

Whatcom County Transportation Impact Fee Program

STUDY REPORT (DRAFT)

Prepared for:

Whatcom County

May 2008

Prepared by:

The Transpo Group, Inc.
11730 118th Avenue NE, Suite 600
Kirkland, WA 98034-7120
Phone: 425.821.3665
Fax: 425.825.8434
www.thetranspogroup.com

© 2008 The Transpo Group

Table of Contents

Introduction.....	1
What are Transportation Impact Fees?	2
How do Transportation Impact Fees Relate to Other Development Regulations?	3
Why is Whatcom County Considering Transportation Impact Fees?	6
How is this Report Organized?	7
Summary of Recommended Program.....	8
What Improvement Projects are Included?	8
What Service Areas will be used for the Transportation Impact Fee Program?	13
How Are Costs Allocated to the TIF Program?	15
What Proportion of the Costs of TIF Projects could be Recovered through the Program?	16
What are the Resulting Transportation Impact Fees and how do they Compare to Other Jurisdictions?	17
How are the Fees Collected and Spent?	20
Are any Developments Exempt from the Fees?	22
How Would the Fees be Kept Up to Date?	22

Figures

Figure 1. Elements of the Development Review Process.....	1
Figure 2. Transportation Improvement Projects Eligible for Transportation Impact Fee Program.....	10
Figure 3. Recommended Transportation Service Areas	14
Figure 4. Recommended Transportation Impact Fees for Typical Land Uses by Transportation Service Area	19
Figure 5. Comparison of Whatcom County Fees with Other Jurisdictions—Single Family House	21

Tables

Table 1. Transportation Improvement Projects Eligible for Transportation Impact Fee (TIF) Program.....	11
--	----

Introduction

Whatcom County, like many local government agencies in Washington State, has a need for more funding to improve and expand its transportation system to serve new growth. The County is considering adding a transportation impact fee program, as allowed under the State Growth Management Act (GMA), to help fund transportation system improvements needed to serve growth.

Currently, development projects in unincorporated Whatcom County may be required to help fund transportation improvements through three different regulatory programs. These programs include:

- Frontage improvements/development regulations
- State Environmental Policy Act (SEPA)
- Concurrency

These existing programs are requirements that basically cover transportation impacts directly resulting from development; they do not specifically address the long-term transportation system needs resulting from the forecast growth.

Whatcom County is considering adding a transportation impact fee (TIF) program as the fourth piece of the transportation review and mitigation puzzle, as shown on Figure 1. Transportation Impact Fees are optional under GMA. The County prepared an extensive analysis of potential use of TIFs which is summarized in this report. The Program Development and Methodology Report, May 2008, provides more detailed discussion of the technical analyses and decisions leading the proposed TIF program.

The County Council will be asked to review the program and would have to adopt an ordinance to implement the program.

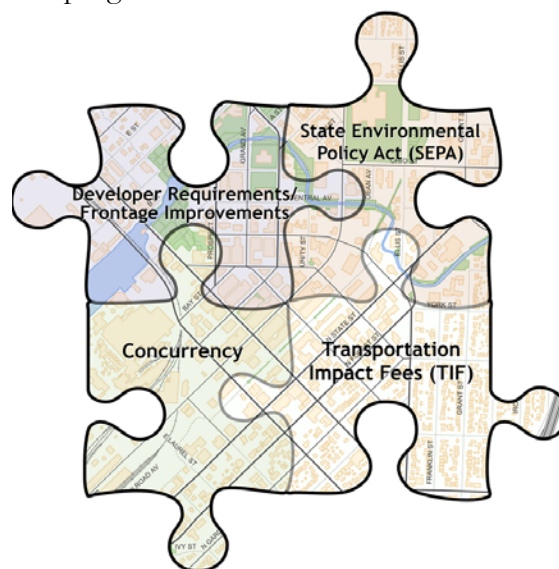


Figure 1. Elements of the Development Review Process

What are Transportation Impact Fees?

Transportation impact fees (TIFs) are a tool allowed under the Washington State Growth Management Act (GMA) to help fund growth-related capital facility improvements to public streets and roads. Impact fees are also allowed under GMA to fund other public capital facilities such as parks, open space, recreation facilities, and fire protection. The following summarizes the GMA definition of an impact fee:

“Impact fee” means a payment of money imposed upon development as a condition of development approval to pay for public facilities needed to serve new growth and development, and that is reasonably related to the new development that creates additional demand and need for public facilities, that is a proportionate share of the cost of the public facilities, and that is used for facilities that reasonably benefit the new development. (source: RCW 82.02.090[3])

Impact fees are an optional element under GMA; agencies are not required to implement them. As noted above, they are a tool used to help mitigate some of the transportation impacts due to new development or redevelopment.

GMA specifically requires that the impact fees:

- Shall be only used for system improvements that are reasonably related to new development;
- Be assessed proportional to or less than the impacts of new development;
- Be allocated to system improvements that reasonably benefit new development;
- Be collected for and spent on facilities included in the capital facilities element of the agency’s Comprehensive Plan.

Impact fees can only be used for helping fund “system” improvements included in adopted capital facilities plans. For TIFs, system improvements are capital improvements designed to provide service for the community at-large. Impact fees cannot be used for “project” improvements, such as subdivision streets. Typically, agencies focus application of TIFs to arterial streets and key collector roads.

TIFs can only be used to fund growth-related improvements. They cannot be used to resolve existing transportation deficiencies. To the extent an improvement serves growth and resolves an existing deficiency, the TIF cannot include the portion of the cost related to resolving the existing deficiency.

TIFs also cannot be the only funding for the growth-related transportation improvement projects. The project cost allocations must account for other public funding which would be generated by developments in forms of taxes or user fees.

The TIFs are implemented through development regulations adopted by ordinance. GMA sets specific minimum requirements for the TIF ordinance.

How do Transportation Impact Fees Relate to Other Development Regulations?

As noted above, TIFs are an optional element allowed under GMA. They are used to help mitigate some of a development's potential transportation impacts. TIFs are used in conjunction with three other development review regulations as shown in Figure 1:

- Development Requirements
- State Environmental Policy Act (SEPA)
- Transportation Concurrency

While transportation impact fees can change how agencies apply some of these other regulations, the other requirements do not go away with adoption of a TIF. The following summarizes the basic roles of the other development regulations.

Development Regulations/Frontage Improvements

When properties are subdivided, the permitting agency can require transportation and other improvements needed to promote the public health, safety, and general welfare (RCW 58.17). This includes safe and convenient travel by the public. Frontage improvements and site development regulations help insure that the County street standards are met and that ultimately, new development is served by adequate roads. Developers can be required to construct the site's frontage and on-site roadways based on the County's adopted Road Standards. Frontage improvements apply to both vehicular and non-motorized facilities. Key elements related to addressing impacts to the transportation system include:

- Addresses on-site impacts (access onto public rights-of-way)
- Helps to insure that new development is served by adequate roads
- Developer can be responsible for frontage along public and private roads
- Can be used to address vehicular, transit, and non-motorized facilities serving the site

State Environmental Policy Act (SEPA)

Washington's State Environmental Policy Act (SEPA), adopted in 1971 (RCW 43.21C), directs State and local decision-makers to consider the environmental consequences of their actions. Implementing regulations, in the form of the SEPA Rules (WAC 197-11) establish uniform requirements for agencies to use in environmental impacts of a proposal. The process also allows review of possible project alternatives or mitigation measures that will reduce the environmental impact of a project. SEPA is typically used to review impacts within the immediate and nearby vicinity, such as vehicular access points, frontage right-of-way improvements and nearby intersections or roadways. SEPA uses the "significant adverse environmental impact" standard as the threshold for triggering mitigation. The intention of SEPA, as applied for transportation, is to mitigate a development's significant adverse impact on the transportation system in terms of capacity and/or operations. SEPA reviews

also address safety, specific access points, circulation needs, and impacts on neighborhoods, pedestrians, and transit facilities.

