

**CITY OF MOUNTLAKE TERRACE**

**ORDINANCE NO. 2574**

**AN ORDINANCE OF THE CITY OF MOUNTLAKE TERRACE AMENDING  
ORDINANCE NO. 2504, INCLUDING APPENDIX A AND APPENDIX B, AND  
CHAPTER 18.35 MTMC "PARK IMPACT FEES" OF THE MOUNTLAKE  
TERRACE MUNICIPAL CODE, INCLUDING APPENDIX A AND APPENDIX B,  
BY REVISING THE PERIOD FOR EXPENDING PARK IMPACT FEE  
REVENUES AND REVISING THE SCHEDULE AND METHOD OF  
CALCULATING PARK 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 a park capital improvement, namely a public plaza to be located in the Town Center consistent with the adopted Town Center Plan, which provides mitigation for development impacts and is eligible to be funded in part by impact fees and which is being included in the City's Capital Improvement Plan; and

**WHEREAS**, the park improvement being funded through impact fees will attract people downtown and be used by employees and customers of downtown businesses and, at the same time, will serve the entire community and provide additional park facilities to mitigate impacts that may be generated by future residential development and growth anywhere within the City; and

**WHEREAS**, the City originally adopted a park impact fee ordinance, Ordinance No. 2459, 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 adopted a park impact fee ordinance, Ordinance No. 2504 on December 15, 2008 and such ordinance included the new area of the designated Town Center district and repealed and replaced Ordinance No. 2459; and

**WHEREAS**, both Ordinance No. 2459 and Ordinance No. 2504 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 project 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**, after public notice, the City Council held a public hearing on September 6, on the proposed park impact fee revisions;

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

**Section 1.** Ordinance No. 2504 § 1 and Mountlake Terrace Municipal Code Section 18.35.090, Expenditures are hereby amended to read as follows:

**18.35.090 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 park projects, including a public plaza centrally located in the Town Square area, which is bounded by 56<sup>th</sup> and 58<sup>th</sup> Avenues West and 232<sup>nd</sup> and 234<sup>th</sup> Streets Southwest, for which the impact fees were collected, in conformance with the Capital Facilities Plan.

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 park improvements that were financed in whole or in part by impact fees.

**Section 2.** Ordinance No. 2504 § 1 and Mountlake Terrace Municipal Code Section 18.35.100, Refunds are hereby amended to read as follows:

**18.35.100 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 park 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 18.35.090.B). 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 and no impact has resulted; 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 MTMC 18.35.100.A, 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 18.35.090, 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. 2504 Appendix "A" as codified in Mountlake Terrace Municipal Code Chapter 18.35 is hereby amended to read as shown on the attached Appendix "A", Park Impact Fees, which is incorporated by reference as though fully set forth .

**Section 4.** Ordinance No. 2504 Appendix "B" as codified in Mountlake Terrace Municipal Code Chapter 18.35 is amended to read as shown on the attached Appendix "B", Park 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.

ATTEST: *Margaret V. Olson*  
CITY CLERK

*Jerry Smith*  
MAYOR JERRY SMITH

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

**APPENDIX A  
(Ordinance No. 2574)  
City of Mountlake Terrace  
Park Impact Fees**

**Per Trip Fees by Service Area**

- A. The fees below have been calculated per the methodology discussed in Appendix B of this chapter.
  - 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. Residential fee (per unit)
      - i. Multi-family: \$1,351, effective August 1, 2011, until October 1, 2014, when the rate shall be \$2,027
      - ii. Single-family: \$1,351, effective August 1, 2011, until October 1, 2014, when the rate shall be \$2,027
  - 2. Service Area 2 – Town Center: A fee for commercial development will be applied within Service Area 2 (Town Center) as explained in Appendix B of this ordinance. Boundaries of this Service Area are co-extensive with the area designated Town Center and shown in Appendix C.
    - a. Commercial fee (per 1,000 square feet)
      - i. Office: \$515, effective August 1, 2011, until October 1, 2014, when the rate shall be \$773
      - ii. Retail: \$402, effective August 1, 2011, until October 1, 2014, when the rate shall be \$603

**APPENDIX B**  
**(Ordinance No.2574)**  
**City of Mountlake Terrace**  
**Park Impact Fee Calculation Methodology**

Park impact fees are most commonly charged on new residential development, not commercial, since City parks are often thought of to be for the benefit and use of City residents. However, because the Town Center park proposed in the City's Capital Facilities Plan is a plaza located in the commercial center of the city, it is reasonable to assume that employees of businesses in the Town Center are likely to take advantage of the public open space, whether or not they are residents of Mountlake Terrace.

Other cities within the State of Washington have set a precedent for charging park impact fees to commercial and residential development, including the Cities of Redmond and Burlington. Redmond conducted a survey that revealed that non-resident employees use the parks at one quarter the rate of residents. That is, for every four hours of residential park use, non-resident employees use the parks for an average of one hour.

Based on this rationale and similar usage patterns, the City of Mountlake Terrace has decided to implement an impact fee for residential development citywide and for commercial development located within the Town Center.

It is assumed that all residents citywide will use the plaza park space as they would any other public area. It is also assumed that employees of the Town Center, regardless of whether or not they are residents of the City, will use the plaza park as a result of the location of their employment.

**Fee Calculation**

Expected residential development **citywide** was multiplied by the assumed average number of occupants per unit. The resulting total number of new residents was multiplied by four hours of average park use per week. The number of estimated new employees resulting from future commercial development within the **Town Center** was multiplied by one hour per week of average park use.

The total hours of use for each residential and commercial land use category therefore established the relative percent of total use, which was applied to the estimated cost of the plaza park. This resulted in a total cost allocation of the creation of the park for each land use category.

The total cost allocation for each land use was then divided by the appropriate unit – housing units for residential development, and 1,000 square feet for commercial development.

The calculation of park impact fees for residential and commercial development is shown in the table below.

**Calculation of Park Impact Fees**

Land Use	Expected Development			Persons per Unit	Hours Use per Week	Total Hours	% Hours	Cost Allocation	Per Unit Fee (Full Cost)	
	Housing Units	Employ	Building Area (SF)						Per Housing Unit	Per 1,000 SF
Multi-family	990			2.20	4.00	8,712	69.4%	\$2,674,627	<b>\$2,701.64</b>	
Single-family	276			2.20	4.00	2,429	19.3%	\$745,654	<b>\$2,701.64</b>	
Office (In TC)		900	268,200		1.00	900	7.2%	\$276,304		<b>\$1,030.22</b>
Retail (In TC)		516	197,112		1.00	516	4.1%	\$158,415		<b>\$803.68</b>
<b>TOTALS</b>	<b>1,266</b>	<b>1,416</b>	<b>465,312</b>			<b>12,557</b>	<b>100.0%</b>	<b>\$3,855,000</b>		

**Discount**

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

**Park Impact Fees with Discount**

Type	Unit	Full Cost Allocation	Discounted Fee	
			0% Discount	50% Discounted Fee Rounded up
<b>Residential</b>				
Multi Family Unit	Dwelling	\$2,701.64	\$1,351	\$2,027
Single Family Unit	Dwelling	\$2,701.64	\$1,351	\$2,027
<b>Commercial</b>				
Office (In TC)*	1,000 SF	\$1,030.22	\$515	\$773
Retail (In TC)*	1,000 SF	\$803.68	\$402	\$603

\* "TC" means Town Center