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CLARK COUNTY
WASHINGTON

COMMUNITY PLANNING

STAFF REPORT

TO: Clark County Planning Commission

FROM: Matt Hermen, Planner III

DATE: June 18, 2015

SUBJECT: TIF Program Update

BACKGROUND

Traffic Impact Fees (TIF) are a development charge to recover the cost incurred in order to provide the public facilities required to serve new development. In September 1990, Clark County adopted its first TIF program. The implementation of the program provided a subsidy for road improvement projects that supported population and economic growth.

There have been a number of updates to the program since 1990 with the most recent one being in July of 2010. Clark County and the City of Vancouver have had a joint program since 2001. In 2014, the City of Vancouver adopted a TIF program solely for inside the city limits. This action leaves the county with several districts that partially remain within the city limits. It is necessary to update the program to account for growth solely in Clark County and not the City of Vancouver. The Clark County specific TIF Program provides a simplified program for staff to administer and developers to interpret, while maintaining a legal connection between vehicle trip generation and facilities funded for each district (RCW 82.02). In addition to updating the TIF program, amendments to CCC Subtitle 40.6 (Development Impact Fees) are proposed to reflect case law and maintain consistency.

Over the last seven months, staff has been reviewing all the elements of the current TIF program. We have reviewed and addressed numerous policy issues, process related issues, and computational approaches embedded in the current program. Based on those activities, work sessions, and cooperation from technical and stakeholder advisory committees, staff has developed a proposed updated TIF program. This proposed program is consistent with the adopted Capital Facilities Plan (CFP) and the Comprehensive Growth Management Plan.

PROPOSED ACTION

The primary elements of the updated TIF program are described in the sections below:

TIF Districts

TIF districts match transportation improvements to the geographic area of growth which is most likely to use those improvements. The closer the match of the district to the planned projects, the stronger the “nexus” between the fee and the impacts of growth.

The proposed TIF Districts are shown in Exhibit 1. The proposed program will generally retain the existing Mt. Vista and Hazel Dell Districts; however, a small portion of the existing Mt. Vista district north of 119th Street will move into the Hazel Dell district, keeping the Highway 99 sub-area fully contained in one district. The existing North Orchards and South Orchards districts will be merged into one Orchards district. One rural district is being proposed, combining the two existing rural districts, because there are few projects in the rural area.

Capital Improvements Project List

The capital improvements project (CIP) list that is being proposed to be included in the TIF program is shown in Exhibit 2. This list is similar to the adopted 2014-2033 Capital Facilities Plan, minus three projects: Bridge Repair/Rehab, Road Preservation, and Transportation Safety Improvements. TIFs are a means for funding projects that meet the increased demand on the transportation infrastructure. The three projects removed from being TIF eligible are not induced by increased demand.

Private Share

The private share is the percentage of project cost assigned to new growth for the next 20 years. The private share is allocated to each district based on the district's contribution to new growth on each project. Any cost that is not part of the private share is called “public share”.

In order to analyze the TIF district scenarios and related fees, the private share for each district was determined using the data from the regional travel demand model. The private share is calculated as the change in P.M. peak hour trips for each district from 2015 to 2035; determining the expected traffic growth. The percentage of growth or change was then applied to the total project cost to determine the amount of TIF eligible cost for each project. Exhibit 3 details the private share and TIF eligible costs for each project.

TIF Rates

The traffic impact fee rate per trip in any given service district is the simple division of the total private share by the expected daily trip generation from growth in the subarea.

The method of calculating fee rates for the program update involved calculating the impact cost by determining the additional demand (private share) on projects identified in the adopted Capital Facilities Plan from additional growth. The amount of growth is based upon the County's existing Comprehensive Plan.

TIF Rates were determined by aggregating the district's share of project costs and expected growth. Exhibit 3 shows each project's contribution of trips in each proposed district. The total project cost for each district was summed using each project's contribution of costs. The total district cost was then divided by the forecasted new growth on the system to determine the district fee. A sample calculation can be found in Exhibit 4.

The TIF fees also include the cost of inflation, which is adjusted annually. During the recession, fees were lowered because of a lower inflation rate. Since 2011, inflation has increased between 2014 and 2015 the construction cost index increased by 2.44%. Staff is recommending amending the TIF Technical Program Document to reflect current value.

The calculated TIF rates are generally lower than the existing rates because of the absence of the Road Preservation project in the CIP list. This project is estimated to cost \$140,000,000 of the next 20 years, roughly 30% of the total Capital Facilities Plan. The project is proposed to be removed because it is not induced by growth.