(source: Washington State Department of Ecology, SEPA Handbook, 2003)

The following summarizes key items of SEPA in the review of development projects:

- Uses “significant adverse impact” standard (not just level of service)
- Broad scope can be used to address capacity, safety, operations, non-motorized impacts and transit
- Reviewed on a development by development basis
- Can be used to mitigate both on and off-site impacts
- Mitigation can be in the form of constructing improvements or payment of proportionate share of improvement costs
- Pooling of funds is generally not allowed
- Does not require denial of developments if standards are not met

Concurrency

The Washington State Growth Management Act (GMA) (RCW 36.70A.070) requires that infrastructure improvements or strategies to accommodate development be available when the impacts of development occur. For transportation facilities, concurrency is defined in the GMA and the Washington Administrative Code (WAC) to mean that any needed transportation improvements or programs be in place at the time of development or that a financial commitment exists to complete the improvements or strategies within six years. Local governments have a significant amount of flexibility regarding how to set level of service standards and how to apply transportation concurrency within their plans, regulations, and permit systems.

As part of the requirement to develop a comprehensive plan, jurisdictions are required to establish level-of-service standards for arterials, transit service, and other facilities, such as water and sewer. Once a jurisdiction sets a standard, it is used to determine whether the impacts of a proposed development can be met through existing capacity and/or to decide what level of mitigation will be required.

If a “development causes the level of service on a locally owned transportation facility to decline below the standards adopted in its transportation element”, jurisdictions are required to prohibit development approval unless transportation improvements or strategies to accommodate the impacts of development are made **concurrent** with the development. Transportation is the only area of concurrency that specifies denial of development. The Growth Management Hearings Boards reiterated the role of a concurrency program, finding that “the concept of concurrency is not an end in of itself but a foundation for local governments to achieve the coordinated, consistent, sustainable growth called for by the Act”.

(source: Puget Sound Regional Council, Assessing the Effectiveness of Concurrency, 2002)

Concurrency is a tool to insure that transportation facilities are constructed as growth occurs. Concurrency provides a link between land use, transportation, and public

investment. The following identifies key requirements for concurrency programs. Whatcom County is also evaluating changes to its concurrency program as part of the overall project.

- Compliance with GMA
- Local governments have flexibility in applying concurrency
- Measured with level of service standards as defined by the County's Comprehensive Plan
- Addresses systemwide impacts
- Developments are not to be approved if development causes the level of service to decline below identified standards

Transportation Impact Fees

Under the Washington State Growth Management Act (GMA), cities and counties are required to make appropriate provisions for transportation needs and impacts during the review of development proposals. The GMA grants local governments the authority to impose transportation impact fees (TIF) for the purpose of supporting the funding of roadway improvements to ensure that adequate facilities are available to serve new growth and development. Transportation impact fees are assessed by local governments against new development projects to recover a portion of the costs incurred by government in providing the public facilities required to serve the new development. Transportation impact fees are only used to fund road improvements that are directly associated with new development. They may be used to pay the proportionate share of the cost of public facilities that benefit the new development; however, impact fees cannot be used to correct existing deficiencies in public facilities. In Washington, impact fees are authorized for those jurisdictions planning under the Growth Management Act (RCW 82.02.050 to 82.02.100).

Transportation Impact Fees are a tool to help mitigate development impacts for systemwide traffic impacts. The following summarizes the key points:

- Enforces "growth pays for growth" principal
- Funds must be spent on capacity projects that are designed to serve new growth and not fix existing deficiencies.
- Addresses "system" wide impacts
- Must be generally proportional to impacts of development
- Based on proportionate share
- Provides funding for six-year Capital Improvement Program
- Funds must be spent on improvements that generally benefit the developments paying the fee
- Funds assessed for several improvement needs can be "pooled" to address agency's priority projects

Why is Whatcom County Considering Transportation Impact Fees?

Development in parts of Whatcom County is outpacing the County's ability to assure adequate transportation facilities will be in place to serve the growth. The County has lacked the regulatory mechanisms and funding to ensure that adequate transportation facilities and services are provided concurrent with development. The County also has not had the technical or regulatory ability to collect impact fees to help fund growth-related transportation facilities. Adoption of a TIF will provide the County with a relatively reliable additional transportation funding mechanism to supplement its current transportation revenues. In addition, adoption of a TIF will provide the County more consistency in defining mitigation of development-related transportation impacts.

Like many local agencies in Washington State, Whatcom County has significantly more transportation improvement needs than they have consistent revenue sources to fund needed transportation improvements. Increased housing and employment growth is forecast to continue in designated urban growth areas (UGAs) and rural areas of unincorporated Whatcom County. The growth requires capacity and other improvements to safely and efficiently meet the increased transportation demands. These demands include passenger vehicles, trucks, transit, bicyclists, and pedestrians. TIFs can provide another source of transportation funding that is directly tied to the level of growth.

The County's current development review process using SEPA can result in equity issues. For example, several developments that impact a roadway or intersection may have been approved with little or no transportation mitigation. The next development that is applied for may add relatively minor traffic to the same roadway, but triggers the County's level of service standard. This last development could be denied or conditioned to resolve the deficiency, while the other prior developments were not required to contribute to the improvement. Under a TIF program, each new development after the effective date of the TIF ordinance (if adopted) would help pay toward this and other growth-related transportation improvement projects. With a TIF in place, even the smallest developments (such as a single-family house) would help fund key transportation improvements proportional to their overall impact to the system. Currently, most small developments in the County pay little or no traffic mitigation under SEPA or Concurrency. The cumulative impacts of these small developments adds up over time placing the full burden on existing County transportation funding programs or on larger development projects that trigger improvements under SEPA or Concurrency standards.

Furthermore, under SEPA, developer mitigation must be spent on the specific improvements at the impacted location. This requires the County to fund any remaining amount not paid for by developers. By accepting 5 percent or less of the funding for an improvement, the County may need to commit the remaining 95 percent even if it was not the County's highest priority transportation improvement. Under GMA, impact fees for different improvement locations can be "pooled" to allow the agency to fully fund its highest priority projects, even though the fees are assessed for a range of improvement projects. This makes the TIF process a more reliable source of funding.

Developers in other parts of Washington have also indicated that under TIF programs they can better estimate their potential transportation mitigation costs. As noted above, most of the developments will still be subject to review under SEPA, concurrency, and frontage improvements which will likely result in mitigation costs above the TIF. These would include mitigation at locations not covered in the TIF or that require mitigation to pass concurrency.

How is this Report Organized?

The next section of this report summarizes the recommended transportation impact fee (TIF) program. It provides an overview of how the program was set up and what the resulting fees would be, if adopted. It also highlights how the program would be implemented by Whatcom County.

Additional detail documenting the development of the recommended program is available in a companion document entitled, “Whatcom County Transportation Impact Fee Program – Program Development and Methodology Report,” May 2008.

Summary of Recommended Program

The recommended Transportation Impact Fee (TIF) program for Whatcom County is based on detailed technical analyses, as well as policy direction. An overview of the key elements of the program is presented in this section. It covers the following key questions:

- What improvement projects are included?
- What are the proposed service areas?
- How are costs allocated to the TIF?
- What transportation revenues may be generated by the program?
- What are the resulting fees and how do they compare to other jurisdictions?
- How are fees collected and spent?
- Are any developments exempt from the fees?

What Improvement Projects are Included?

