

**RATE STUDY**  
FOR  
**IMPACT FEES**  
FOR  
**PARKS AND RECREATION FACILITIES**

KITSAP COUNTY, WASHINGTON

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# Executive Summary

The purpose of this study is to establish the rates for impact fees for parks and recreation facilities in Kitsap County, Washington.

## Rates

The rates for impact fees for park land and recreation facilities are:

<u>Type Dwelling Unit</u>	<u>Impact Fee</u>
Single Family	\$1,960
Multi-Family	1,490

## Impact Fees vs. Other Developer Contributions

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy or use the new development. Throughout this study, the term "developer" is used as a shorthand expression to describe anyone who is obligated to pay impact fees, including builders, owners or developers.

The impact fees that are described in this study do not include any other forms of developer contributions or exactions, such as mitigation or voluntary payments authorized by SEPA (the State Environmental Policy Act, RCW 43.21C), system development charges for water and sewer authorized for utilities (RCW 35.92 for municipalities, 56.16 for sewer districts, and 57.08 for water districts), local improvement districts or other special assessment districts, linkage fees, or land donations or fees in lieu of land.

## **ADJUSTMENTS FOR REVENUE SOURCES FOR PARK LAND AND RECREATION FACILITIES**

The impact fees in this study recognize the existence of other sources of revenue that are available to pay for the capital cost of park land and recreation facilities. These other revenues are accounted for by adjusting (i.e., reducing) the cost of capital investment for parks and recreational facilities to account for the portion of costs that are paid by the other sources of revenue.

## **CREDITS FOR OTHER CONTRIBUTIONS BY DEVELOPER**

A developer who contributes land, improvements or other assets may receive a "credit" which reduces the amount of impact fee that is due. This credit is in addition to the adjustment for other revenues described in the preceding paragraph.

## **WHO PAYS IMPACT FEES**

Impact fees are paid by new development. Impact fee rates for new development are based on the type of land use: residential, retail, office, commercial, industrial, and other types of new construction. Due to the statutory requirement regarding the relationship between impact fees and the development that pays--and benefits from--the fees, only new residential development (i.e., houses, apartments, mobile home parks, and other residential construction) is charged impact fees for parks and recreational facilities. Non-residential new development is not charged park and recreational facilities impact fees, as explained in Chapter 1.

## **SERVICE AREAS FOR IMPACT FEES**

Impact fees in some jurisdictions are collected and expended within service areas that are smaller than the jurisdiction collecting the fees. Impact fees are not required to use service areas unless such "zones" are necessary to establish the relationship between the fee and the development. Park land and recreation facilities impact fees are collected and expended throughout the boundaries of unincorporated Kitsap County because the County's level of service for impact fees is based on investment per capita, and the standard is applied equally in all parts of the unincorporated area and the park system is accessible to all residents.

## **USES OF IMPACT FEE REVENUE**

Impact fee revenue will be used for the capital cost of public facilities. Impact fees cannot be used for operating or maintenance expenses. The cost of public facilities that can be paid for by impact fees include, but are not limited to, planning for parks that will reasonably benefit the new development, land acquisition, site improvements, necessary off-site improvements, construction, engineering, architectural, permitting, financing, and project administrative expenses, applicable impact fees or mitigation costs, and capital equipment pertaining to park facilities, and any other expenses which can be capitalized for park land and recreation facilities.

The public facilities that can be paid for by impact fees are "system improvements" (which are typically outside the development "and designed to provide service to service areas within the community at large" as provided in RCW 82.02.050(9)), as opposed to "project improvements" (which are typically provided by the developer on-site within the development or adjacent to the development "and designed to provide service for a particular development project and that are necessary for the use and convenience of the occupants or users of the project" as provided in RCW 82.02.050(6).

## **EXPENDITURE REQUIREMENTS FOR IMPACT FEES**

Impact fees must be spent on capital projects contained in an adopted capital facilities plan, or they can be used to reimburse the government for the unused capacity of existing facilities. Impact fee payments that are not expended within 6 years must be refunded. In order to verify these two requirements, impact fee revenues must be deposited into separate accounts of the government, and annual reports must describe revenue and expenditures.

## **DEVELOPER OPTIONS**

A developer who is liable for impact fees has several options regarding impact fees. The developer can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. The developer can appeal the impact fee calculation by Kitsap County. If the impact fee payments are not expended within 6 years of receipt of such payments, the developer can obtain a refund of the impact fees. The developer can also obtain a refund if the development does not proceed and no impacts are created.

## **ORGANIZATION OF THE STUDY**

- Chapter 1 Summarizes the statutory basis for developing impact fees, discusses issues, and presents the methodology and formulas for determining the amount of the impact fee.
- Chapter 2 Describes and documents the level of service standard for the parks and recreational facilities, which is measured by the amount of capital investment per person.
- Chapter 3 Documents the value of parks and recreational facilities that are needed to serve growth that is forecast in Kitsap County, net of any existing reserves and/or any County investment in parks and recreational facilities.
- Chapter 4 Documents the growth cost per person and calculates the impact fee per dwelling unit.
- Appendix A Documents the cost per unit of capacity of park land and recreational facilities.
- Appendix B Documents the need for park land and recreational facilities using categories specified in RCW 82.02.050(4).

