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STAFF REPORT NO. [Staff Report No]

TO: Parks and Recreation Advisory Commission **DATE:** 11-14-2018
FROM: Julie G. Hannon, Parks and Recreation Director

Subject: **Park Impact Fee Amendment – Park Overlay Service Areas**

Key Points:

- The region continues to experience rapid growth with mounting challenges to secure sufficient land and funding for the ever-growing demand for recreation facilities.

- Expands the existing VMC 20.915.030 (C) provision for overlay service areas to allow system improvements to be located partly or entirely outside city limits when they serve established park districts, and clarifies the use of park impact fees from more than one park district for a system improvement.

- Amendments to the Park Impact Fee Technical Document delineate Park Service Area Overlays for the expenditure of Park Impact Fees outside city limits based in certain criteria.

- Proposes an interagency agreement with Clark County and City of Camas to partner, where feasible, to meet the recreational demand for parks, trails, and open space along common boundaries for the mutual benefit of residents, regardless of jurisdiction.

- Overlays are part of the underlying Park Impact Fee Districts A, B and C and do not constitute new park districts or fee schedule changes.

- Housekeeping text amendments to the PIF Technical Document reflect amendments approved in 2016 and clarify the continuing intent to balance the use of park impact fees funds for both acquisition and development although they are merged into a single account per park district.

- The amendments are consistent with the Comprehensive Parks Recreation and Natural Areas Plan and Capital Facilities Plan.

Strategic Plan Alignment: Acquisition and development of quality and strategically located park sites is a vital first step to realize a quality and complete park and trail system as identified in the city's Strategic Plan Goal #4. Once improved, the site will also support walkable neighborhoods as noted in Goal #6.

Present Situation:

As the City of Vancouver continues to grow and population increases, fewer vacant or under-utilized properties are available for park acquisition and development. Notable park service area gaps are scattered throughout the city, but are particularly concentrated along common jurisdictional boundaries with Clark County and City of Camas in the east/northeast area of the city.

Current regulations are unclear regarding the use of park impact fees outside of established park districts, or outside city limits. Therefore, in an effort to expand opportunities to meet the intent of the PIF program, the proposed amendments seek to clarify the eligibility of available lands

located outside city limits for future parks that would provide substantial benefits to city residents.

The proposed amendments include three components:

1. Vancouver Municipal Code (VMC) Section 20.915.030 (Impact Fees/Establishment of Development Service Areas)

2. Park Impact Fee Technical Document, and

3. Adoptions of the City of Vancouver, City of Camas, and Clark County Cross Boundary Service Area Overlay Agreement.

Vancouver Municipal Code
VMC Section 20.915.030 currently includes a provision to establish Overlay Service Areas for system improvements supported under the impact fee programs for transportation, schools and parks. The proposed amendments provide further clarification so that Overlay Service Areas may be established for system improvements identified in the capital facilities plan which are designed to serve more than one established park district, or where designed to serve the established park districts but located partly or entirely outside of city limits or the Vancouver Urban Growth Area.

PIF Technical Document
The PIF Technical Document provides a map of Park Overlay Service Areas and detailed criteria for their application to serve existing park impact fee districts. Overlays are generally delineated along to the city boundary to capture unserved areas, and extend outside city limits one-half of the Community Park service area as defined in the Vancouver Comprehensive Parks, Recreation and Natural Areas Plan (Park Plan). When this provision is utilized for a Neighborhood Park outside city limits, projects will be located one-half of the applicable service area as defined in the Park Plan.

Park Overlay Service Areas do not create additional park impact fee districts or fee schedules, and fees will not be collected by the city for areas outside city limits.

Additional Housekeeping text amendments are included to reflect amendments approved in 2016, add clarification regarding the continuing intent to balance the use of park impact fees for both acquisition and development although they are merged into a single account for each park district, and correct miscellaneous scrivener's errors.

Cross Boundary Service Area Overlay Agreement
Clark County and the City of Vancouver coordinated on park system planning and implementation as a joint agency between 1997 and 2013. Historically, there has been less focus on coordination among incorporated cities. Since the Vancouver-Clark County agreement rescission in 2013, the region continues to experience rapid growth with mounting challenges for all jurisdictions to secure sufficient land and funding for the ever-growing demand for recreation facilities.

To address this concern, we propose a future interagency agreement with City of Camas and Clark County to partner, where feasible, to meet the recreational demand for parks, trails, and open space along common boundaries for the mutual benefit of residents, regardless of jurisdiction.

If executed, all parties would commit to consider establishing similar joint overlay areas through an addendum of their applicable governing documents. Similarly, all parties would consider amendments to their respective capital facilities plans, as needed, to identify potential park projects within the Park Service Area Overlay areas.

The City anticipates taking the lead in acquiring park facilities located with the Park Service Area Overlay using available funding sources, including park impact fees, grants, and other budgeted funds. Should the parties elect to jointly fund acquisition and/or maintenance and operation efforts, the parties may elect to execute a more detailed project specific agreement.

