

TNR appendix I: Consideration of Availability of Other Funding Sources With Respect to County Fee Schedule

RCW 82.02.060(c) states that the method of determining impact fees shall incorporate the availability of other means of public funding. This requirement seems to be aimed primarily at capital facilities that are financed by government bonds or other instruments, or for facilities funded in part by users fees. For instance, fees could be used to help make up the shortfall to fund a new library that is being paid for, at least in part, by increased local taxes. In this case, it is important to determine to what extent development will already be paying for the new facility through the payment of the increased local taxes.

The County provides a credit for taxes possibly paid by new development that fund capacity projects (see TNR Appendix H). For the most part, this credit is the County's way of meeting the requirement of RCW 82.02.060(c). However, as a check, the County also does some analysis to answer the following question. With the current fee schedule, is the County collecting too much money? That is, does the amount from fees plus the amount from federal, state, and other (non road fund) sources add up to more than 100%. If so, then the County might have to lower the rates in the fee schedule.

Current Funding for Impact Fee Projects

Recently Finished Projects

For the most-recently finished projects and projects underway, fees and other developer contributions comprise about 24% of the overall funding for impact fee projects as shown in the following table based on data from 2006

Road Name	From	To	Total Project Costs	Impact Fee Revenues
Marine Drive NE/NW	19 AV NE	7 DR NW	\$12,381,021	\$2,901,596
Lundeen Park Way Ext	SR 9	SR 204	\$14,848,071	\$6,169,768
Market Place	SR 204	99th AV NE	\$2,095,186	\$396,703
35 AV SE	120th ST SE	152 ST SE (SHR)	\$24,406,607	\$7,735,033
35th AV SE	120th ST SE	100th ST SE	\$6,193,197	\$303,546
100th ST SE	SR 527	35th AV SE	\$8,476,816	\$526,500
112 ST SW	Everett C/L (east of 4 AV W)	Airport Rd	\$12,892,092	\$2,997,559
132 ST SE	Seattle Hill Rd	SR 9	\$18,310,232	\$5,034,388
148th ST SW	SR-99	35th AV W	\$9,158,325	\$3,272,893
148 ST SE	Cascade Drive	Cathcart Way	\$4,864,677	\$0
164th ST SE	Ash Way	Mill Creek C/L	\$10,432,041	\$828,309
164th ST SW	Spruce Way	Ash Way	\$15,459,612	\$2,677,306
Airport Road	Everett C/L	SR 99	\$11,442,218	\$3,701,553
Bev. Park-Edmonds Rd / 112th	SR 525	Airport Rd	\$15,777,005	\$6,988,940
Sno-Wood Road	King Co Line	SR 522	\$4,484,724	\$994,989
228th ST SE	I-405	39th AV SE	\$2,123,901	\$23,500
39 AV SE	207 ST SE	204 ST SE	\$3,650,123	\$1,038,203
228th ST SE/SW	Locust Way	9th AV SE	\$15,411,670	\$834,665
Total			\$192,407,518	\$46,425,451
Percent Paid by Fees				24%

Projects in Transportation Improvement Program (TIP)

Based on the County’s 2007 2012 Six-Year Transportation Improvement Program (TIP), fees and developer contributions may comprise about 28% of the funding for “impact fee” projects over the next six years.

Forecast Funding for Impact Fee Projects Based on 2007-2012 TIP

	Percentage	County Sources	Other Sources
Developer Contributions	30%	30%	
County Road Fund and REET	32%	32%	
State and Federal Grants	28%		28%
Other	10%		10%
	100%	62%	38%

Road Fund Dollars

For the recently finished projects, County Road Fund and REET dollars made up about 28% of the funding for impact fee projects. As shown above, this percent would increase to 32% for the 2007 2012 TIP. This means existing residents, through the road fund or REET, are paying a significant portion of the costs for capacity projects necessitated by new development. Legally, the amount of these dollars spent on impact fee projects could be brought to zero and spent solely on other needs.

Grants and Other Revenues

For the recently finished projects, *grants and other* revenue sources made up approximately 49% of the funding for impact fee projects. This percent could decrease to 38% under the 2007 2012 TIP as shown above. The "other" funding sources consist primarily of money from cities and/or WSDOT.

Theoretical Maximum Funding from Impact Fees

There are mathematical limits to the percentage of road improvements that could possibly be funded through the impact fee program. First, the costs of impact fee projects are adjusted downward an average of 19% to provide a credit for taxes possibly paid by new development towards the impact fee projects (See Appendix H). This limits the percentage that could theoretically be paid by fees to 81% of the total projects costs. In addition, the actual fee rates are currently about 46% of the maximum that could be charged. This lowers the theoretical maximum funding that could be achieved through fees to about 39% of the total projects costs as shown in the table below.

Theoretical Maximum Funding from Impact Fees	Maximum %
Total costs of all of the impact fee projects	100%
*After tax credits which average 19%	81%
**Fees are an average of 46% of the maximum possible amount	39%

* The impact fee cost basis is adjusted to provide a credit for taxes that might possibly be paid by new development towards the Chapter 30.66B SCC fee projects (capacity projects in the TNR impact fee cost basis).

** The County Council sets the actual fee rates. Currently, fees are an average of 46% of the maximum possible amount, but this changes if either estimated project costs change or the Council sets new fee rates.

Is the County's Fee Schedule Too High?

Scenario in Which Fees are Collected at Theoretical Maximum

Based on the 2007 2012TIP, fees may fund future impact fee projects at about 82% of their theoretical maximum (32% divided by 39%). Other funding staying equal to that shown in the TIP, if fees, based on the current fee schedule, did reach their theoretical maximum of 39% there would still be 23% of funding required from the road fund and REET. As long as the County has to use road fund revenues to help pay for impact fee projects, then it is not collecting too much from the fee program.

Scenario in Which Fees are Collected at Theoretical Maximum

	County Sources	Other Sources	Total Funding
Developer Contributions	39%		39%
County Road Fund and REET	23%		23%
State and Federal Grants		28%	28%
Other		10%	10%
Total	62%	38%	100%

First Scenario in Which the Fee Schedule Would Have to be Lowered

One can calculate scenarios in which there are increases in other funding, and the County theoretically would collect too much from the fee program, thus resulting in a situation in which the fee rates might have to be lowered. In Scenario One, if fees were collected at their theoretical maximum, and other sources added an additional 13% then total funding would exceed 100% and the fee levels might have to be lowered.

First Scenario in Which the Fee Schedule Would Have to Be Lowered

	County Sources	Other Sources	Total Funding
Additional from other sources		24%	24%
Developer Contributions	39%		39%
County Road Fund	0%		0%
State and Federal Grants		28%	28%
Other		10%	10%
Total	39%	62%	101%

Second Scenario in Which the Fee Schedule Would Have to be Lowered

If fees were collected at the level shown in the 2007 2012TIP (32%), and other sources added an additional 29% then total funding would exceed 100% and the fee rates might have to be lowered.

Second Scenario in Which the Fee Schedule Would Have to Be Lowered

	County Sources	Other Sources	Total Funding
Additional from other sources		33%	33%
Developer Contributions	30%		30%
County Road Fund	0%		0%
State and Federal Grants		28%	28%
Other		10%	10%
Total	30%	71%	101%

Conclusion

At this point in time, there is no evidence that the impact fee rates are set too high. The County has used, and it appears will continue to use, revenues from the County Road Fund to help pay for impact fee projects. It does not seem likely that there will be increases from other funding sources of sufficient magnitude, to allow the use of County Road Funds on impact fee projects to drop to zero, and necessitate a lowering of the impact fee rates.