## 1. Statutory Basis and Methodology

Local governments charge impact fees for several reasons: 1) to obtain revenue to pay for some of the cost of new public facilities; 2) to implement a public policy that new development should pay a portion of the cost of facilities that it requires, and that existing development should not pay all of the cost of such facilities; and 3) to assure that adequate public facilities will be constructed to serve new development.

This study of impact fees for park land and recreation facilities for Kitsap County, Washington describes the methodology that is used to develop the fees, presents the formulas, variables and data that are the basis for the fees, and documents the calculation of the fees. The methodology is designed to comply with the requirements of Washington State Law.

### **STATUTORY BASIS FOR IMPACT FEES**

The Growth Management Act of 1990 created RCW 82.02.050 - 82.02.090 to authorize local governments in Washington to charge impact fees, and provide specific requirements for impact fees.

The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development); and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments.

The following synopsis of the most significant requirements of the law includes citations to the Revised Code of Washington to aid to readers who wish to review the exact language of the statutes.

### **TYPES OF PUBLIC FACILITIES**

Four types of public facilities can be the subject of impact fees: 1) public streets and roads; 2) publicly owned parks, open space and recreation facilities; 3) school facilities; and 4) fire protection facilities (in jurisdictions that are not part of a fire district). *RCW 82.02.050(2) and (4), and RCW 82.02.090(7)*

### **TYPES OF IMPROVEMENTS**

Impact fees can be spent on "system improvements" (which are typically outside the development), as opposed to "project improvements" (which are typically

provided by the developer on-site within the development). *RCW 82.02.050(3)(a) and RCW 82.02.090(6) and (9)*

### **BENEFIT TO DEVELOPMENT**

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. *RCW 82.02.050(3)(a) and (c)*. Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government), and local governments must develop impact fee rate categories for various land uses. *RCW 82.02.060(6)*

### **PROPORTIONATE SHARE**

Impact fees cannot exceed the development's proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. *RCW 82.02.050(3)(b) and RCW 82.02.060(1)*

### **REDUCTIONS OF IMPACT FEE AMOUNTS**

Impact fees rates must be adjusted to account for other revenues that the development pays (if such payments are earmarked for or proratable to particular system improvements). *RCW 82.02.050(1)(c) and (2) and RCW 82.02.060(1)(b)* Impact fees may be credited for the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). *RCW 82.02.060(3)*

### **EXEMPTIONS FROM IMPACT FEES**

Local governments have the discretion to provide exemptions from impact fees for low-income housing and other "broad public purpose" development, but all such exemptions must be paid from public funds (other than impact fee accounts). *RCW 82.02.060(2)*

### **DEVELOPER OPTIONS**

Developers who are liable for impact fees can submit data and or/analysis to demonstrate that the impacts of the proposed development are less than the impacts calculated in this rate study. *RCW 82.02.060(5)*. Developers can pay impact fees under protest and appeal impact fee calculations. *RCW 82.02.060(4) and RCW 82.02.070(4) and (5)*. The developer can obtain a refund of the impact fees if the local government fails to expend the impact fee payments within 6 years, or terminates the impact fee requirement, or the developer does not proceed with the development (and creates no impacts). *RCW 82.02.080*

## **CAPITAL FACILITIES PLANS**

Impact fees must be expended on public facilities in a capital facilities plan (CFP) element (or used to reimburse the government for the unused capacity of existing facilities). The CFP must conform with the Growth Management Act of 1990, and must identify existing deficiencies in facility capacity for current development, capacity of existing facilities available for new development, and additional facility capacity needed for new development. *RCW 82.02.050(4), RCW 82.02.060(7), and RCW 82.02.070(2)*

## **NEW VERSUS EXISTING FACILITIES**

Impact fees can be charged for new public facilities (*RCW 82.02.060(1)(a)*), and for the unused capacity of existing public facilities (*RCW 82.02.060(7)*) subject to the proportionate share limitation described above.

## **ACCOUNTING REQUIREMENTS**

The local government must separate the impact fees from other monies, expend the money on CFP projects within 6 years, and prepare annual reports of collections and expenditures. *RCW 82.02.070(1)-(3)*

## **ISSUES RELATING TO IMPACT FEES**

Prior to calculating impact fee rates, several issues will be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for new revenue for additional park land and recreation facilities, the benefit of new park land and recreation facilities to new development, and low-income housing.

## **RESPONSIBILITY FOR PUBLIC FACILITIES**

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. Kitsap County is legally and financially responsible for the parks and recreation facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private facilities, but it may charge impact fees for some public facilities that it does not administer if such facilities are "owned or operated by government entities" (*RCW 82.02.090 (7)*). Thus, a county or city may charge impact fees for parks and recreation facilities, and enter into an agreement with school districts for the transfer, expenditure, and reporting of parks impact fees for parks and recreational facilities at school sites.

## **NEED FOR ADDITIONAL PARK LAND AND RECREATION FACILITIES**

The need for additional park land and recreation facilities is determined by using standards for levels of service for park land and recreation facilities to calculate the quantity of facilities that are required. The required quantity is then compared

to the existing inventory to determine the need for additional land and facilities. The analysis of needed park land and recreation facilities must comply with the statutory requirements of identifying existing deficiency, reserve capacity and new capacity requirements for facilities. An analysis of the need for additional park land and recreation facilities is presented in Appendix B.

