

PARK IMPACT FEES ALTERNATIVES FOR PHASED IMPLEMENTATION

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Clark County, WA

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I. INTRODUCTION & PURPOSE

In early 2016 as part of the Comprehensive Plan adoption process, the Clark County Parks Division provided information to support an update to Park Impact Fees. An updated PIF Technical Document was prepared to establish revised Clark County PIF rates for the various park impact fee districts serving the unincorporated urban area of Vancouver for publicly owned parks, open space and recreation facilities, as defined by RCW 82.02.090(7). These new rates were adopted in 2016 as part of the Comprehensive Plan, with a target implementation date of January 2017, and included a three-step, phased implementation schedule for the new rates. Prior to this recent update, the PIF rates charged by the County had remained unchanged since January 2003.

In early fall 2016, the Board of County Councilors approved the PIF increase but reserved their interest in examining alternative approaches to the implementation of the new PIF rates. The purpose of this study is to provide the County Council information regarding alternative scenarios for the phased implementation of the PIF rates.

II. Adopted Park Impact Fee Rates (2016)

Considerations for Implementing the PIF Rates

In recognition that the new PIF rates represented a significant increase over the current rates adopted in 2003, the County Council approved the rates that were presented during the Comprehensive Plan adoption that included a stepped/phased implementation of PIF over a three year period to reach the full rates.

The three year phased approach was based on an 80% rate in year one, a 90% rate in year two, and the full rate (100%) in year three. In year four, it was recommended previously that the annual indexing adjustment be instituted for annual updates until the next major programmatic update is prepared – likely at the time of the next comprehensive Parks, Recreation and Open Space Plan update. **Adopted Clark County Park Impact Fees (2016)**

Single-Family PIF Rates

3-Step - 80% initial, plus 10% per year following					
PIF District	Current Rate				
	(2002)	Year 1 (80%)	Year 2 (90%)	Year 3 (100%)	
5	\$ 1,799	\$ 3,482	\$ 3,918	\$ 4,353	
6	\$ 1,543	\$ 4,458	\$ 5,015	\$ 5,572	
7	\$ 1,885	\$ 3,402	\$ 3,827	\$ 4,252	
8	\$ 1,800	\$ 3,167	\$ 3,563	\$ 3,959	
9	\$ 2,016	\$ 4,400	\$ 4,950	\$ 5,500	
10	\$ 1,534	\$ 3,082	\$ 3,467	\$ 3,852	

Multi-Family PIF Rates

3-Step - 80% initial, plus 10% per year following					
PIF District	Current Rate				
	(2002)	Year 1 (80%)	Year 2 (90%)	Year 3 (100%)	
5	\$ 1,314	\$ 2,520	\$ 3,023	\$ 3,359	
6	\$ 1,127	\$ 3,225	\$ 3,870	\$ 4,300	
7	\$ 1,377	\$ 2,461	\$ 2,953	\$ 3,282	
8	\$ 1,315	\$ 2,291	\$ 2,750	\$ 3,055	
9	\$ 1,472	\$ 3,183	\$ 3,820	\$ 4,244	
10	\$ 1,120	\$ 2,229	\$ 2,675	\$ 2,973	

III. Alternative Phasing Approaches

As per the discussions with County Councilors, four additional phasing options are presented below for consideration by the full Council, in the event a reconsideration of the phasing approach is desired. These four approaches are as follows:

- 5-Step – 20% per year increase
- 4-Step – 25% per year increase
- 5-Step – 60% initial increase, plus 10% per year following
- 3-Step – 50% initial increase, plus 25% per year following

For each scenario, the full (100%) adopted PIF rate will be reached within three to five years of implementation. Also, each scenario has differing impacts on the potential revenue generated by PIF over the course of the phased implementation of the new rates, and each scenario may impact the pace of PIF-based acquisitions and development for parks.

For each of the following scenarios, the step increase basis is calculated as the difference between the current 2002 rate and the adopted 2016 rate per district multiplied by the respective annual increase (i.e., 20%, 25%, 50%, etc.). Subsequent years follow the same logic until the step increase matches the adopted 2016 rates.

A. 5-Step Implementation – 20% Per Year Increase

This scenario assumes five equal step increases of 20% per year of the difference between current 2002 rates and adopted 2016 rates. Values for single-family and multi-family rates are shown separately.