To define improvement projects for the TIF, a comprehensive list of previously identified transportation improvement projects serving Whatcom County was assembled. The sources for these improvement projects included:

- Whatcom County Comprehensive Plan, January 2005
- Whatcom County Six-Year Transportation Improvement Program, 2007 - 2012
- Whatcom Council of Governments (WCOG) Regional Transportation Plan and Six-Year Transportation Improvement Program 2007 - 2012
- Preliminary recommended improvements from the Birch Bay Subarea Transportation Plan Update (which was being prepared at the same time)

In addition to Whatcom County improvements, improvements within cities within Whatcom County and state highway improvement projects were also documented. The state highway improvements were documented to understand how the state highway projects may accommodate growth within the County, thereby reducing impacts on the County transportation system. In addition, Whatcom County may choose to enter into interlocal agreements with the state for improvements on some state highways. Significant capacity improvements within local cities also were documented to understand how they work with planned County improvements to meet overall transportation needs. These city improvements provide a starting point for potential future discussions on interlocal agreements between Whatcom County and other jurisdictions.

The full list of projects was screened to identify potential growth-related improvements. This process eliminated a wide array of improvements that focused on resolving existing deficiencies or non-growth related transportation needs (these are projects that would likely be done even without growth). These typically included safety, maintenance/ preservation, environmental upgrades, bridge seismic retrofits, and bridge replacement projects.

The remaining projects that were further considered for the TIF program included:

- Upgrading and widening collectors and arterials needed to accommodate higher traffic volumes,
- Upgrading of rural streets to urban standards (including non-motorized facilities) within urban growth areas,
- Construction of new collector or arterials to address capacity and circulation needed for growth,
- Constructing turn lanes and traffic controls to address capacity needs.

Whatcom County has identified an overall need of approximately \$435 million (in 2008 dollars) to fund previously identified transportation improvements (including those in the preliminary draft Birch Bay Subarea Transportation Plan). Of these, the total cost for these potential TIF improvement projects totaled approximately \$160 million in 2008 dollars.

The TIF projects and costs include some improvements on state highways that are critical to serving growth in the Birch Bay subarea. These include improvements at the following intersections of state highways and County roadways:

- Birch Bay-Lynden Road/Blaine Road (SR 548)
- Drayton Harbor Road/Blaine Road (SR 548)
- Loomis Trail Road/Blaine Road (SR 548)
- Vista Road/Grandview Road (SR 548)

Based on the analysis of potential County funding, the TIF-eligible projects were further prioritized for inclusion in the TIF. For the initial recommended TIF program, the County chose to include only the highest priority TIF-eligible projects to assure that full funding would be reasonable within the next 20 years. Due to the County's overall transportation funding needs, the County wanted to assure that projects would not need to be dropped from the program in the future. If projects are removed from the TIF program in the future, the County may be required to refund some of the collected fees to the current owners of properties that were assessed impact fees for improvement projects.

Figure 2 and Table 1 summarize the transportation improvement projects recommended for the TIF program. Some of the improvements in the Birch Bay area are not yet adopted into the Capital Facilities Element of the County's Comprehensive Plan. The Capital Facilities Plan will need to be revised prior to the County including those improvements in the TIF. If the TIF improvements from the Birch Bay Subarea Transportation Plan are not adopted into the County's Capital Facilities Element, those projects will need to be deleted from the TIF program and the resulting fees will need to be adjusted.

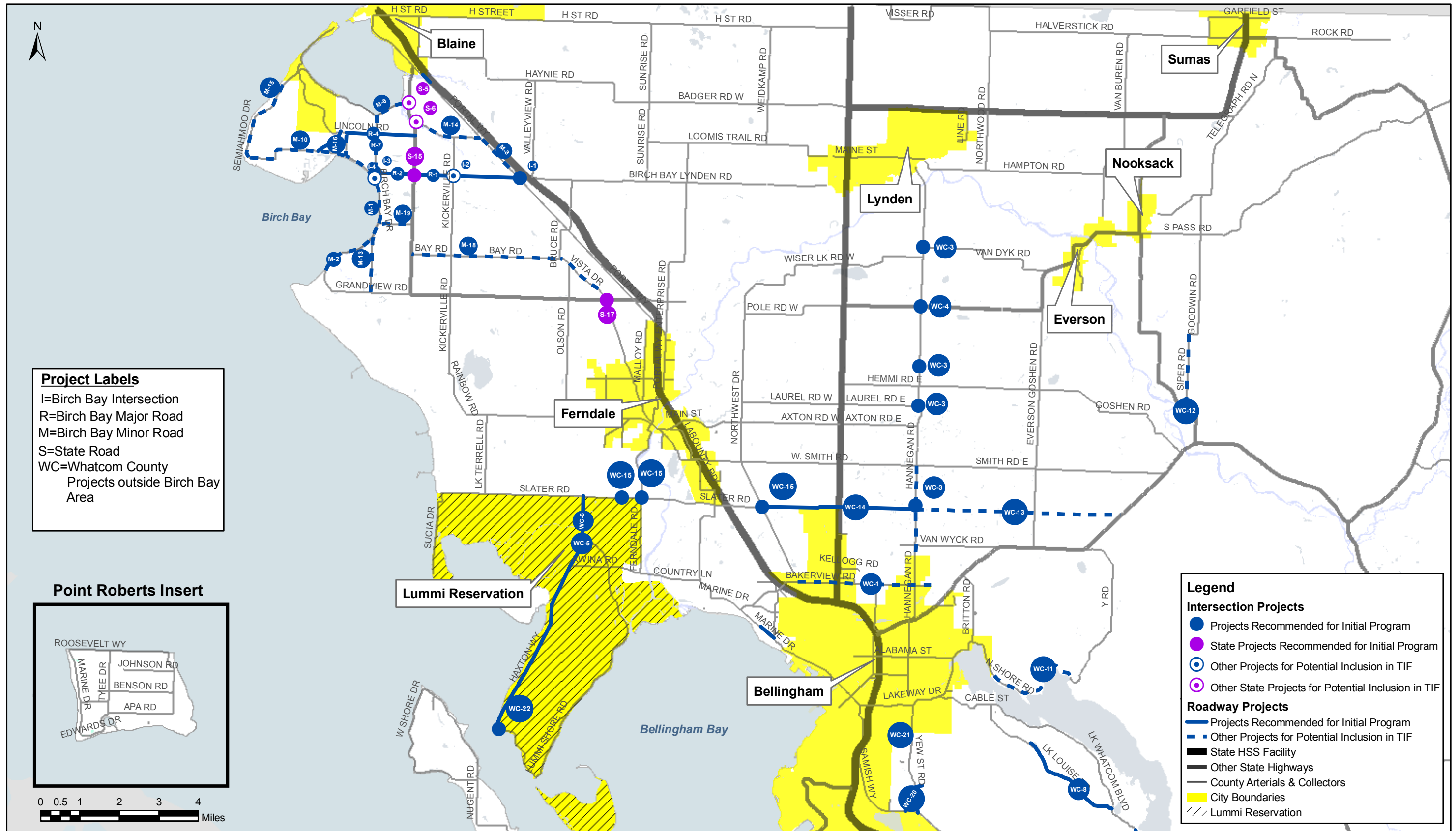


Figure 2: Transportation Improvement Projects Eligible for Transportation Impact Fee Program