The following table specifies the existing and proposed TIF rates.

District	Existing System	District	Recommended System
Hazel Dell	\$375	Hazel Dell	\$283
Mt. Vista	\$613	Mt. Vista	\$437
North Orchards	\$553	Orchards	\$348
South Orchards	\$389		
Rural 1	\$315	Rural	\$271
Rural 2	\$52		

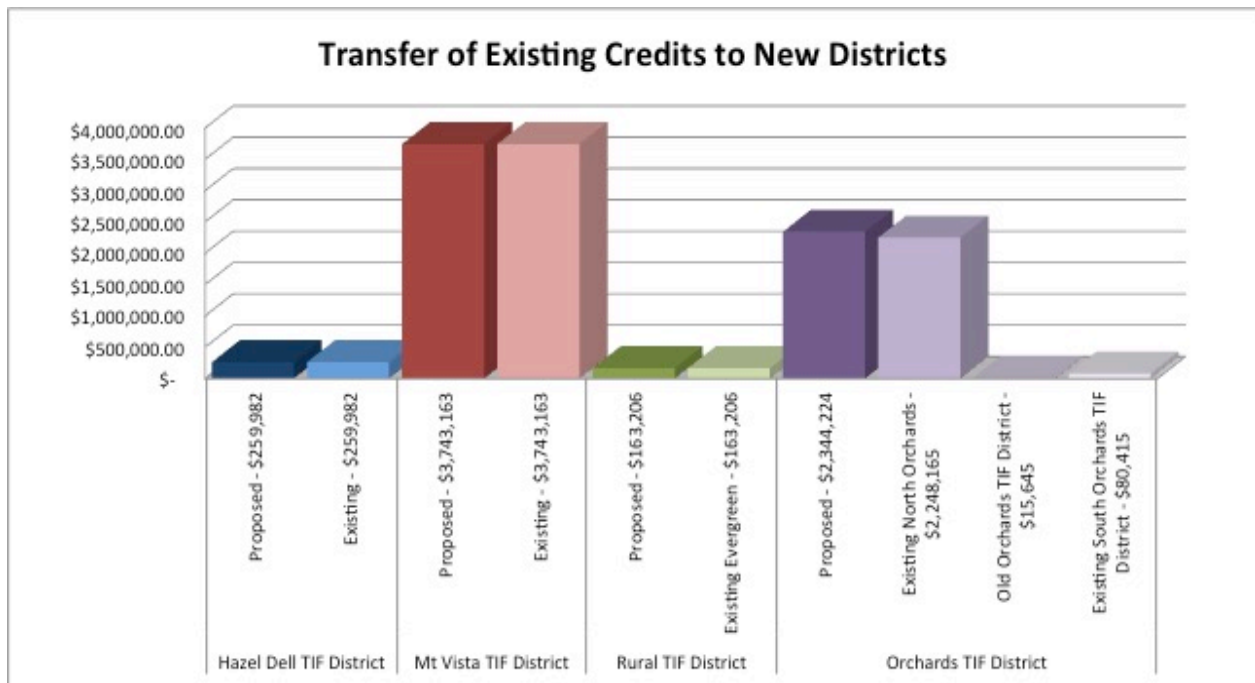
TIF Credits

TIF credits may be available for developments/developers electing to construct a portion of roadway infrastructure that is identified on the CIP. The portion of roadway infrastructure that is eligible for TIF credit only comprises improvements that are above and beyond what would have normally been included in a condition of approval for the proposed development. (i.e. If the development's traffic study showed that right turn lanes were necessary to facilitate the development, this improvement would not be TIF credit eligible). Typically, the developer elects to construct TIF credit eligible infrastructure immediately adjacent to their proposed development.

Staff considered several options for handling the existing excess credit process as part of this update. Under the existing system, TIF credit may be available for developments/developers electing to construct a portion of roadway infrastructure that is identified on the Capital Facilities Plan (CFP). When the credits earned exceed the

development's calculated TIF responsibility, a credit is generated that may be used against TIF liability for a future development in the same district.

Staff recommends honoring outstanding credits and moving them to the recommended district system. Because the recommended system generally has larger districts, this will give credit holders more opportunities to use or sell their credits for development across a wider area. The following chart shows how outstanding credit balances will be consolidated into the recommended district system.