## **NEED FOR NEW REVENUE FOR ADDITIONAL PARK LAND AND RECREATION FACILITIES**

The need for new revenue for park land and recreation facilities is demonstrated by comparing the cost of new facilities for the next 6 years to the existing sources of revenue for the same 6 years. The County's 6-year plan for park land and recreation facilities does not have enough revenues from other sources to pay needed costs without impact fees.

## **DETERMINING THE BENEFIT TO DEVELOPMENT**

The law imposes three tests of the benefit provided to development by impact fees: 1) proportionate share, 2) reasonably related to need, and 3) reasonably related to expenditure (*RCW 80.20.050(3)*).

### **1. Proportionate Share.**

First, the "proportionate share" requirement means that impact fees can be charged only for the portion of the cost of public facilities that is "reasonably related" to new development. In other words, impact fees cannot be charged to pay for the cost of reducing or eliminating deficiencies in existing facilities.

Second, there are several important implications of the proportionate share requirement that are not specifically addressed in the law, but which follow directly from the law:

- Costs of facilities that will be used by new development and existing users must be apportioned between the two groups in determining the amount of the fee. This can be accomplished in either of two ways: (1) by allocating the cost between new and existing users, or (2) calculating the cost per unit (i.e., acre of park land, etc.), and applying the cost only to new development when calculating impact fees.
- Impact fees that recover the costs of existing unused capacity should be based on the government's actual cost, rather than the replacement cost of the facility. Carrying costs may be added to reflect the government's actual or imputed interest expense.

The third aspect of the proportionate share requirement is its relationship to the requirement to provide adjustments and credits to impact fees, where appropriate. These requirements ensure that the amount of the impact fee does not exceed the proportionate share.

- The "adjustments" requirement reduces the impact fee to account for past and future payments of other revenues (if such payments are earmarked for or prorable to the system improvements that are needed to serve new growth).
- The "credit" requirement reduces impact fees by the value of dedicated land, improvements or construction provided by the developer (if such facilities are in the adopted CFP and are required as a condition of development approval). The law does not prohibit a local government from establishing reasonable requirements on determining credits. For example, the location of dedicated land and the quality and design of a donated public facility can be required to conform to adopted local standards for such facilities.

Without such adjustments and credits, the fee-paying development might pay more than its proportionate share.

## **2. Reasonably Related to Need.**

There are many ways to fulfill the requirement that impact fees be "reasonably related" to the development's need for public facilities, including personal use and use by others in the family or business enterprise (direct benefit), use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). These measures of relatedness are implemented by the following techniques:

- Impact fees for park land and recreation facilities are charged to properties which benefit from new park land and recreation facilities. Park land and recreation facilities are provided by Kitsap County to all residents throughout the County. Impact fees for park land and recreation facilities are only charged to residential development in the County because the dominant stream of benefits redounds to the occupants and owners of dwelling units. As a matter of policy, Kitsap County elects not to charge park impact fees to non-residential properties.<sup>1</sup>
- The relative needs of different types of growth are considered in establishing fee amounts (i.e., single family dwelling units versus multi family dwelling units, etc.).
- Fee-payers can pay a smaller fee if they demonstrate that their development will have less impact than is presumed in the impact fee

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<sup>1</sup> There is not sufficient data to objectively allocate the value of the indirect benefit of the park system to non-residential property.

schedule calculation for their property classification. Such reduced needs must be permanent and enforceable (i.e., via land use restrictions).

Kitsap County's parks and recreation facilities serve the entire County, therefore the impact fees for these parks and recreational facilities are based on a single district which encompasses the entire County.

### **3. Reasonably Related to Expenditures.**

Two provisions of the law tend to reinforce the requirement that expenditures be "reasonably related" to the development that paid the impact fee. First, the requirement that fee revenue must be earmarked for specific uses related to public facilities ensures that expenditures are on identifiable projects, the benefit of which can be demonstrated. Second, impact fee revenue must be expended within 6 years, thus requiring a timeliness of the benefit to the fee-payer.

## **LOW-INCOME HOUSING**

A fundamental premise of impact fees is that growth should pay for its fair share of the public facilities that it needs. One possible drawback to impact fees paid by residential development is the potential negative effect of the impact fees on the affordability of housing.

The effect of an impact fee on the affordability of housing varies according to the cost of the house. The more expensive the house, the smaller the effect because the impact fee (which is the same for all dwelling units, regardless of cost) adds a smaller percentage to the cost of an expensive house. Thus, the least effect is on the highest price housing and the largest effect is on low-income housing. Any given impact fee will be a larger percentage of the cost of a low priced home, and the inelasticity of income of buyers of low-income housing may cause some to be priced out of the market if relief is not provided.

Kitsap County's impact fee ordinance exempts low-income housing from impact fees.

## **Relationship to Capital Facilities Plan**

Kitsap County's parks and recreational facilities impact fees are calculated using the costs from the list of projects in the County's capital facilities plan. The costs are described in detail in Appendix A.