Single-Family PIF Rates

5-Step - 20% per year increase						
PIF District	Current Rate (2002)	Year 1 (20%)	Year 2 (40%)	Year 3 (60%)	Year 4 (80%)	Year 5 (100%)
5	\$ 1,799	\$ 2,310	\$ 2,821	\$ 3,331	\$ 3,842	\$ 4,353
6	\$ 1,543	\$ 2,349	\$ 3,155	\$ 3,960	\$ 4,766	\$ 5,572
7	\$ 1,885	\$ 2,358	\$ 2,832	\$ 3,305	\$ 3,779	\$ 4,252
8	\$ 1,800	\$ 2,232	\$ 2,664	\$ 3,095	\$ 3,527	\$ 3,959
9	\$ 2,016	\$ 2,713	\$ 3,409	\$ 4,106	\$ 4,803	\$ 5,500
10	\$ 1,534	\$ 1,998	\$ 2,461	\$ 2,925	\$ 3,388	\$ 3,852

Multi-Family PIF Rates

5-Step - 20% per year increase						
PIF District	Current Rate (2002)	Year 1 (20%)	Year 2 (40%)	Year 3 (60%)	Year 4 (80%)	Year 5 (100%)
5	\$ 1,314	\$ 1,723	\$ 2,132	\$ 2,541	\$ 2,950	\$ 3,359
6	\$ 1,127	\$ 1,762	\$ 2,396	\$ 3,031	\$ 3,665	\$ 4,300
7	\$ 1,377	\$ 1,758	\$ 2,139	\$ 2,520	\$ 2,901	\$ 3,282
8	\$ 1,315	\$ 1,663	\$ 2,011	\$ 2,359	\$ 2,707	\$ 3,055
9	\$ 1,472	\$ 2,026	\$ 2,581	\$ 3,135	\$ 3,690	\$ 4,244
10	\$ 1,120	\$ 1,491	\$ 1,861	\$ 2,232	\$ 2,602	\$ 2,973

B. 4-Step Implementation – 25% per year increase

This scenario assumes four equal step increases of 25% per year of the difference between current 2002 rates and adopted 2016 rates. Values for single-family and multi-family rates are shown separately.

Single-Family PIF Rates

4-Step - 25% per year increase						
PIF District	Current Rate (2002)	Year 1 (25%)	Year 2 (50%)	Year 3 (75%)	Year 4 (100%)	
5	\$ 1,799	\$ 2,438	\$ 3,076	\$ 3,715	\$ 4,353	
6	\$ 1,543	\$ 2,550	\$ 3,557	\$ 4,565	\$ 5,572	
7	\$ 1,885	\$ 2,477	\$ 3,069	\$ 3,660	\$ 4,252	
8	\$ 1,800	\$ 2,340	\$ 2,879	\$ 3,419	\$ 3,959	
9	\$ 2,016	\$ 2,887	\$ 3,758	\$ 4,629	\$ 5,500	
10	\$ 1,534	\$ 2,113	\$ 2,693	\$ 3,272	\$ 3,852	

Multi-Family PIF Rates

4-Step - 25% per year increase						
PIF District	Current Rate (2002)	Year 1 (25%)	Year 2 (50%)	Year 3 (75%)	Year 4 (100%)	
5	\$ 1,314	\$ 1,825	\$ 2,337	\$ 2,848	\$ 3,359	
6	\$ 1,127	\$ 1,920	\$ 2,714	\$ 3,507	\$ 4,300	
7	\$ 1,377	\$ 1,853	\$ 2,329	\$ 2,805	\$ 3,282	
8	\$ 1,315	\$ 1,750	\$ 2,185	\$ 2,620	\$ 3,055	
9	\$ 1,472	\$ 2,165	\$ 2,858	\$ 3,551	\$ 4,244	
10	\$ 1,120	\$ 1,583	\$ 2,046	\$ 2,509	\$ 2,973	

C. 5-Step Implementation – 60% initial increase, plus 10% per year following

This scenario assumes a five step increase with an initial step of 60% of the difference between current 2002 rates and adopted 2016 rates. Subsequent years increase at 10% per year. Values for single-family and multi-family rates are shown separately.

Single-Family PIF Rates

5-Step - 60% initial, plus 10% per year following						
PIF District	Current Rate (2002)	Year 1 (60%)	Year 2 (70%)	Year 3 (80%)	Year 4 (90%)	Year 5 (100%)
5	\$ 1,799	\$ 3,331	\$ 3,587	\$ 3,842	\$ 4,098	\$ 4,353
6	\$ 1,543	\$ 3,960	\$ 4,363	\$ 4,766	\$ 5,169	\$ 5,572
7	\$ 1,885	\$ 3,305	\$ 3,542	\$ 3,779	\$ 4,015	\$ 4,252
8	\$ 1,800	\$ 3,095	\$ 3,311	\$ 3,527	\$ 3,743	\$ 3,959
9	\$ 2,016	\$ 4,106	\$ 4,455	\$ 4,803	\$ 5,151	\$ 5,500
10	\$ 1,534	\$ 2,925	\$ 3,157	\$ 3,388	\$ 3,620	\$ 3,852