Title 40 Proposed Amendments

Staff is proposing two amendments to the development code. This first amendment removes the three year vesting of TIF fees. Currently, County Code allows developments to lock in the impact rates at the time of preliminary plat for a period of three years. The code amendment proposes to eliminate the three year vesting period. The impact fees would be calculated at the rate when the building permit application is submitted. This code amendment is consistent with the outcome of *New Castle Invs. v. City of La Center*, which held that impact fees do not vest.

The second amendment synchronizes the TIF impact fee formula cited in the code with the formula cited in the TIF technical document. While both formulas currently would derive the same TIF, staff recommends this amendment in order to maintain consistency.

RECOMMENDATION AND CONCLUSIONS

The Development and Engineering Advisory Board (DEAB) recommended approval of the program with one exception; “to maintain the option for applicants to lock rates for 3 years or elect to pay the current rate at the time of building permit” in CCC 40.610.040(B).

Based upon the information and the findings presented in this report and in the supporting documents, staff recommends that the Planning Commission forward to the Board of Clark County Commissioners a recommendation of **APPROVAL** of amendments to Title 40 and Traffic Impact Fee Technical Document.

Subtitle 40.6 DEVELOPMENT IMPACT FEES

40.610 DEVELOPMENT IMPACT FEES – GENERAL PROVISIONS

40.610.040 Imposition of Impact Fee

- A. No building permit shall be issued for applicable development in a designated service area as defined in this chapter unless the impact fee is calculated and imposed pursuant to this chapter.
- B. ~~For single-family/duplex residential subdivisions and short subdivisions hereinafter approved, the per lot impact fee shall be calculated at the time of preliminary plat or short plat approval, recorded within the Developer Covenants to Clark County, and imposed on a per lot basis at the time of building permit application. For new multifamily and nonresidential development hereafter approved, the impact fee shall be calculated at the time of site plan approval unless deferred to building permit application because the nature of the development is then not sufficiently defined to permit such calculation, and the impact fee shall be imposed at the time of building permit application. Notwithstanding the foregoing, the fee shall be recalculated for building permit applications filed more than three (3) years following the date of the applicable preliminary plat, preliminary short plat or site plan approval. Impact fees shall be calculated at the time of building permit issuance.~~

40.620 CALCULATION OF DEVELOPMENT IMPACT FEES

40.620.010 Traffic Impact Fee Formula

The impact fee component for roads shall be calculated using the following formula:

$$TIF = F \times T \times A$$

A. “TIF” means the traffic impact component of the total development impact fee.

B. “F” means the traffic impact fee rate per trip in dollar amounts, for each service area. Such rate shall be established in the Traffic Impact Fee Technical Program Document for each

service area by estimating the cost of anticipated growth-related roadway projects divided by the projected number of growth-related trips within that service area. Between major program updates, the calculated per trip fee will be adjusted annually to account for inflation using the Engineering News Record Construction Cost Index for Seattle.

- C. ~~“T” means the trips generated by a proposed development and calculated according to the Traffic Impact Fee Program Technical Document, incorporated herein by this reference. The calculation of “T” described by the Traffic Impact Fee Program Technical Document includes, for some retail commercial land uses, a “business enhancement factor (BEF)” adjustment, based on policy considerations. In the absence of a land use code precisely fitting the development proposal, the Public Works director or designee shall select the most similar code and may make appropriate adjustments to the trip equation applicable thereto. In selecting the appropriate land use code and in making adjustments thereto, the director shall be guided by the most recent edition of the Trip Generation Manual, Institute of Transportation Engineers.~~
- D. ~~“A” means an adjustment for the portion of anticipated additional tax revenues resulting from a development which is proratable to system improvements contained in the capital facilities plan. Such adjustment for traffic impacts is determined to be fifteen percent (15%), so that “A” equals eighty-five percent (85%).~~

$$\begin{aligned} TIF = & \\ & \frac{\text{(Size of development by Unit of Measure/Unit of Measure)} \times}{\text{(Daily Trips per Unit of Measure)} \times \text{(Pass - by Factor)} \times \text{(BEF)} \times \text{(0.85)} \times} \\ & \text{(Fee per Daily Trip by District)} \end{aligned}$$

- A. “Unit of Measure” means the associated trip generation rates and other factors by land use type that have been adopted in the Traffic Impact Fee Technical Document. These rates are based on the Institute of Transportation Engineers Trip Generation User’s Guide.
- B. “Pass-by factor” means trips that are made as intermediate stops on the way from an origin to a primary trip destination without a route diversion. The pass-by factor can be obtained in the Institute of Transportation Engineer’s Trip Generation Manual.
- C. “BEF” means Business Enhancement Factor; a multiplier of 0.70 used to reduce TIF payment for retail and service-related businesses only. Retail and service related businesses have shorter average trip lengths, reducing impacts on the existing transportation infrastructure.
- D. Adjustment of 0.85 is applied for the portion of anticipated additional tax revenues resulting from a development which is proratable to system improvements contained in the capital facilities plan.