## **Calculation of Impact Fee Amounts**

Six formulas are used to determine the amount of impact fees for parks and recreational facilities that are required as a result of new development:

### **1. Park and Recreation Capital Investment Per Person**

$$\begin{array}{r} \text{Capacity} \\ \text{Per} \\ \text{Person} \end{array} \times \begin{array}{r} \text{Average} \\ \text{Cost per} \\ \text{Facility} \end{array} = \begin{array}{r} \text{Capital} \\ \text{Investment} \\ \text{Per Person} \end{array}$$

### **2. Value Needed for Growth**

$$\begin{array}{r} \text{Capital} \\ \text{Investment} \\ \text{per Person} \end{array} \times \begin{array}{r} \text{Forecast} \\ \text{Population} \\ \text{Growth} \end{array} = \begin{array}{r} \text{Value} \\ \text{Needed} \\ \text{for Growth} \end{array}$$

### **3. Investment Needed for Growth**

$$\begin{array}{r} \text{Value} \\ \text{Needed} \\ \text{for Growth} \end{array} - \begin{array}{r} \text{Value of} \\ \text{Existing} \\ \text{Reserve} \\ \text{Capacity} \end{array} = \begin{array}{r} \text{Investment} \\ \text{Needed} \\ \text{for Growth} \end{array}$$

### **4. Investment to be Paid by Growth**

$$\begin{array}{r} \text{Investment} \\ \text{Needed} \\ \text{for Growth} \end{array} - \begin{array}{r} \text{County} \\ \text{Investment} \\ \text{for Growth} \end{array} = \begin{array}{r} \text{Investment} \\ \text{to be Paid} \\ \text{by Growth} \end{array}$$

### **5. Growth Cost Per Person**

$$\begin{array}{r} \text{Investment} \\ \text{to be Paid} \\ \text{by Growth} \end{array} \div \begin{array}{r} \text{Growth} \\ \text{Population} \end{array} = \begin{array}{r} \text{Growth} \\ \text{Cost} \\ \text{per Person} \end{array}$$

### **6. Impact Fee Per Dwelling Unit**

$$\begin{array}{r} \text{Growth} \\ \text{Cost} \\ \text{Per Capita} \end{array} \times \begin{array}{r} \text{Average} \\ \text{Persons per} \\ \text{Dwelling Unit} \end{array} = \begin{array}{r} \text{Impact Fee} \\ \text{Per} \\ \text{Dwelling Unit} \end{array}$$

## **Data Sources**

The data in this study of impact fees for parks and recreational facilities was provided by the Kitsap County, unless a different source is specifically cited.

## **Data Rounding**

The data in this study was prepared using computer spreadsheet software. In some tables in this study, there will be very small variations from the results that would be obtained using a calculator to compute the same data. The reason for these insignificant differences is that the spreadsheet software was allowed to calculate results to more places after the decimal than is reported in the tables of these reports. The calculation to extra places after the decimal increases the accuracy of the end results, but causes occasional differences due to rounding of data that appears in this study.

## 2. Level of Service Standard

This chapter includes a description of the first formula and each variable that is used in the formula, an explanation of the use of data in the formulas, and the calculation of the level of service standard for park land and recreational facilities, using formula 1.

### **FORMULA 1: Park and Recreation Capital Investment Per Person**

The capital investment per person is calculated by multiplying the capacity of parks and recreational facilities times the average costs of those items.

$$\begin{array}{ccccccc} \text{Capacity} & & & & \text{Average} & & \text{Capital} \\ \text{Per} & & & & \text{Cost per} & = & \text{Investment} \\ \text{Capita} & \times & & & \text{Facility} & & \text{Per Capita} \end{array}$$

There are two variables that require explanation: (A) capacity per capita, and (B) the average cost per unit of each type of park land and recreational facility.

#### **VARIABLE (A): CAPACITY PER CAPITA**

Capacity is a measurement of the size or number of facilities of a certain type, such as number of acres of regional parks, or number of soccer fields. The units of capacity per capita were determined from the level of service standards (ratios of capacity per 1,000 capita) in the 2000 Open Space Plan. Since the ratios adopted by the County apply to parks and recreational facilities provided by many park and recreation agencies, the County's staff recommended the percentage of the adopted standards that should be Kitsap County's responsibility. The ratios of County responsibility capacity per 1,000 persons were then divided by 1,000 to determine the ratio of capacity per capita.

#### **VARIABLE (B) COSTS OF PARKS AND RECREATIONAL FACILITIES**

The County's 6-year CFP for parks and recreational facilities identifies capital projects required to achieve the level of services standards for park and recreational facilities, and to meet the growth demand based on the adopted standards for level of service.

Most of the additional capacity in parks and recreational facilities will be provided by constructing new facilities, however some capacity may be provided by expanding existing facilities. Throughout this study, any reference to new facilities includes expansion of existing facilities as well as construction of new facilities.

The costs in this study represent the costs of actual projects in the 6-year CFP, or if there are no CFP projects for a type of park or facility, the cost is the actual cost paid for the land or facilities acquired previously by the County or cost estimates

provided by the County's 2000 Open Space Plan consultants. Appendix A lists each type of park and recreational facility, its unit of capacity, cost per unit, and the source of the cost data.