Multi-Family PIF Rates

5-Step - 60% initial, plus 10% per year following						
PIF District	Current Rate (2002)	Year 1 (60%)	Year 2 (70%)	Year 3 (80%)	Year 4 (90%)	Year 5 (100%)
5	\$ 1,314	\$ 2,541	\$ 2,746	\$ 2,950	\$ 3,155	\$ 3,359
6	\$ 1,127	\$ 3,031	\$ 3,348	\$ 3,665	\$ 3,983	\$ 4,300
7	\$ 1,377	\$ 2,520	\$ 2,710	\$ 2,901	\$ 3,091	\$ 3,282
8	\$ 1,315	\$ 2,359	\$ 2,533	\$ 2,707	\$ 2,881	\$ 3,055
9	\$ 1,472	\$ 3,135	\$ 3,413	\$ 3,690	\$ 3,967	\$ 4,244
10	\$ 1,120	\$ 2,232	\$ 2,417	\$ 2,602	\$ 2,787	\$ 2,973

D. 3-Step – 50% initial increase, plus 25% per year following

This scenario assumes a three step increase with an initial step of 50% of the difference between current 2002 rates and adopted 2016 rates. Subsequent years increase at 25% per year. Values for single-family and multi-family rates are shown separately.

Single-Family PIF Rates

3-Step - 50% initial, plus 25% per year following					
PIF District	Current Rate (2002)	Year 1 (50%)	Year 2 (75%)	Year 3 (100%)	
5	\$ 1,799	\$ 3,076	\$ 3,715	\$ 4,353	
6	\$ 1,543	\$ 3,557	\$ 4,565	\$ 5,572	
7	\$ 1,885	\$ 3,069	\$ 3,660	\$ 4,252	
8	\$ 1,800	\$ 2,879	\$ 3,419	\$ 3,959	
9	\$ 2,016	\$ 3,758	\$ 4,629	\$ 5,500	
10	\$ 1,534	\$ 2,693	\$ 3,272	\$ 3,852	

Multi-Family PIF Rates

3-Step - 50% initial, plus 25% per year following					
PIF District	Current Rate (2002)	Year 1 (50%)	Year 2 (75%)	Year 3 (100%)	
5	\$ 1,314	\$ 2,337	\$ 2,848	\$ 3,359	
6	\$ 1,127	\$ 2,714	\$ 3,507	\$ 4,300	
7	\$ 1,377	\$ 2,329	\$ 2,805	\$ 3,282	
8	\$ 1,315	\$ 2,185	\$ 2,620	\$ 3,055	
9	\$ 1,472	\$ 2,858	\$ 3,551	\$ 4,244	
10	\$ 1,120	\$ 2,046	\$ 2,509	\$ 2,973	

IV. Potential Revenue Impacts to PIF Fund

One approach to evaluating the impacts of the various scenarios is to use recent residential permitting data to estimate the revenue from each option. Granted, it is understood that the number of permits issued annually fluctuates and varies, in part, by the availability of developable land, financing, housing demand and the general economic climate. However, the preparation of such figures, while hypothetical, is illustrative to the revenue impacts between the different scenarios.

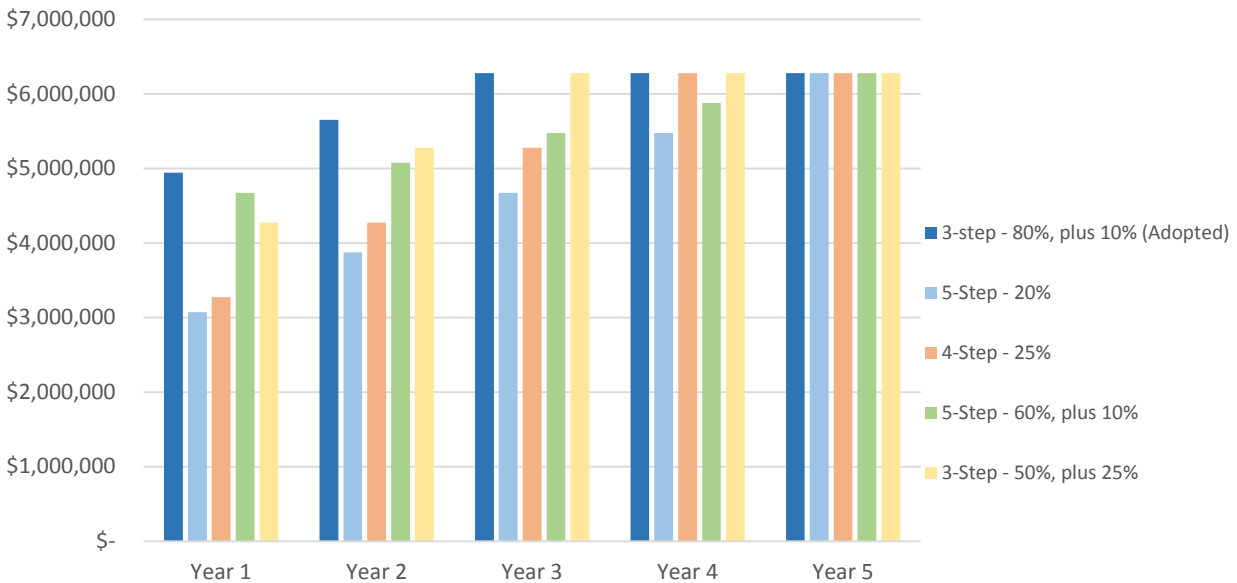
These numbers are hypothetical and it is not a definitive prediction of revenue from PIF. Because of this market uncertainty, it is likely that park revenue will fall short.