Exhibit 1

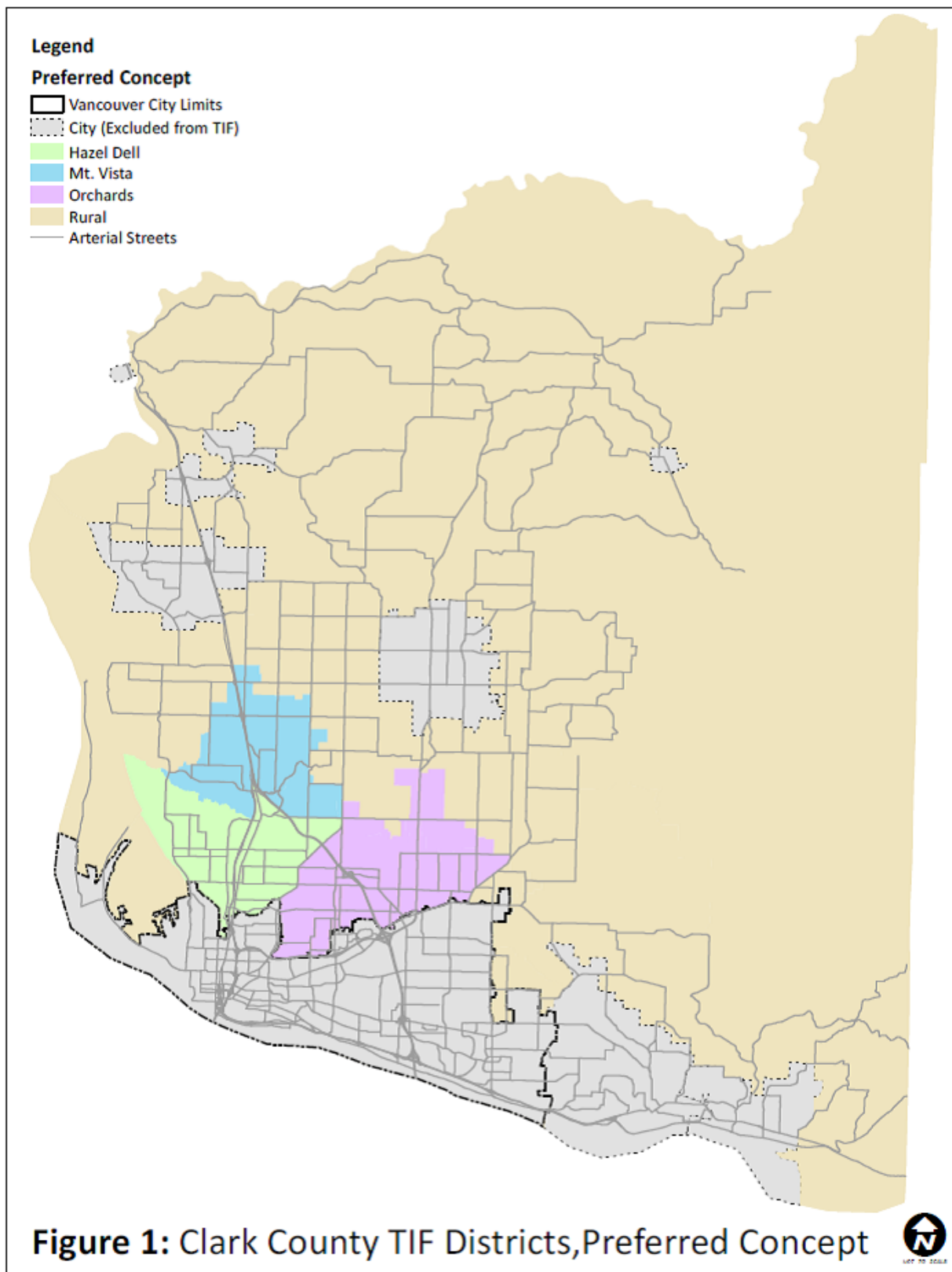


Exhibit 2
TIF Capital Project List

Projects with a Specific Location				
Road	From	To	Total Cost in 2015¹	County Cost Share
NE 119 th St	NE 72 nd Ave	NE 87 th Ave	\$ 15,367,000	\$ 9,713,000
NE 47 th Ave @ NE 78 th St	Intersection		\$ 1,943,000	\$ 919,000
NE 94 th Ave	NE Padden Pkwy	NE 99 th St	\$ 7,945,000	\$ 1,520,000
Highway 99	NE 99 th St	NE 107 th St	\$ 9,015,000	\$ 5,595,000
NE 99 th St	NE 94 th Ave	NE 107 th Ave	\$ 7,684,000	\$ 6,167,000
NE 119 th St	NE 50 th Ave	NE 72 nd Ave	\$ 8,441,000	\$ 7,657,000
NE 47 th Ave	NE 68 th St	NE 78 th St	\$ 3,501,000	\$ 3,303,000
NE 99 th St @ SR 503	Intersection		\$ 2,325,000	\$ 1,281,000
NE 10 th Ave	NE 154 th St	NE 164 th St	\$ 22,538,000	\$ 12,974,000
Padden Pkwy @ Andresen	Intersection		\$ 15,367,000	\$ 15,367,000
Ward Road	NE 88 th St	NE 172 nd Ave Bridge	\$ 9,937,000	\$ 9,937,000
Salmon Creek Ave	WSU Entrance	NE 50 th Ave	\$ 12,396,000	\$ 12,396,000
NE 119 th St	NE 87 th Ave	NE 112 th Ave	\$ 26,841,000	\$ 26,841,000
NE 72 nd Ave	NE 122 nd St	NE 219 th St	\$ 30,734,000	\$ 30,734,000