The cost of each new park includes land, design, landscaping, site improvements, some recreational facilities (e.g., equipment or apparatus not separately listed in this study), and legal and administrative costs (which includes contingency). The cost of recreational facilities includes design, site preparation, construction, and legal and administrative costs (which includes contingency). The cost of facilities does not include land if the facilities are customarily located at a park. If the facility is usually located at any site other than a park, the cost includes land.

The cost of new parks and recreational facilities in this rate study does not include any costs for interest or other financing. If the County borrows money to "front fund" the costs that will be paid by impact fees, the County will have to absorb the carrying costs for financing (unless the impact fee is recalculated to include such costs).

### **CALCULATION OF PARK AND RECREATION CAPITAL INVESTMENT PER CAPITA**

Table 1 (on the next page) lists the types of land and facilities that make up Kitsap County's park system. For each component listed in column 1, the ratio of capacity per capita using the 2000 Open Space plan ratios is listed in column 2, and the average cost per facility is listed in column 3. Finally, column 4 presents the calculated capital investment per capita by multiplying the ratio by the average unit cost.

Table 1  
Level of Service Standard

(1) Type Of Park or Facility (alphabetical order)	(2) Ratio of Capacity per Capita	(3) Average Cost Per Facility Unit	(4) Capital Investment Per Capita (Col. 2 X Col. 3)
<b>(Park Land Acquisition)</b>			
Open Space (acre)	0.004260	10,000	426.00
Regional Parks (acre)	0.009600	16,000	153.60
Community Parks (acre)	0.000930	35,000	32.55
Shoreline Access (mile)	0.000012	3,960,000	48.47
<b>Trails (Development)</b>			
Walking/Hiking Trails (mile)	0.000101	100,000	10.08
Multipurpose Trails (mile)	0.000101	100,000	10.08
Equestrian Trails (mile)	0.000025	150,000	3.78
Mountain Bike Trails (mile)	0.000025	100,000	2.52
<b>Outdoor Leisure Facilities</b>			
Playgrounds	0.000140	100,000	14.00
Picnic Shelters	0.000021	150,000	3.11
Campgrounds	0.000300	3,000	0.90
Nature/Interpretive Centers	0.000010	200,000	2.00
Community Centers	0.000013	2,000,000	26.00
<b>Athletic Facilities</b>			
Basketball Courts	0.000073	15,000	1.09
Volleyball Courts	0.000500	10,000	0.50
Tennis Courts	0.000125	25,000	3.13
Soccer Fields	0.000050	250,000	12.50
Baseball fields (250' +)	0.000063	300,000	18.75
Baseball Fields (200' +)	0.000063	200,000	12.50
Multipurpose Fields	0.000013	200,000	2.50
<b>Level of Service Standard (Total)</b>			784.06

Source : Kitsap County

Kitsap County's standard is \$784.06 per capita of capital investment in park land and recreational facilities. Although the amount is the total of individual types of park land and recreational facilities, the standard does not apply separately to each type of park or recreational facility. The only standard is the total amount per person: \$784.06. By using the total as the standard, rather than each component, the County maintains the flexibility to develop parks and recreational facilities that are most appropriate for each site without being required to maintain arbitrary ratios of each facility at each park site. The County's flexibility also allows it to be responsive to changing needs and priorities.

### 3. Park and Recreational Facility Needs

In this chapter the value is calculated for parks and recreational facilities that are needed to serve growth that is forecast in Kitsap County, and that value is reduced by the value of any existing reserves and future investments the County will make in parks and recreational facilities that serve growth.

As in the previous chapter, this chapter includes a description of formulas and each variable that is used in the formulas, an explanation of the use of data in each formula, and the calculations that result from using formulas 2 - 4.

#### **FORMULA 2: Value Needed for Growth**

Impact fees must be related to the needs of growth, as explained in Chapter 1. The first step in determining growth's needs is to calculate the total value of parks and recreational facilities that are needed for growth. The calculation is accomplished by multiplying the investment per capita (from Table 1) times the number of new persons that are forecast for the County's growth.

$$\begin{array}{ccccccc} \text{Capital} & & \text{Forecast} & & \text{Value} & & \\ \text{Investment} & & \text{Population} & = & \text{Needed} & & \\ \text{per Capital} & \times & \text{Growth} & & \text{for Growth} & & \end{array}$$

There is one new variable used in formula 2 that requires explanation: (C) forecasts of future population growth.

#### **VARIABLE (C): FORECAST POPULATION GROWTH**

As part of Kitsap County's long-range planning process, including its Comprehensive Plan pursuant to the Growth Management Act, the County prepares forecasts of future growth. The County's total 2002 unincorporated population is estimated to be 160,625, and the forecast for the year 2007 is 174,287. The forecast growth is the difference: 13,662. It should be noted that the calculated value needed for growth is based on the unincorporated County population growth estimates.

#### **CALCULATION OF VALUE NEEDED FOR GROWTH**

Table 2 shows the calculation of the value of parks and recreational facilities needed for growth. Column 1 lists the level of service standard for capital investment per person from Table 1; column 2 shows the growth in population that is forecast; and column 3 represents the total value of parks and recreational facilities that is needed to serve the growth that is forecast for Kitsap County.