Whatcom County Transportation Impact Fee Program



Table 1. TRANSPORTATION IMPROVEMENT PROJECTS ELIGIBLE FOR TRANSPORTATION IMPACT FEE (TIF) PROGRAM

Project ID*	Project Name	Project Limits	Project Description	In Existing TIP?	TIF Eligible?	Project Cost (\$1,000s) Estimated	Comments	TSA Project Location
Eligible Transportation Impact Fee Projects Included In Recommended Plan								
I-1	Birch Bay- Lynden Road / Portal Way	Intersection	Construct intersection improvements to include turn lanes and install traffic signal when, warranted.	Yes	Yes	\$3,000	In design, construction programmed for 2009.	1
I-3	Birch Bay-Lynden Road / Harborview Road	Intersection	Construct intersection improvements to include turn lanes and install traffic signal when warranted.	No	Yes	\$3,000		1
R-1	Birch Bay-Lynden Road Widening	Portal Way to UGA limit just east of Blaine Road	Widen to rural major collector standards including turn lanes at major access locations and paved shoulders for non-motorized trips.	No	Yes	\$1,500	Also See Project 1-2. Existing ROW 90-100 ft	1
R-2	Birch Bay-Lynden Road Widening	UGA limit just east of Blaine Road to Harborview	Widen to urban principal arterial standards including turn lanes and non-motorized facilities.	No	Yes	\$1,800	Also See Projects I-3 and I-4 . Existing ROW 75-100 ft	1
R-3	Birch Point Connector Road	Birch Pt. Road. to Shintaffer Road.	Construct new 2-lane connection at urban standards including non-motorized facilities and new intersection with Semiahmoo Drive.	No	part	\$2,000	A section of the project is constructed by the developer.Requires further engineering and impact studies. Assume 50% of costs paid by the County	1
R-4	Lincoln Road Extension and Improvement	Shintaffer Road. to Blaine Road (SR 548)	Reconstruct existing road and construct 2-lane urban arterial to Blaine Road with non-motorized enhancement including construction of roundabouts at intersections with Blaine Road and Harborview Road.	Yes	Yes	\$9,000	In design, construction programmed for 2011.	1
R-8	Portal Way/Dakota Creek Bridge #500	Bridge	Bridge replacement or rehabilitate structure	Yes	Yes	\$5,000		1
S-15	Birch Bay- Lynden Road / Blaine Road (SR 548)	Intersection	Construct intersection improvements to include roundabout or install turn lanes and traffic signal, when warranted.	Yes	State	\$3,000	Potential Whatcom County funding.	1
S-17	Grandview Road (SR 548) / Vista Drive	Intersection	Construct intersection improvements to include roundabout or install turn lanes and traffic signal, when warranted.	No	State	\$3,000		1
WC-3	Hannegan Rd. Intersections (4 intersections)	Intersections of Hannegan Rd with Kelly Rd., E Laurel, Ten-Mile Rd., Van Dyk Rd.	Upgrade Intersections with turn lanes, and Install traffic signal when warranted	Yes	Yes	\$1,800	Part of improvements at Kelly Rd Intersection could be part of project WC-2	3
WC-4	Hannegan Rd./SR 544 (E Pole Rd.) Intersection	Intersection	upgrade the intersection with turn lanes, and Install traffic signal when warranted	Yes	Yes	\$3,000	This Project could be combined with Projects WC-3	3
WC-6	Haxton Way Non-motorized Improvements- 2 phases	Gooseberry Point to Slater Rd.	reconstruct to Major Collector standards including non-motorized facilities	Yes	Yes	\$3,000	bicycle off-raod trail could be under Park fees (and not under transportation fees)	2
WC-7	Lake Louise Rd.	Sudden Valley Gate 13 to Austin St.	Reconstruct to Major Collector standards including non-motorized facilities	Yes	Yes	\$8,000		5
WC-8	Lake Louise Rd.	Sudden Valley Gate 13 to Whatcom Blvd.	Reconstruct to Major Collector standards including non-motorized facilities	No	Yes	\$8,000		5
WC-9	Lake Whatcom Blvd. High Bridge #115	Entire bridge	Replace existing bridge including widening 1 lane and non-motorized improvements	Yes	Yes	\$5,500	Done (before the road was dangerous, now has shoulder)	5
WC-10	Marine Drive	Bennett Drive to Locust St.	Reconstruct to Urban Minor Arterial standrads with non-motorized facilities	Yes	Yes	\$1,400	Bellingham UGA	2
WC-14	Slater Rd.	Hannegan Rd to Northwest Dr	Construct 2-lane extension road to Kelly Rd at Collector standrds with non-motorized facilities	No	Yes	\$4,000	Good for the connectivity of the network. Re-calssify Kelly and upgarde to collector when extension is constructed	3 (50%), 2 (50%)
WC-15	Slater Rd. intersections (3 intersections in project)	Slater Rd with Imhof Rd., Ferndale Rd., and Northwest Rd.	Upgrade the three intersections with turn lanes, Install traffic signal when warranted	Yes	Yes	\$3,000		2
WC-19	Yew St. Rd.-Samish connector (amalgamation of several projects)	Yew St. (San Juan Blvd.) and Samish Way	Construct new 2-lane connection at urban standards including non-motorized facilities	No	Yes	\$1,000	Bellingham UGA	4
WC-20	Yew Street Rd. Phase 2	Samish Way to Kingsmill	Reconstruct at urban standards including non-motorized facilities	Yes	Yes	\$6,000	Bellingham UGA	4
WC-22	Ferry Dock Improvements	Undefined	Improvements to Lummi Island Ferry Docks access/egress roads with non-motorized facilities	Yes	Yes	\$6,000	Access/ Egress projects to ferry dock could be eligible for TIF	2
Subtotal Cost of Eligible Transportation Impact Fee Projects Included In Recommended Plan						\$82,000		

* I: Birch Bay Intersection Project
R: Birch Bay Major Road Project
M: Birch Bay Minor Road Project
S: State Road Project
WC: Whatcom County Projects Located outside Birch Bay Area

Table 1. TRANSPORTATION IMPROVEMENT PROJECTS ELIGIBLE FOR TRANSPORTATION IMPACT FEE PROGRAM (Continued)