NE 179 th St/I-5 Interchange	Delfel Rd.	NE 15 th Ave	\$ 15,367,000	\$ 15,367,000
SCIP Phase 2	NE 134 th St	I-205	\$ 17,928,000	\$ 8,196,000
NE 182 nd Ave @ SR-500	Intersection		\$ 1,024,000	\$ 1,024,000
NE 15 th Ave Extension	NE 179 th St	NE 10 th Ave	\$ 7,171,000	\$ 1,537,000
NE 99 th St	NE 107 th Ave	SR 503	\$ 1,024,000	\$ 452,000
NE 10 th Ave	NE 149 th St	NE 154 th St	\$ 2,151,000	\$ 2,151,000
NE 179 th St @ 29 th Ave & @ 50 th Ave	Intersections		\$ 5,122,000	\$ 5,122,000
Unspecified Location General Improvements and Programs				
TSO Projects (5)			\$ 6,270,000	
Rural Road Improvement Program		\$ 2,000,000 Annually	\$ 40,979,000 over 20 Years	
Urban Arterial Intersections			\$ 15,367,000	
Sidewalks and ADA		\$ 600,000 Annually	\$ 12,294,000 over 20 Years	
Urban Development Road Program		\$ 1,250,000 Annually	\$ 25,612,000 over 20 Years	
Traffic Signal Optimization		\$ 300,000 Annually	\$ 6,147,000 over 20 Years	

¹ The total projects costs are derived from the 2014-2033 Capital Facilities Plan and inflated by 2.44% to determine 2015 total project costs. The TIF eligible cost is the private share portion of the 2015 county cost share.