Table 2  
Value of Parks and Recreational Facilities Needed for Growth

(1) Capital Investment per Person	(2) Forecast Population Growth	(3) Value Needed for Growth
784.06	13,662	10,711,765

Table 2 shows that Kitsap County needs parks and recreational facilities valued at \$10,711,765 in order to serve the growth of 13,662 additional people who are expected to be added to the County's total existing unincorporated population. In addition, the recommended level of service standards for the unincorporated County population requires an inventory of parks and recreational facilities that exceeds what is currently available to the County's existing unincorporated population. Appendix B shows this deficiency of parks and recreational facilities for the County's current unincorporated population is valued at \$44,959,509 and cannot be paid for by impact fees.

**FORMULA 3. Investment Needed for Growth**

The investment needed for growth is calculated by subtracting the value of any existing reserve capacity from the total value of parks and recreational facilities needed to serve the growth.

$$\begin{array}{r} \text{Value} \\ \text{Needed} \\ \text{for Growth} \end{array} - \begin{array}{r} \text{Value of} \\ \text{Existing} \\ \text{Reserve} \\ \text{Capacity} \end{array} = \begin{array}{r} \text{Investment} \\ \text{Needed} \\ \text{for Growth} \end{array}$$

There is one new variable used in formula 3 that requires explanation: (D) value of existing reserve capacity of parks and recreational facilities.

**VARIABLE (D): VALUE OF EXISTING RESERVE CAPACITY**

The value of reserve capacity is the difference between the value of the County's existing inventory of parks and recreational facilities, and the value of those assets that are needed to provide the level of service standard for the existing unincorporated population. As explained in Formula 1 and documented in Appendix B, the County will not have any reserve capacity available to offset the value of assets needed to achieve the level of service for the existing population.

**CALCULATION OF INVESTMENT NEEDED FOR GROWTH**

Table 3 below shows the calculation of the investment in parks and recreational facilities that is needed for growth. Column 1 lists the value of parks and recreational facilities needed to serve growth (from Table 2); column 2 shows the value of existing reserve capacity (from Appendix B); and column 3 is the remaining investment in parks and recreational facilities that is needed to serve the growth.

Table 3  
Investment Needed in Parks and Recreational Facilities for Growth

(1)	(2)	(3)
Value Needed for Growth	Value of Existing Reserve Capacity	Investment Needed for Growth
10,711,765	0	10,711,765

Table 3 shows that Kitsap County needs to invest \$10,711,765 in additional parks and recreational facilities in order to serve future growth. The future investment in parks and recreational facilities that needs to be paid by growth may be less than \$10,711,765 if the County has other revenues it invests in its parks and recreational facilities.

**FORMULA 4. Investment to be Paid by Growth**

The investment to be paid by growth is calculated by subtracting the amount of any revenues the County invests in infrastructure from the total investment in parks and recreational facilities needed to for growth.

$$\begin{array}{rcccl}
 \text{Investment} & & \text{County} & & \text{Investment} \\
 \text{Needed} & - & \text{Investment} & = & \text{to be Paid} \\
 \text{for Growth} & & \text{for Growth} & & \text{by Growth}
 \end{array}$$

There is one new variable used in formula 4 that requires explanation: (E) revenues used to fund the County’s investment in projects that serve growth.

**VARIABLE (E): COUNTY INVESTMENT OF NON-IMPACT FEE REVENUES**

Impact fee rate calculations must recognize and take into account revenues which are earmarked or proratable to projects that are funded with impact fees. Kitsap County has historically used local revenues, such as real estate excise tax, bond issues and other revenues within the County’s Capital Improvement Fund and General Fund to pay for part of the cost of park and recreational facility

capital costs. Appendix B shows that the County has a substantial existing deficiency that will consume all available non-impact fee revenue, therefore there will not be any other revenue to invest in the cost for capital improvement projects for parks and recreational facilities for growth.

These revenues are accounted for by reducing the investment needed for growth in the fourth formula for computing impact fees. These reductions are the "adjustments" required by law for future taxes or other payments.

Revenues that are used for repair, maintenance or operating costs are not used to reduce impact fees because they are not used, earmarked or prorated for the system improvements that are the basis of the impact fees. Revenues for payments of *past* taxes paid on vacant land prior to development are not included because new capital projects do not have prior costs, therefore prior taxes did not contribute to such projects.

Finally, prior taxes paid by vacant land for debt service of bond issues are not usually used for the specific capital projects that serve the new development that pays impact fees. If the taxes paid for other projects, no adjustment is required by RCW 82.02.060(1)(b). In the event that such taxes were used for projects that serve new development, the amount of such tax payments is de minimus (not material) because the taxes were paid by vacant land which had relatively low taxable value, therefore small tax payments. If a developer believes that substantial tax payments were made that meet the criteria of RCW 82.02.060(1)(b), the County's impact fee ordinance allows an applicant to submit supporting information and request a special review.

The other potential credit reducing capacity costs (and subsequent impact fees) are donations of land or other assets by developers or builders. Those reductions depend upon specific arrangements between the developer and Kitsap County. Reductions in impact fees for donations are calculated on a case by case basis at the time impact fees are to be paid.