Project ID*	Project Name	Project Limits	Project Description	In Existing TIP?	TIF Eligible?	Project Cost (\$1,000s) Estimated	Comments	TSA Project Location
Eligible Transportation Impact Fee Projects Not Included in Recommended Plan								
I-2	Birch Bay-Lynden Road / Kickerville Road	Intersection	Construct intersection improvements to include roundabout or install turn lanes and traffic signal, when warranted.	No	Yes	\$3,000	Turn lanes could be constructed on Birch Bay-Lynden Road as part of R-1.	1
I-4	Birch Bay Drive / Harborview Road	Intersection	Improve/ redesign the intersection with turn lanes, and install traffic signal when warranted.	No	Yes	\$3,000		1
R-6	Harborview Road	Birch Bay Drive to Birch Bay-Lynden Road	Improve roadway to urban principal arterial standards including non-motorized facilities.	No	Yes	\$200	Existing shoulders are either unpaved or far too narrow to safely accommodate non-motorized traffic.	1
R-7	Harborview Road	Birch Bay-Lynden Road to Drayton Harbor Road	Improve roadway to major collector standards including non-motorized facilities.	No	Yes	\$1,000		
M-1	Birch Bay Drive	Alderson Road to Shintaffer Road	Improve roadway to urban minor arterial standards including non-motorized facilities.	Yes	Yes	\$6,600	Conversion from Rural to Urban	1
M-2	Birch Bay Drive	Alderson Road to Point Whitehorn Road	Improve to urban minor arterial standards including non-motorized facilities.	No	Yes	\$1,800	Shoulders are currently 4 feet paved on each side; pavement conditions on some portions is rated less than 80.	1
M-8	Portal Way	Birch Bay- Lynden Road to Loomis Trail Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$1,200	Add shoulders for bike lane. Check in field. Existing shoulders are unpaved, and the pavement conditions are rated under 70. Some sections are rated even lower (the range is 21 to 67).	1
M-13	Jackson Road	Birch Bay Drive to Grandview Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$1,200	Partially in BB UGA. Shoulders are either unpaved or far too narrow (at least on one side) to safely accommodate non-motorized traffic	1
S-5	Blaine Road (SR 548) / Drayton Harbor Road	Intersection	Improve/redesign the intersection with turn lanes and Install traffic signal when warranted.	No	State	\$2,000	Within Blaine Urban Growth Area. Overlay project programmed by WSDOT.	1
S-6	Blaine Road (SR 548) / Loomis Trail Road	Intersection	Improve/redesign the intersection with turn lanes and Install traffic signal when warranted.	No	State	\$2,000	Potential Whatcom County funding.	1
WC-2	Hannegan Rd.	Bellingham City limits to Smith Rd.	Widen to 4 lanes at Major Collector standards, upgrade intersection at Kelly Rd and install traffic signal when warranted	No	Yes	\$4,500	Intersection with Kelly Rd covers part of Project WC-3 improvements.	3
WC-5	Haxton Way	Kwina Rd. to Slater Rd.	Reconstruct to Major Collector standards including structural overlay, drainage and non-motorized enhancement	Yes	Yes	\$3,000		2
WC-11	North Shore Rd.	Bellingham City limits to Y Rd.	Reconstruct to Minor Arterial standards with non-motorized facilities enhancement (bike lane), clear zones	Yes	Yes	\$8,000		5
WC-12	Siper Rd.	SR 9 (Nooksack Rd.) to Hopewell Rd.	Reconstruct to Collector Standards including drainage system and non-motorized facilities	Yes	Yes	\$5,000		6
WC-13	Slater Rd. (along Kelly)	Hannegan to SR 542 (Mt. Baker Highway)	Upgrade from Local to Collector class and reconstruct at Collector standards including drainage system and non-motorized facilities	No	Yes	\$10,000		3 (20%), 6 (80%)
M-6	Drayton Harbor Road	Harborview Road to Blaine Road	Improve to rural collector standards with shoulders for non-motorized travel.	Yes	Yes	\$1,800	Within Blaine Urban Growth Area.	1
M-10	Birch Point Road	Semiahmoo Drive to Shintaffer Road	Reconstruct to urban minor arterial standards including non-motorized facilities	No	Yes	\$3,000	No new lanes are necessary. Upgrade to urban standards. Nearly 2 miles of this roadway has only gravel shoulders; pavement conditions on one portion are rated less than 70 .	1
M-14	Loomis Trail Road	Blaine Road to Portal Way	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$1,200	The majority of shoulders here are unpaved, and the pavement conditions on this roadway are rated under 70.	1
M-15	Semiahmoo Drive	Blaine city limits to Birch Point Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$2,000	Within Blaine Urban Growth Area. This roadway's shoulders are all unpaved.	1
M-16	Shintaffer Road	Lincoln Road to Birch Point Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$600	This roadway's shoulders are all unpaved, and the pavement conditions here are rated under 55. Could be combined with project 308.	1
M-17	Vista Drive	Bay Road to Grandview Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$1,500	This roadway's shoulders are all unpaved and rather narrow. The pavement conditions here are rated under 80.	1
M-18	Bay Road	Blaine Road to Vista Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$2,600		1
M-19	Alderson Road	Birch Bay Drive to Blaine Road	Reconstruct to rural collector standards including paved shoulders for non-motorized travel.	No	Yes	\$600	within UGA, adjacent to BB town Center, minor improvements?	1
WC-1	Bakerview Rd.	E Bakerview to Aldrich Rd	Reconstruct to urban arterial, standards including non-motorized facilities	No	Yes	\$3,000	Bellingham UGA. Joint Project with City of Bellingham	2 (50%), 3 (50%)
WC-21	San Juan Blvd.	40th St. to 48th St.	Construction and extension of new Urban Arterial (2 phases) with non-motorized facilities	Yes	Yes	\$7,700	Bellingham UGA	4
Subtotal Cost of Eligible Transportation Impact Fee Projects Not Included in Recommended Plan						\$76,500		
TOTAL COST OF PROJECTS ELIGIBLE FOR TRANSPORTATION IMPACT FEE PROGRAM						\$158,500		

* I: Birch Bay Intersection Project
R: Birch Bay Major Road Project
M: Birch Bay Minor Road Project
S: State Road Project
WC: Whatcom County Projects Located outside Birch Bay Area

What Service Areas will be used for the Transportation Impact Fee Program?

GMA requires establishment of one or more service areas for the TIF. Based on an analysis of travel patterns, locations of improvement projects, and forecast land use growth, three alternative concepts for districts were evaluated. It was determined that the resulting fees were not significantly altered by having more districts or based on the specific boundaries for subareas. The County selected the concept with the fewest districts for the recommended program.

Figure 3 shows the resulting eight district service area concept that is proposed. The eight districts generally relate to “travel sheds” where travel patterns use similar arterial and collector corridors. The travel sheds radiate out from Bellingham as the “generator” of the highest traffic volumes within Whatcom County. The travel sheds also take into account access routes to/from I-5.

The service areas are based on aggregations of the WCOG model Transportation Analysis Zones (TAZs). The TAZs were aggregated into the service areas to cover unincorporated areas, including designated Urban Growth Areas (UGA). Areas within existing city limits were excluded, as best as possible, based on the model TAZ boundaries.

Although not a city, the Lummi reservation lands were also excluded from the impact fee program calculations. Most of the growth within the Lummi Nation would not be subject to the County’s Transportation Impact Fee program requirements. Therefore, the growth trips forecast for the Lummi Nation were not included in the service area designation. To the extent that non-tribal growth occurs within the Lummi lands, the County can charge the impact fees for service area #2. Other tribes also have lands within Whatcom County. These are typically smaller nations which could not be readily separated based on the WCOG model TAZs. The County will not likely be able to charge TIFs for tribal developments that do not require a County permit.

The fees within each service area will account for a proportional share of the TIF project improvement costs within their service area. In addition, each service area has a proportional share of TIF improvement costs within other districts based on the origins and destinations of growth trips. This is described in more detail later in this report and the companion “Program Development and Methodology Report.”

