisions of this Ordinance shall control.

**Section 6. Severability.** Should any term or provision of this Ordinance be found to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other term or provision of this Ordinance.

**Section 7. Effective Date.** This Ordinance shall take effect five days after its adoption and publication as required by law.

**Section 8. Publication.** This Ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City.

PASSED by the City Council of the City of Mountlake Terrace this 6<sup>th</sup> day of September, 2011 and signed into authentication of its passage this 6<sup>th</sup> day of September, 2011.

  
MAYOR JERRY SMITH

ATTEST:   
CITY CLERK

APPROVED AS TO FORM: Gregory G. Schrag, City Attorney

**APPENDIX A**  
**(Ordinance No. 2573)**  
**City of Mountlake Terrace**  
**Transportation Impact Fees**

**Per Trip Fees by Service Area**

- A. The fees below have been calculated per the methodology discussed in Appendix B of this ordinance.
1. Service Area 1 - Citywide: Boundaries are co-extensive with the City of Mountlake Terrace city boundaries and shall include all unincorporated areas annexed to the City on and after the effective date of this ordinance.
    - a. Per trip fee: \$714 effective August 1, 2011, until October 1, 2014, when the rate shall be \$1,071
  2. Service Area 2 - Town Center: This Service Area is a subsection of Service Area 1 and is subject to all applicable fees in Service Area 1. In addition, a secondary fee will be applied to development within this Service Area, as defined in Appendix A of this ordinance. Boundaries are co-extensive with the area designated Town Center and shown in Appendix C.
    - a. Per trip fee (Citywide portion): \$714, effective August 1, 2011, until October 1, 2014, when the rate shall be \$1,071  
Per trip fee (additional for Service Area 2): \$140, effective August 1, 2011, until October 1, 2014, when the rate shall be \$210  
Total per trip fee: \$1,281

**APPENDIX B**  
**(Ordinance No. 2573)**  
**City of Mountlake Terrace**  
**Impact Fee Calculation Methodology**

The goal of calculating traffic impact fees is to create fees based on a development's expected impact on the City's street or road system and the need for transportation improvements. Generally, this is done by basing the fees on the number of vehicle trips a development is expected to generate and each trip's proportional cost of the transportation improvement projects.

In this particular case, the City of Mountlake Terrace has proposed a zoning change within the Town Center, allowing for greater development through height and lot coverage changes. This creates a situation in which there are two possible futures - one in which the zoning remains the same (No Action), and one in which the zoning is changed to implement and be consistent with the Town Center Plan (Action). In each scenario, the expected development is different and therefore different transportation infrastructure is needed. It is important to point out that the difference in the transportation improvement projects needed for the No Action and Action scenarios is attributed to the change in zoning within the Town Center, and therefore the difference in cost can be directly tied to future development within the Town Center.

**Determination of Expected Increase in Trips**

Trip tables showing the current number of trips by origin and destination throughout the city were compared to the future number of expected trips with the same origins and destinations for the Action scenario. This difference in trips is the expected increase due to development during the study period of 2007 to 2025.

**Per-Trip Costs**

Trips that are assumed to pass through the city on 1-5, never touching the city street network, were removed from being eligible for impact fees. They are assumed to have no impact on the need for city transportation improvements.

Of the trips that do use the city streets, an estimated 9% do not begin or end within the city limits, but are just passing through. Because these trips do not begin or end within the City, they are not eligible to be charged impact fees. However, they are assumed to be creating their portion of need for transportation improvements. Therefore, 9% of the estimated project costs are not eligible for collecting impact fees and must be paid for by the City.

The remaining project costs provided the basis of the impact fee calculation. These costs are divided by the increase in trips that originate or end within the City, resulting in a per-trip-end cost. For this analysis, two service areas were established; the first area was defined as *outside* of the zoned Town Center area, and the second as *inside* the Town Center zoned area. All development within the city is assumed to be responsible for the project costs associated with the No Action scenario, since that development would have occurred without the Town Center zoning change. This includes all development within the City limits, both inside and outside the designated Town Center area. However, the additional costs associated with the Action scenario

are attributable to development within the Town Center only, as discussed above. Therefore, this additional cost has been applied only to those trips generated within the Town Center. The result is that development outside of the Town Center will pay a fee related to the project costs associated with the No Action scenario. Development within the Town Center will pay the citywide fee associated with the No Action scenario, and additionally, will pay a fee associated with the added costs of the Action scenario. The calculation is shown in the table below.

**Calculation of Traffic Impact Fees per Vehicle Trip End**

	<b>Project Costs</b>	<b>% In-City (Eligibility)</b>	<b>Eligible Project Costs</b>	<b>New Trip Ends</b>	<b>Per Trip End Cost</b>
<b>Outside Town Center</b> No Action	\$6,218,000	91%	\$5,661,985	3,968	\$1,426.96
<b>Total</b>	\$6,218,000		\$5,661,985		<b>\$1,426.96</b>
<b>Inside Town Center</b> No Action	\$6,218,000	91%	\$5,661,985	3,968	\$1,426.96
Action (Additional)	\$ 645,000	91%	\$ 587,324	2,100	\$ 279.64
<b>Total</b>	\$6,863,000		\$6,249,309		<b>\$1,706.60</b>

**Discount**

To recognize the shared nature of street improvements, a 50% discount fee effective August 1, 2011 until October 1, 2014 and a 25% discount effective beginning October 1, 2014 is provided on the per trip fee for all development within both service areas. The resulting per trip fees are shown in the table below.

**Traffic Impact Fees per Vehicle Trip End with Discount**

	<b>Per Trip End Cost</b>	<b>Resulting Per Trip End Fee 50% Discount Rounded Up</b>	<b>Resulting Per Trip End Fee 25% Discount Rounded Up</b>
<b>Outside Town Center</b> No Action	\$1,426.96	\$714	\$1,071
<b>Total</b>	\$1,426.96	\$714	\$1,071
<b>Inside Town Center</b> No Action	\$1,426.96	\$714	\$1,071
Action (Additional)	\$ 279.64	\$140	\$ 210
<b>Total</b>	\$1,706.60	\$854	\$1,281