Recent residential permit data from 2015 (full year) and 2016 (year to date – through October 12th) were provided by Community Development and were used as source data for permits by PIF district. Within this data set, the number of residential units by permit application was segmented by PIF district and between single-family and multi-family units. Since PIF rates differ between unit types, each was counted separately. The full year 2015 data and the partial year 2016 data were averaged, and for the purposes of this revenue estimation, were held constant by -single-family and multi-family units and for the five-year timeframe of phase PIF implementation.

The average number of units by type and PIF district is multiplied by the PIF district rates to calculate an estimate of annual PIF Fund revenue. Since both the initial PIF rates and the subsequent annual step increases vary by scenario, the intent of the following information is to illustrate the relative differences between scenarios for PIF Fund collections over the five-year period.

The following chart illustrates the hypothetical annual revenue forecast for each of the implementation scenarios by year.

Annual Revenue Forecast for Each Phased Implementation Scenario (hypothetical)



These values were also summed over the five-year period to illustrate the cumulative impact on revenue potential for each scenario. The initial PIF rate (year 1 rate) and the pace of increase between years cause the variability in the five-year PIF Fund collection period. The greatest difference between the implementation scenarios is that between the adopted, 3-year phasing and the 5-year, 20% per year phased increase.

Cumulative Revenue Forecast for Each Phased Implementation Scenario (hypothetical, rounded)

Scenario	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
3-step - 80%, plus 10% (Adopted)	\$ 4,947,100	\$ 10,600,000	\$ 16,881,000	\$ 23,162,000	\$ 29,443,000	\$ 29,443,000
5-Step - 20%	\$ 3,073,300	\$ 6,948,500	\$ 11,625,700	\$ 17,104,700	\$ 23,385,800	\$ 23,385,800
4-Step - 25%	\$ 3,273,800	\$ 7,550,000	\$ 12,828,600	\$ 19,109,600	\$ 25,390,600	\$ 25,390,600
5-Step - 60%, plus 10%	\$ 4,677,200	\$ 9,755,300	\$ 15,234,400	\$ 21,114,400	\$ 27,395,400	\$ 27,395,400
3-Step - 50%, plus 25%	\$ 4,276,200	\$ 9,554,800	\$ 15,835,800	\$ 22,116,800	\$ 28,397,800	\$ 28,397,800

NOTE: The figures provided are not intended to represent true forecasts of likely revenues, but they are merely intended to illustrate the relative differences between the implementation scenarios.

The practical impacts of the PIF phasing scenarios play out on the implementation of the County's Parks, Recreation and Open Space Plan and its capacity to attain the adopted levels of service for parks and open space. Park Impact Fees are the primary funding source for Parks Capital Facilities Plan, and PIF also serves as match for grant applications. Depending upon the phasing scenario, the pace of PIF collections may affect the County's ability to acquire and develop park properties to meet the demands of growth within the Vancouver unincorporated urban area and may limit the County's capacity to reach the six-year goals outlined in the recently adopted Parks, Recreation and Open Space Plan.

Of the 35 parks to be constructed as promised to the voters who approved the Metropolitan Parks District levy in 2005, four (4) Neighborhood parks and two (2) Community Parks still need to be constructed as funds become available. The recently approved PIF increase and implementation rate will be the most effective approach to achieving that promise.

PIF funds are also used to leverage much needed grant funds for park property acquisition and development. Park planning efforts rely on enough funding in PIF accounts to move forward with seeking grant opportunities

Additionally, PIF funds often help purchase prospective properties at critical times for purchase as future park property. Opportunities to purchase parks property may be lost if adequate PIF funding is not available.