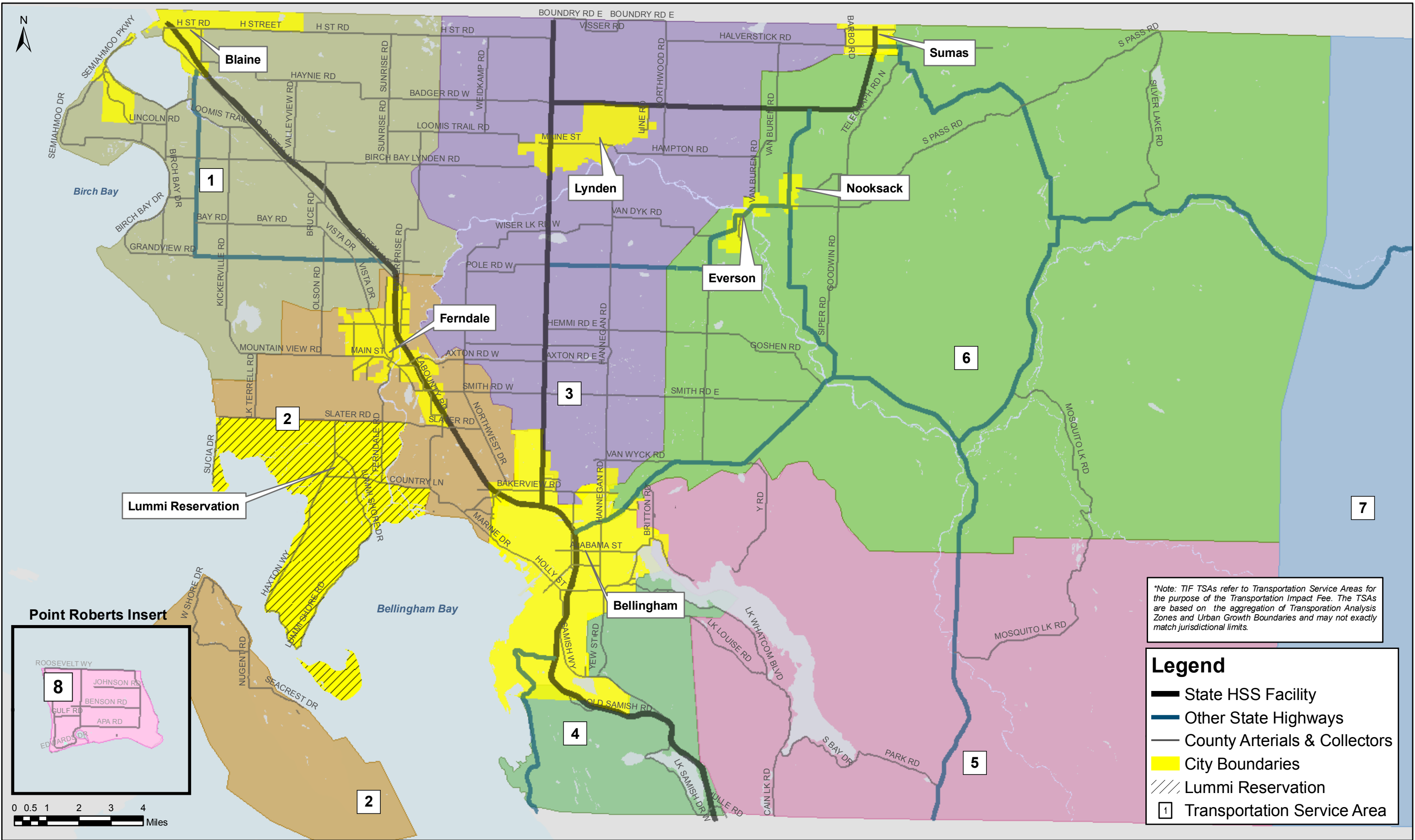


Figure 3: Recommended Transportation Service Areas
 Whatcom County Transportation Impact Fee Program



How Are Costs Allocated to the TIF Program?

The recommended Whatcom County TIF program is based on weekday PM peak hour traffic conditions. The weekday PM peak hour typically has the highest volume of traffic and therefore is used to identify transportation system improvements needed to serve growth. Weekday PM peak hour traffic forecasts were prepared using a refined version of the Whatcom Council of Governments (WCOG) travel forecasting model. The travel forecasting model was used to segment forecasted traffic into four components, as shown below. On one side you have existing traffic versus growth traffic. The other axis divides traffic into those trips that have an origin and/or destination within unincorporated Whatcom County. The only trips included in the impact fee program are growth trips with at least an origin or destination (or both) within unincorporated Whatcom County.

	Origin or Destination Within Unincorporated Whatcom County	No Origin or Destination Within Unincorporated Whatcom County
Existing traffic	Not charged	Not charged
Growth traffic	IMPACT FEE	Not charged

Without interlocal agreements, Whatcom County is not able to charge for growth trips that connect between two cities but use County roadways. For example, a trip from a new residential dwelling unit in Lynden that uses Hannegan Road to reach Bellingham is not chargeable in the fee program, although its effects on the County road system are included through the travel forecasting process.

The travel forecasting model was applied to allocate the costs of TIF projects in each service area based on the origins and destinations of the growth trips. This results in growth in each district that benefit from improvements in the other districts contributing to the improvements in the other districts. This is calculated based on the relative proportion of growth trips between the various districts and the cities. The allocation process is based on the following parameters:

- For growth trips that stay within one service area, that service area is allocated the full share of the trip.
- For growth trips that connect between two service areas in unincorporated Whatcom County, each service area is allocated one-half share of the trip.
- For growth trips that have only one origin or destination within a service area in unincorporated Whatcom County and the other trip end within a city (or external to Whatcom County), the unincorporated service area is allocated one-half of the trip share. The cost share for the other end of the trip is not collected in the TIF program (but could be the basis in an interlocal agreement).
- For growth trips that do not have an origin or destination within an unincorporated Whatcom County service area, no cost share is allocated to the impact fee program. These cost shares would be the responsibility of Whatcom County or regional funding programs.

The impact fee cost shares for each service area are totaled to define the impact fee cost responsibility for growth in each service area. These cost shares are converted to impact fee rates, as described later in this report (see page 16).

What Proportion of the Costs of TIF Projects could be Recovered through the Program?

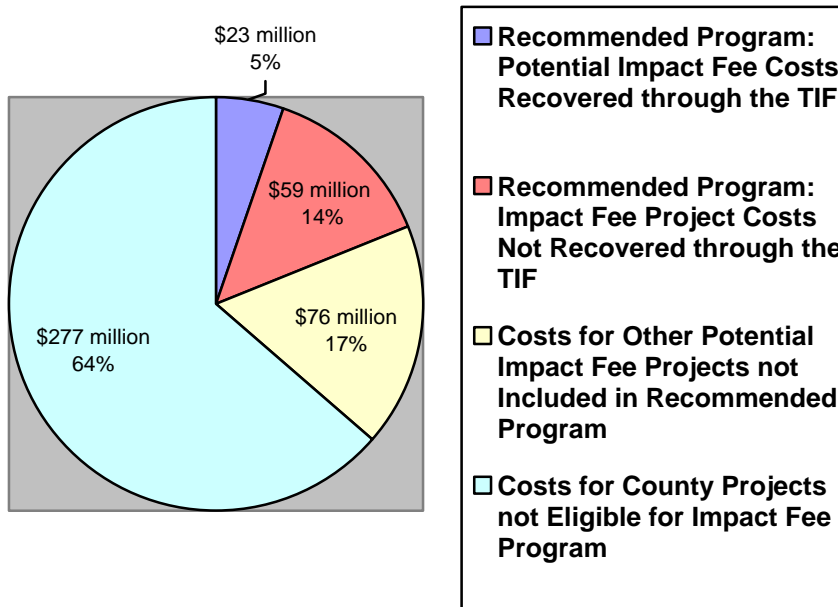
The total cost of the previously identified Whatcom County transportation projects, including the draft Birch Bay Subarea Transportation Plan projects, is approximately \$435 million. This total cost includes improvements to four intersections to state highways in the Birch Bay subarea, as previously noted. Only two of the four state intersection improvements are recommended to be included in the initial TIF program. Other state highway projects and all improvements within current city boundaries are not included in that total.

If all 46 TIF-eligible improvements were included in the program, total costs of TIF projects would be approximately \$158 million. Of this, \$44 million (28 percent) in revenues could be generated over the next 20 years or so. This would require the County to commit up to \$114 million over the next 20 years to fully fund the improvement projects included in the TIF. This represents approximately two-thirds of the County's current revenues used for funding capital transportation improvements (property and gas taxes, grants, general funds, real estate excise taxes, etc.). Because all of the growth-related TIF projects may not be the County's highest priority needs over 20 years (safety, preservation, and replacement of bridges may be more important at any given time), committing two-thirds of current revenues would limit the County's ability to fund other high priority transportation improvements.

Therefore, the recommended TIF program includes only 21 TIF-eligible projects covering approximately \$82 million of the \$435 million in total County capital transportation projects costs. The impact fee program would recover approximately \$23 million (28 percent) of the \$82 million in the costs of the highest priority TIF-eligible projects. The cost recovery total

and percentage were calculated based on the resulting growth trips and the cost allocation process based on the proportional impacts of growth origins and destinations by TSA. The relatively low percentage of cost recovery reflects the high percentage of growth trips that have an origin or destination within one of the County’s cities or external to Whatcom County. These trips either have one-half share or zero share allocated to the TIF funding for growth in unincorporated Whatcom County.