## **CALCULATION OF INVESTMENT TO BE PAID BY GROWTH**

Table 4 shows the calculation of the investment in parks and recreational facilities that needs to be paid by growth. Column 1 lists the investment in parks and recreational facilities needed to serve growth (from Table 3); column 2 shows the value of County investment for growth (zero, as described above), and column 3 is the remaining investment in parks and recreational facilities that will be paid by growth.

Table 4

Investment in Parks and Recreational Facilities to be Paid by Growth

(1) Investment Needed for Growth	(2) County Investment for Growth	(3) Investment to be Paid by Growth
10,711,765	0	10,711,765

Table 4 shows that growth in Kitsap County needs to pay \$10,711,765 for additional parks and recreational facilities to achieve the 2000 Open Space Plan's level of service standards for future growth. The portion to be paid by each new dwelling unit is presented in the next chapter.

## 4. Impact Fees

In this chapter, the investment in additional parks and recreational facilities to be paid by growth (from chapter 3) is converted to impact fees per dwelling unit. As in the previous chapter, this chapter includes a description of the formulas and each variable that is used in each formula, an explanation of the use of data in the formula, and the calculation of the impact fee per dwelling unit, using formulas 5 and 6.

### **FORMULA 5: Growth Cost Per Capita**

The growth cost per person is calculated by dividing the investment in parks and recreational facilities that is to be paid by growth by the amount of population growth.

$$\begin{array}{r} \text{Investment} \\ \text{to be Paid} \\ \text{by Growth} \end{array} \div \begin{array}{r} \text{Growth} \\ \text{Population} \end{array} = \begin{array}{r} \text{Growth} \\ \text{Cost} \\ \text{per Capita} \end{array}$$

There are no new variables used in formula 5. Both variables were developed in previous formulas.

### **CALCULATION OF INVESTMENT TO BE PAID BY GROWTH**

Table 5 shows the calculation of the cost per person of parks and recreational facilities that needs to be paid by growth. Column 1 lists the investment in parks and recreational facilities needed to be paid by growth (from Table 1), column 2 shows the growth population (see Variable C, Formula 2, above), and column 3 is the growth cost per person.

Table 5  
Growth Cost per Person

(1) Investment to be Paid by Growth	(2) Growth Population	(3) Growth Cost per Person
10,711,765	13,662	784.06

Table 5 shows that cost per new per capita for parks and recreational facilities that will be paid by growth is \$784.06. The amount to be paid by each new dwelling unit depends on the number of persons per dwelling unit.

**FORMULA 6: Impact Fee per Dwelling Unit**

The impact fee per dwelling unit is calculated by multiplying the growth cost per capita by the number of persons per dwelling unit.

$$\begin{array}{rcccl} \text{Growth} & & \text{Average} & & \text{Impact Fee} \\ \text{Cost} & & \text{Persons per} & = & \text{per} \\ \text{per Person} & \times & \text{Dwelling Unit} & & \text{Dwelling Unit} \end{array}$$

There is one new variable used in formula 6 that requires explanation: (F) average number of persons per dwelling unit.

**VARIABLE (F): AVERAGE PERSONS PER DWELLING UNIT**

The number of persons per dwelling unit is the factor used to convert the growth cost of parks and recreational facilities per person into impact fees per dwelling unit. The number of persons per dwelling unit in Kitsap County ranges from 2.50 persons per single family dwelling unit to 1.90 persons per multi-family unit, according to Kitsap County.

(The number of persons per dwelling unit is sometimes referred to as persons per household in U.S. census information. These terms are interchangeable in this study.)

**CALCULATION OF IMPACT FEE PER DWELLING UNIT**

Table 6 shows the calculation of the parks and recreational facilities impact fee per dwelling unit. Column 1 lists the types of dwelling units, column 2 shows the average persons per dwelling unit, and column 3 is the impact fee per dwelling unit calculated by multiplying the number of persons per dwelling unit times the growth cost per person from Table 5.

Table 6  
Impact Fee per Dwelling Unit

(1) Type of Dwelling Unit	(2) Average Persons per Dwelling Unit	(3) Impact Fee per Dwelling Unit @ \$784.06 per Capita
Single Family	2.50	\$ 1,960
Multi-Family	1.90	1,490

## Appendix A: Costs of Parks and Recreational Facilities

The costs in this study represent the costs of actual projects in the 6-year CFP, or if there are no CFP projects for a type of park or facility, the cost is the actual cost paid for the land or facilities acquired previously by the County or cost estimates provided by the County's 2000 Open Space Plan consultants. For each type of park and recreational facility the table below lists it's unit of capacity, the average cost of one unit of capacity, and the source of the cost data.