Exhibit 3
Regional Project Allocation Table

Project Capacity Share Calculation										
Road	From	To	Project Benefit	Hazel Dell	Mt. Vista	Orchards	Rural	Total	Private Share	TIF Eligible Cost for 2015
NE 119th St	NE 72nd Ave	NE 87th Ave	Regional	16%	22%	44%	17%	100%	32%	\$3,082,000
NE 47th Ave @ NE 78th St	Intersection		Regional	47%	7%	39%	7%	100%	26%	\$236,000
NE 94th Ave	NE Padden Pkwy	NE 99th St	Regional	8%	2%	75%	15%	100%	30%	\$452,000
Highway 99	NE 99th St	NE 107th St	Regional	67%	24%	3%	6%	100%	26%	\$1,437,000
NE 99th St	NE 94th Ave	NE 107th Ave	Regional	7%	7%	73%	13%	100%	30%	\$1,877,000
NE 119th St	NE 50th Ave	NE 72nd Ave	Regional	12%	44%	36%	7%	100%	35%	\$2,670,000
NE 47th Ave	NE 68th St	NE 78th St	Regional	0%	0%	100%	0%	100%	29%	\$974,000
NE 99th St @ SR 503	Intersection		Regional	1%	5%	77%	17%	100%	31%	\$397,000
NE 10th Ave	NE 154th St	NE 164th St	Regional	5%	80%	3%	12%	100%	41%	\$5,326,000
Padden Pkwy @ Andresen	Intersection		Regional	30%	9%	61%	0%	100%	27%	\$4,206,000
Ward Road	NE 88th St	NE 172nd Ave Bridge	Regional	0%	0%	38%	62%	100%	33%	\$3,271,000
Salmon Creek Ave	WSU Entrance	NE 50th Ave	Regional	6%	65%	10%	18%	100%	39%	\$4,847,000
NE 119th St	NE 87th Ave	NE 112th Ave	Regional	16%	20%	44%	20%	100%	32%	\$8,502,000
NE 72nd Ave	NE 122nd St	NE 219th St	Regional	0%	34%	51%	15%	100%	35%	\$10,818,000
NE 179th St/I-5 Interchange	Delfel Rd.	NE 15th Ave	Regional	12%	58%	7%	24%	100%	38%	\$5,812,000
SCIP Phase 2	NE 134th St	I-205	Regional	13%	81%	6%	0%	100%	40%	\$3,249,000
NE 182nd Ave @ SR-5001	Intersection		Regional	5%	5%	42%	48%	100%	32%	\$332,000
NE 15th Ave Extension2	NE 179th St	NE 10th Ave	Regional	13%	56%	5%	26%	100%	38%	\$577,000
NE 99th St	NE 107th Ave	SR 503	Regional	0%	0%	71%	29%	100%	31%	\$140,000
NE 10th Ave	NE 149th St	NE 154th St	Regional	6%	79%	4%	11%	100%	41%	\$877,000
NE 179th St@29th Ave & @50th Ave	Intersections		Regional	11%	64%	4%	20%	100%	39%	\$1,975,000
TSO Projects (5)	Various		UGIP	20%	37%	43%	0%	100%	33%	\$501,000
Urban Arterial Intersections	Various		UGIP	20%	37%	43%	0%	100%	33%	\$5,014,000
Rural Road Improvement Program			UGIP	0%	0%	0%	100%	100%	35%	\$14,353,000
Sidewalks and ADA			UGIP	20%	37%	43%	0%	100%	33%	\$4,011,000
Urban Development Road Prgm			UGIP	20%	37%	43%	0%	100%	33%	\$8,356,000
Traffic Signal Optimization			UGIP	20%	37%	43%	0%	100%	33%	\$2,006,000

Exhibit 4

The traffic impact fee per trip in any given service district is the simple division of the private costs by the expected daily trip generation from growth in the subarea. The private costs is the sum of the products of the total TIF project cost and the private share for each of those projects in a service district, as shown in the following equation.

Equation

$$TPC = \sum_{p=1}^n PJC_p \times PrS_p$$

Where:

- TPC = total private cost
- n = number of TIF projects
- PJC_p = the cost of TIF project per district
- PrS_p = the private share for the TIF project in service district (percentage)

For example, the example district contributes new trips to two TIF projects. The table below illustrates the calculation of the total private cost.

Example Total Private Cost - District

Project	Total Cost (PJC)	Private Share (PrS)	Total Cost by Private Share Product (TPC)
NE 32nd/33rd Avenue	\$285,000	95%	\$270,750
NE Hwy 99/Parkview Dr.	61,000	18%	11,000
TOTAL	\$346,000		\$281,750
Average Private Share^a		81%	

Exhibit 3 containing the TIF project list also provides the costs of the projects divided into private, local and grant categories of funding.

To determine the traffic impact fee for a given service district, the total private cost is divided by the expected growth-related trips in that district, as shown in the equation below.

$$TIF_{District} = \frac{TPC_{District}}{NT_{District}}$$

Where:

- $TIF_{District}$ = traffic impact fee in district per daily trip
- $TPC_{District}$ = total private costs in district
- $NT_{District}$ = total average daily trips from growth in district

For example, in the example district, the total private cost is \$281,750 and the expected number of new trips is 9,445. Based on those values, the TIF for the example district is \$30 per daily trip.