Potential Impact Fee Revenues versus Total Transportation Improvement Costs



The recommended program would require a commitment of approximately \$59 million in other County funding to assure completion of the TIF projects over the next 20 years. The County funding could come from grants, local taxes or fees, bonding, or other general fund sources. The need to commit this level of funding to growth-related transportation improvements is the primary reason for including only the highest priority improvements.

What are the Resulting Transportation Impact Fees and how do they Compare to Other Jurisdictions?

The cost share of the impact fee projects in each transportation service area (as discussed above) is divided by the number of PM peak hour growth trips between 2007-2027 to calculate a cost per new weekday PM peak hour trip generated. As previously noted, the weekday PM peak hour typically carries the highest volume of traffic and is generally used to identify transportation improvements needed to serve growth. The number of new weekday PM peak hour growth trips in each service area is based on the modified WCOG travel demand model which incorporates forecast changes in households and employment within each service area. For this analysis, the forecast land use data in the WCOG model was

revised for the Birch Bay Subarea; growth in other areas was not updated and may not fully reflect the County's anticipated growth in all service areas.

Including only the highest priority TIF-eligible improvements for funding by Whatcom County during the next 20 years, results in a recommended traffic impact fee ranging from \$1,208 to \$2,417 per new weekday PM peak hour trip generated. As noted above, the draft fees assume that TIF-eligible projects identified in the Birch Bay Subarea Transportation Plan will be approved and adopted into the County's Comprehensive Plan. If the Birch Bay Subarea TIF-eligible projects are not adopted into the Comprehensive Plan, those projects will be deleted from the TIF program project list and the fees will be adjusted accordingly.

The highest fees would be for service area 2, located south and west of Ferndale. This service area includes a number of relatively high cost transportation improvements. Travel to/from service area 2 also connects with and will receive some benefit from improvements in service area 1 (Birch Bay) and service area 3 (east of Ferndale).

The resulting cost per new PM peak hour trip for service areas 1, 3, 5, 6, and 8 are very similar. The base fee rate for these service areas would range from \$1,871 to \$2,014.

The recommended base fee rate for service areas 4 and 7 are the lowest (\$1,208 and \$1,258 respectively). Service area 4 is located south of Bellingham and is served by relatively few improvements included in the TIF. Many of the growth trips generated in service area 4 connect to the City of Bellingham or to areas south of Whatcom County; therefore, the fees for service area 4 have a relatively small proportion of the costs of TIF-eligible projects in the other service areas. This reduces the relative fee for new developments in TSA 4 compared to most other service areas.

There are no high priority, TIF-eligible improvements located in service area 7, which covers the easternmost mountainous areas of Whatcom County. The TIF rate for this service area reflects its proportionate share of the costs of improvements in the other service areas to the west.

The base impact fee per new PM peak hour trip is converted to a cost per new household or thousand square feet of employment land uses. The conversion is based on the number of PM peak hour trip generated by specific land uses, the proportion of the trips that are new to the roadway system, and the relative lengths of trips generated by various land uses.

The resulting fees per new weekday PM peak hour trip for some typical types of land uses are shown on Figure 4 based on the recommended program. The relative difference between service areas is the same for the same land uses. Fees for other land uses are included in the Whatcom County Transportation Impact Fee Program Development and Methodology Report. The fee schedule allows County staff and development applicants to readily estimate their transportation impact fees prior to initiating the more detailed development review process.

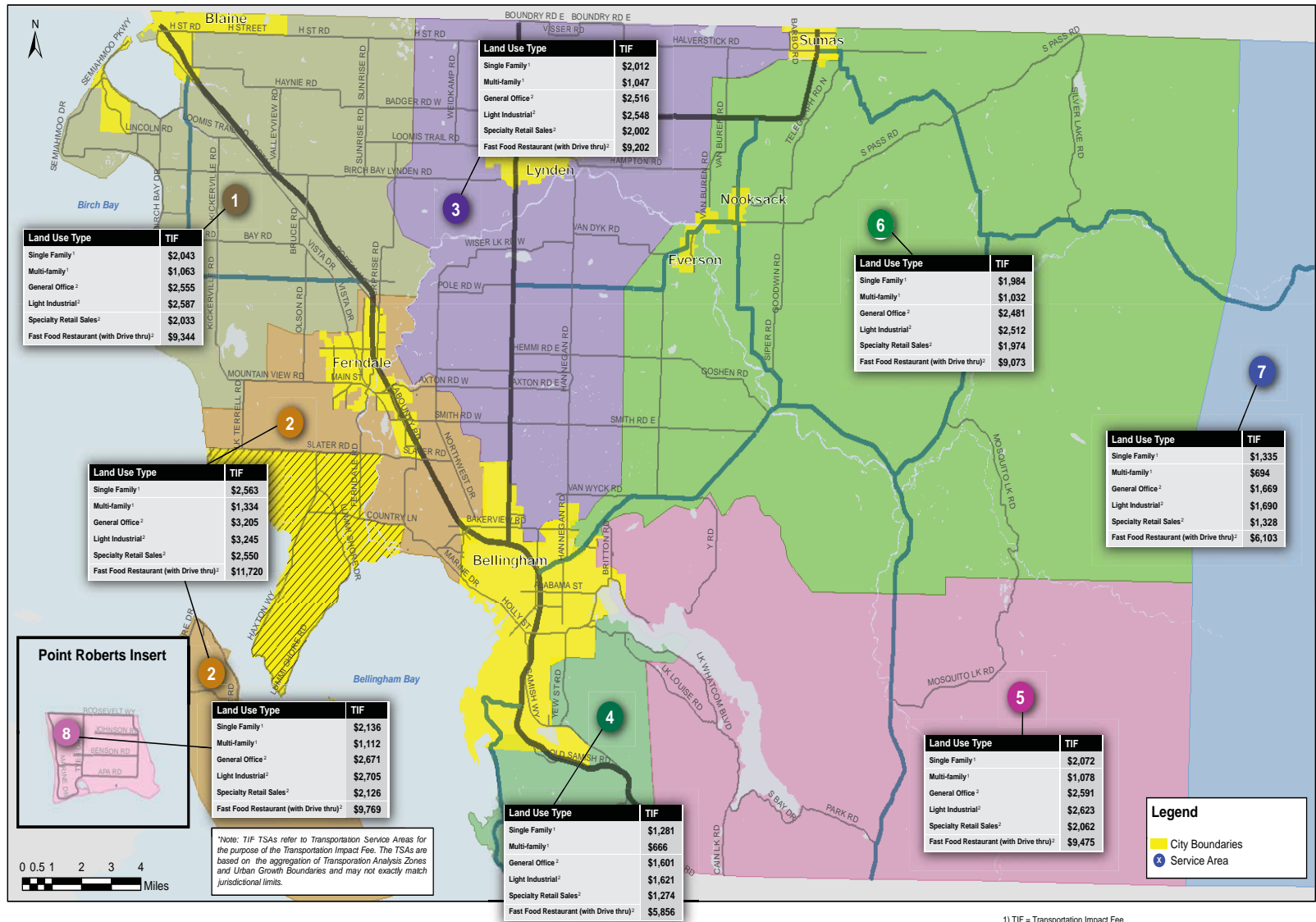


Figure 4: Recommended Transportation Impact Fees for Typical Land Uses by Transportation Service Area
 Whatcom County Transportation Impact Fee Program



As required under GMA, the proposed County ordinance must allow applicants to submit their own studies which the County will consider in setting the final fee for a project. These could take into account specific characteristics of the development, the potential reduction of existing trips (e.g. through redevelopment) independent trip generation analyses based on similar projects, and other factors.

Whatcom County's recommended fees for a single-family house are compared to other jurisdictions on Figure 5. The County's recommended average fee for a new single-family house is \$1,927. This is higher than the existing fees in Blaine (\$763), Bellingham (\$1,229), Ferndale (\$1,658), and just below Lynden's fee of \$1,947 per single-family house. The proposed Whatcom County fees are lower than recent fees in Sedro-Woolley (\$4,188) and several communities in the Central Puget Sound Region.