(1) Type Of Park or Facility	(2) Unit	(3) Land Cost Per Unit	(4) Development Cost Per Unit	(5) Total Cost Per Unit	(6) Source of Cost Data
<b>(Park Land Acquisition)</b>					
Open Space (acre)	acre	10,000	190	10,190	Actual 1997-2001 Costs
Regional Parks (acre)	acre	16,000	5,320	21,320	Actual 1997-2001 Costs
Community Parks (acre)	acre	35,000	3,120	38,120	Actual 1997-2001 Costs
Shoreline Access (mile)	mile	3,960,000	11,280	3,971,280	Actual 1997-2001 Costs
<b>Trails (Development)</b>					
Walking/Hiking Trails (mile)	mile		100,000	100,000	2001-06 CFP/Durvenoy
Multipurpose Trails (mile)	mile		100,000	100,000	2001-06 CFP/Durvenoy
Equestrian Trails (mile)	mile		150,000	150,000	2001-06 CFP/Durvenoy
Mountain Bike Trails (mile)	mile		100,000	100,000	2001-06 CFP/Durvenoy
<b>Outdoor Leisure Facilities</b>					
Playgrounds	playground	0	100,000	100,000	Durvenoy Consultants
Picnic Shelters	shelter	0	150,000	150,000	Durvenoy Consultants
Campgrounds	campground	0	3,000	3,000	Durvenoy Consultants
Nature/Interpretive Centers	center	0	200,000	200,000	Not in CFP
Community Centers	center	0	2,000,000	200,000	Staff Estimate
<b>Athletic Facilities</b>					
Basketball Courts	court	0	15,000	15,000	Staff Estimate
Volleyball Courts	court	0	10,000	10,000	Durvenoy Consultants
Tennis Courts	court	0	25,000	25,000	Staff Estimate
Soccer Fields	field	0	250,000	250,000	Durvenoy Consultants
Baseball fields (250' +)	field	0	300,000	300,000	Durvenoy Consultants
Baseball Fields (200' +)	field	0	200,000	200,000	Staff Estimate
Multipurpose Fields	field	0	200,000	200,000	Durvenoy Consultants

## Appendix B: Deficiency or Reserve Investment of Parks and Recreation Facilities

The need for additional investment per capita in park land and recreation facilities is determined by using standards for levels of service for park land and recreation facilities to calculate the total investment per capita of facilities that are required. The required amount of investment is then compared to the County's current investment per capita to determine if there is an existing deficiency that must be made up without regard to growth, or if there is reserve investment per capita capacity that can serve growth. The deficiency or reserve is applied to the total requirement in order to determine the net need for new capital investments to serve growth. This analysis complies with the requirements of RCW 82.02.050(4).

### Value Required for Existing Population

The table below shows the calculation of the value of parks and recreational facilities needed for the County's current population. Column 1 lists the level of service standard for capital investment per capita from Table 1; column 2 shows the County's 2002 population; and column 3 is the total value of parks and recreational facilities that is needed to serve the existing population.

#### Value of Parks and Recreational Facilities Needed for Existing Population

(1) Capital Investment per Person	(2) 2002 Population (Unincorporated)	(3) Value Needed for Existing Population
784.06	160,625	125,938,899

### Value of Kitsap County's 2001 Inventory of Parks and Recreational Facilities

The value of the County's current inventory is calculated by multiplying the number of acres and recreational facilities the County owns times the current value per unit of capacity (from Appendix A). The results are shown in the table on the following page.

**Value of 2001 Parks and Recreational Facilities**

(1) Type Of Park or Facility (alphabetical order)	(2) 2001 Inventory Kitsap County	(3) Cost per Unit (Appendix A)	(4) Inventory Value
<b>Park Land (Acquisition)</b>			
Open Space (acre)	1,764.36	10,000	17,643,600
Regional Parks (acre)	1,275.44	16,000	20,407,040
Community Parks (acre)	213.97	35,000	7,488,950
Shoreline Access (mile)	4.38	3,960,000	17,344,800
<b>Trails (Development)</b>			
Walking/Hiking Trails (mile)	10.35	100,000	1,035,000
Multipurpose Trails (mile)	0.00	100,000	0
Equestrian Trails (mile)	0.00	150,000	0
Mountain Bike Trails (mile)	0.00	100,000	0
<b>Outdoor Leisure Facilities</b>			
Playgrounds	11.00	100,000	1,100,000
Picnic Shelters	4.00	150,000	600,000
Campgrounds	0.00	3,000	0
Nature/Interpretive Centers	1.00	200,000	200,000
Community Centers	3.00	2,000,000	6,000,000
<b>Athletic Facilities</b>			
Basketball Courts	5.00	15,000	75,000
Volleyball Courts	3.00	10,000	30,000
Tennis Courts	9.00	25,000	225,000
BMX Tracks	1.00	30,000	30,000
Skateboard Facilities	2.00	150,000	300,000
Football Fields	1.00	300,000	300,000
Soccer Fields	8.00	250,000	2,000,000
Baseball fields (250' +)	8.00	300,000	2,400,000
Baseball Fields (200' +)	19.00	200,000	3,800,000
Total Inventory Value			80,979,390

**Deficiency or Reserve Capacity of Parks and Recreational Facilities**

The deficiency or reserve capacity is the difference between the value of park and recreational facility assets that are needed to provide the level of service standard for the existing population and the value of the County's existing inventory of parks and recreational facilities, and. As of 2001, Kitsap County has a deficiency and no reserve capacity:

Value of 2001 Inventory	\$80,979,390
Value Required for 2001 Population	<u>125,938,899</u>
Deficiency/Reserve Capacity Value	(44,959,509)