

SUPPLEMENTAL TECHNICAL MEMORANDUM Transportation Impact Fee Work Group

Subject:

Revisions to Ordinance and fee schedules based on public comments and Plan Commission workshops.

Background:

On the 26th of October 2007, the External Work Group (EWG) and Internal Technical Team (ITT) concluded its work on the Rate Study and unanimously adopted a resolution indicating that the Rate Study provides a reasonable foundation for the draft impact fee Ordinance and related fee schedules. The EWG resolution directed the ITT to forward the Ordinance and fee schedules to the Plan Commission for workshops and hearing.

Thereafter, ITT and EWG representatives attended several public Plan Commission workshops and also hosted an informational public Open House.

In reviewing the comments received during this process, and in listening to representatives of various groups that will be directly impacted by the fees, it became apparent that there are concerns in the community about how some of the fees will impact development activity in the City of Spokane. The comments fall into two primary categories: (1) Concern about the discrepancy of the fees amongst the five service areas identified in the current Ordinance; and (2) the total fees applicable to certain types of commercial land uses. Most of the concerns fall into the second category.

Plan Commission members share many of the same concerns. In response, the Plan Commission created a sub-committee to explore ways of addressing some of the concerns that have been raised.

Additional Work:

With staff's assistance, the Plan Commission sub-committee explored supportable methods for adjusting the impact fees to address the public comments. The methods explored included application of a trip length adjustment factor and/or assigning lower trip generation figures for some types of commercial uses, consistent with ITE methodology. Both approaches provide a supportable method for significantly reducing fees for many of the commercial uses set forth in the City's current draft fee schedule. With staff's assistance, the sub-committee also experimented with combining/blending service areas as a method for producing fees that are more uniform throughout the City. The sub-committee also discussed the idea of phasing the fees in over a two to three year period. All of these approaches have been used in varying degrees by cities around the State in an effort to make impact fees politically feasible.

A. Pass-by Trip Adjustment: The trip generation rates represent total traffic entering and leaving a property at the driveway points. For certain land uses (e.g. retail), a substantial amount of this traffic is already passing by the property and merely turns into and out of the driveway. These pass-by trips do not significantly impact the

surrounding street system and therefore were subtracted out prior to calculating the impact fees set forth in the fee schedules. The resulting trips are considered “new” to the street system and these “new” trips were used to calculate the impact fees set forth in the fee schedules. The “new” trip percentages utilized in calculating the impact fees were derived from ITE data.

In addition to ITE data, the City of Olympia gathered data from available surveys conducted around the country to identify additional pass-by percentages for some land uses. City transportation engineers are satisfied that the additional information gathered by the City of Olympia is representative of local transportation patterns and believe the data provides a sound basis for reducing the number of “new” trips assigned to certain land uses in Spokane.

B. Trip Length Adjustment: Another variable that affects traffic impacts is the length of the trip generated by a particular land use. The “cost per trip” calculated in the 2007 Rate Study represents the average for all new trips generated within each of the service areas. As other cities have discovered, however, all trips are not created equal.

Being an average, there will be certain land uses that generate trips of different lengths. If a given trip length is shorter than the average, then its relative traffic impacts on the street system will be lower than average. Conversely, longer trips will impact a larger proportion of the transportation network. In order to reflect these differences, some Washington cities, including the City of Olympia, have included an adjustment factor, which is calculated as the ratio between the trip length for a particular land use type and the “average” trip length for the relevant service area. In Olympia, trip length data was estimated using limited national survey results. Since the adjustment uses a ratio, the relative trip lengths are more important than the actual trip length in miles.

City transportation engineers are satisfied that the trip length data applied by the City of Olympia provides a sound basis for determining relative trip lengths of various land uses in Spokane. It also provides a sound basis for assessing impact fees in a way that more accurately reflects the relative traffic impacts of the land uses in question. Of particular interest, it significantly reduces the impact fees payable by certain commercial land uses.

C. Combing Southern Service Areas into Single South Service Area. The Plan Commission sub-committee also studied the layout of the five services areas recommended by the EWG. The sub-committee ultimately favored combining the two south service areas into a single service area, which will establish uniform impact fees in south Spokane at levels that are generally consistent with the service areas in north Spokane.

Uniting all of Spokane south of I-90 into a single service area for purposes of imposing transportation impact fees is supported by sound engineering and planning principles for the following reasons:

1. A majority of commercial/retail services use Hatch Road or downtown for the SW district and the access and distribution of trips for the SE district is fairly equal between High Drive, Grand Blvd, Thor Street, Hatch/US 195).

2. In terms of capacity (growth related) capital projects, improvements to Hatch Road/US 195 has a benefit to both the SW/SE districts.

3. A combined south service area would share relatively equal benefits for capacity (growth) improvements identified in the 2007 Rate Study, especially in terms of the principal arterial networks.

4. A combined south service area produces a service area that is generally equivalent to the two northern service areas in terms of service area size and average trip length.

5. Once the southern service areas are combined into one, all three service areas (excluding downtown) consist of approximately 12-15 square miles with an average trip length of 3 miles.

6. Residential development occurring in southwest Spokane will rely on public schools situated east of US 195, resulting in a significant number of trips between the two southern areas of the City.

7. Development in the southwest will rely to a large extent on services provided on the South Hill (southeast) resulting in need for improvements to the transportation system that connects the two southern areas of the City.

Summary:

In summary, following additional work between staff and the Plan Commission sub-committee members, three notable revisions have been made to the draft transportation impact fee ordinance and related fee schedules that will be the subject of the Plan Commission's hearing, as follows:

1. Southeast and southwest service areas combined into single south service area;
2. Incorporation of the City of Olympia's pass-by trip data; and
3. Incorporation of a trip length adjustment factor.

In addition, it is within the scope of Plan Commission advisory authority and City Council's ultimate legislative authority to consider a phased approach (*i.e.*, 1/3, 1/3, 1/3, etc) to implementation of transportation impact fees.

The foregoing are thoughtful and supportable revisions to the impact fee ordinance and fee schedules forwarded by the EWG. It is worth mentioning, however, that, except as mentioned above, implementation of these revisions does not impact the original data and assumptions supporting the Rate Study and fee schedules forwarded by the EWG. Trip forecast data and the capital project list remain unchanged.