Compared to other counties in Western Washington, Whatcom County's proposed fees for a single-family house are in the middle. Kitsap County averages the lowest at \$796. King County's fees average \$867 per household, although their highest fees exceed \$7,500 per new house. Skagit County does not currently have adopted transportation impact fees. Fees in Snohomish County, on average, are a little higher than the proposed Whatcom County fees. Average TIF fees for a single-family house in Clark County would be double Whatcom County's average rate based on the recommended program.

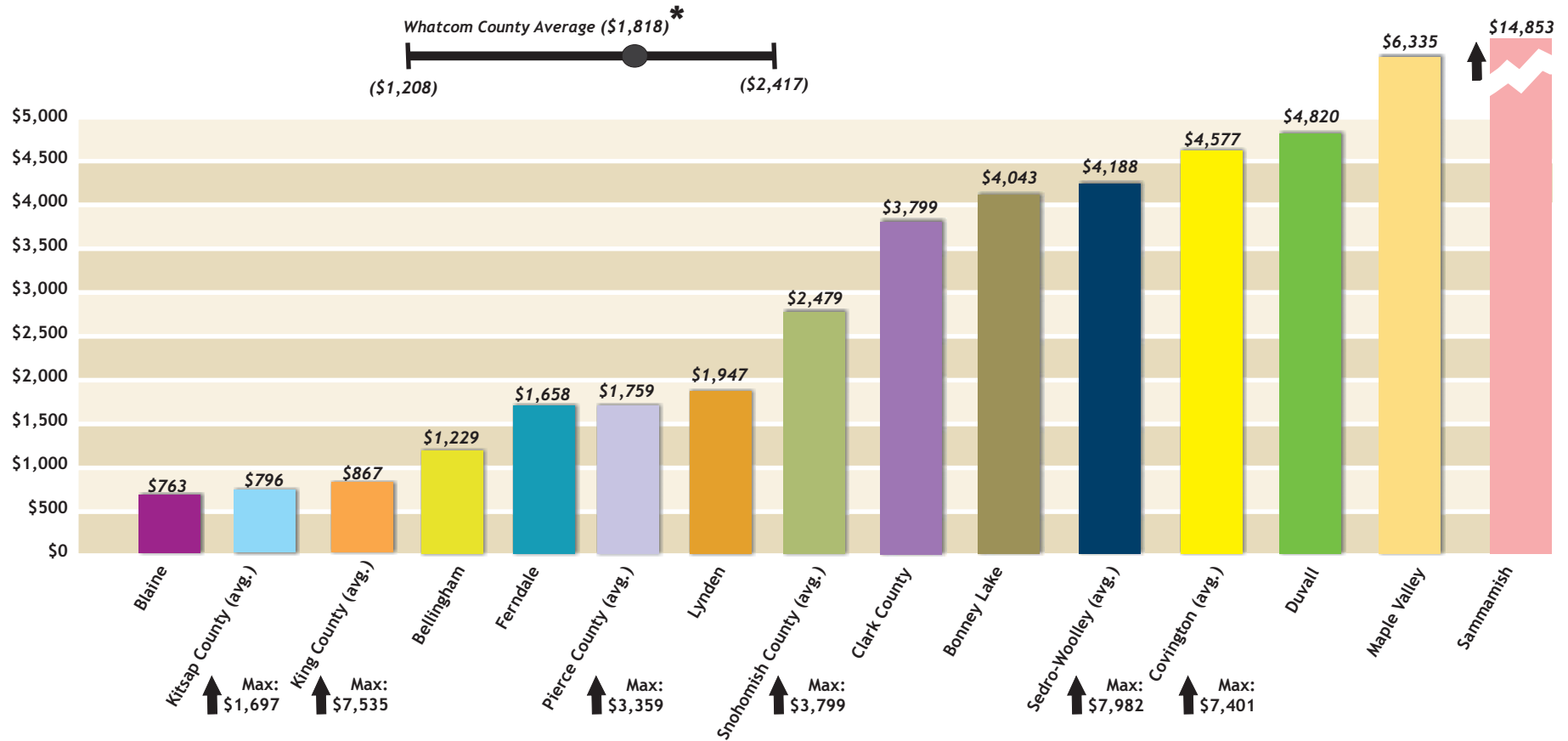
How are the Fees Collected and Spent?

The proposed ordinance requires payment of the TIF prior to issuance of the building permit. The required fees would be those in effect at that time. Under GMA, the County must set up a separate account in its accounting processes for the collected impact fees. This account would be similar to other tax or fee accounts currently used by Whatcom County. The County will need to track the fees that are collected and where they are spent. The County would encumber the fees as part of its annual budgeting process to assure the funds are properly spent. Collected fees must be spent within six years of receipt, unless an extraordinary reason is identified in written findings by the County Council.

The County may only spend the collected fees on improvement projects identified in the TIF (see Figure 2). The fees may be spent on planning, engineering design, acquisition of right-of-way, or construction of any of the TIF improvement projects. However, the County must spend the funds in a manner where they reasonably benefit developments that paid the fee. For example, if the County collects all the fees in the west part of the County, it should generally spend the majority of the funds on projects in the west part of the County. The County is not, however, required to expend all of the TIF revenues in the service area that they were collected. As described above, service areas 7 and 8 do not have TIF improvements within their boundaries, but will have fees based on a proportionate share of TIF improvement costs in other service areas which they benefit from.

GMA requires that the County provide a credit against the TIF for applicants that are required to construct all or a portion of a TIF project or for dedication of land that was included in the costs of the TIF project. This eliminates the potential for double charging a development applicant for the same improvement.

Example Traffic Impact Fees for Single-Family House



*Based on recommended program

Figure 5

Comparison of Whatcom County Impact Fees with Other Jurisdictions for a Single-Family House

Whatcom County Currency Management

Are any Developments Exempt from the Fees?

GMA allows jurisdictions to exempt low-income housing or other developments that serve broad public purposes. In addition to low-income housing, developments serving a broad public purpose may include parks, schools, city or county facilities, fire stations, water or sewer district facilities, or other similar developments. Fees that would otherwise be collected from exempt developments would be the responsibility of Whatcom County. These could be paid through property taxes, general funds, grants, or other applicable funding source but cannot be paid with other TIF fees. The total amount of the potential revenues generated by the program would be directly reduced by any exemptions.

The specific exemptions, if any, will be discussed during the formal review of the TIF ordinance.

How Would the Fees be Kept Up to Date?

Most communities with adopted impact fee programs incorporate an annual cost escalation process. The cost escalator is based on an index that reflects changes in improvement costs for the area. One source is the Engineering News Record (ENR), a national construction trade magazine. On a monthly basis, ENR publishes construction cost indices for 20 cities across the United States. The City of Seattle metropolitan area is included in the ENR report. Many local agencies use ENR's construction cost index for Seattle for a general cost escalation factor for the TIF. WSDOT also tracks highway construction costs. Annual changes in the WSDOT index also could be used as a basis for adjusting the County TIF rates.

Whatcom County is evaluating more local sources for updating their overall fees. These may be through inflation rates using actual bid tabulations (per unit construction costs) from recent County or other local agency transportation projects. A process for updating the fees will be defined as part of the ordinance.

The County also should plan to update the TIF rates as new transportation improvement projects are defined as part of the update of its Comprehensive Plan, including community plans. Significant changes in forecast residential or employment growth from those in the current WCOG model also would result in a need to update the TIF program. Changes in land use and improvement projects would likely occur as part of the required GMA Comprehensive Plan updates or as part of the County's annual Comprehensive Plan review process.