Advantages:

1. Where alternatives are limited or unfavorable, Park Overlay Service Areas allow for the acquisition and development of park properties outside the fringes of the Vancouver city limits that could provide a substantial benefit to established park impact fee districts that would otherwise remain unserved.

2. These properties may be of higher recreational quality and at a lower cost for acquisition.

3. Interagency partnerships would better serve residents regardless of jurisdiction, and may provide potential cost efficiencies.

Disadvantage(s): None

Budget Impact: None

Prior PRAC Review: The August and September PRAC meetings included discussion of the potential use of park impact fees outside city limits.

Action Requested:
Forward a recommendation to City Council for approval of proposed amendments to VMC Section 20.915.030 (C) regarding overlay service areas, proposed amendments to the PIF Technical document regarding Park Overlay Service Areas and other miscellaneous corrections, and for approval of the City of Vancouver, City of Camas, and Clark County Cross-Boundary Service Area Agreement.

To request other formats, please contact:
City Manager's Office
(360) 487-8600 | WA Relay: 711
Amanda.Delapena@cityofvancouver.us

City of Vancouver, City of Camas, and Clark County
Cross-Boundary Service Area Overlay Agreement

Clark County and the City of Vancouver originally coordinated on park system planning and implementation as a joint agency beginning in 1997 via interlocal agreements. Historically, there has been less focus on coordination among the incorporated cities. Since the Vancouver-Clark County agreement rescission in 2013, the region continues to experience rapid growth with mounting challenges for all jurisdictions to secure sufficient land and funding for park, trail and open space facilities to serve the growing population, increased urban density, and ever-growing demand for recreation facilities.

As a result, service area gaps have emerged, particularly along common jurisdictional boundaries. For Vancouver, the most critical service area gaps are along the east and northeastern boundary common with both Clark County and City of Camas. To address this concern, the City of Vancouver, City of Camas and Clark County executed this *Cross-Boundary Service Area Agreement ("Agreement")* on the last date signed below. The purpose of this agreement is to partner, where feasible, to meet the recreational demand for parks, trails, and open space along common boundaries for the mutual benefit of residents, regardless of jurisdiction.

1. Background

Vancouver and Clark County park system planning was originally coordinated through ten jointly designated Park Impact Fee Districts ("Park Districts") encompassing the City of Vancouver and the Vancouver Urban Growth Area (VUGA). After this joint management system terminated, the ten Park Districts were realigned and consolidated for planning and implementation of the park impact fee program by the City of Vancouver, effective in 2017. Vancouver now administers three districts (Park Districts A, B, and C), collecting impact fees within its jurisdictional boundaries, and utilizing fees and other funds to acquire, develop and maintain park facilities within City limits.

Clark County continues to collect impact fees within the unincorporated VUGA based upon the original park district boundaries, and to acquire, develop and maintain park facilities throughout the UGA and unincorporated Clark County.

Camas, adjacent to Vancouver on the east, takes a similar approach to managing its park system with a single Park District encompassing the entire incorporated area.

2. Park Facilities Requiring Coordinated Planning

Vancouver's Capital Facilities Plan identifies the need for park facilities proximate to the boundaries of its city limits to meet level-of-service standards and to close city park facility deficits. The facilities identified are primarily community parks and natural areas, as opposed to a focus on neighborhood park facilities.

The City of Vancouver's Comprehensive Plan identifies a community park as one which provides a focal point and gathering place for broad groups of users. Usually 20 to 100 acres in size, community parks are used by all segments of the population and generally serve residents from a one-to three-mile service area.[1]

The County Comprehensive Plan's description is nearly identical.[2] The City of Camas Special Use Area designation is a comparable park type, being described as including many of the elements that are included in neighborhood parks as well as the more specialized facilities that provide for specific recreation needs.[3]

Neighborhood Parks are smaller facilities, typically three to five acres in size and designed to serve a one-half mile walkable service area. However, in the absence of opportunities for community park facilities, larger neighborhood parks can provide some of the active components typical of community parks. Again, the County and City of Camas define neighborhood parks very similarly.

Natural Areas are managed for both ecological values and light-impact recreational uses in all jurisdictions. Many of these natural areas trace riparian corridors across jurisdictional boundaries. Natural areas range in size, and may include wetlands, wildlife habitat, regional trails, viewpoints or stream and river corridors. The extent of the recreational service area for Natural Areas (Open Space) is a function of scale and natural resource significance.

With their greater public attraction, community parks and larger natural areas can serve residents across jurisdictional boundaries. Coordination between cities and the County can leverage limited resources and help to achieve park system acquisition, development and management objectives for park facilities.[4]

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[1] Vancouver Comprehensive Plan, pg. 5-33.
[2] County Comprehensive Plan, Parks, Rec. & Open Space Element, pg. 201.
[3] City of Camas Parks, Recreation and Open Space Comprehensive Plan Update, 2014, pg. 3-1, 3-12.
[4] *See e.g.,* County Comprehensive Plan, Parks, Recreation and Open Space, Framework Plan Policies:

- Policy 7.1.0 ("Provide land for parks and open space in each urban growth area ... consistent with adopted level-of-service standards. ..."");
- Policy 7.1.3 ("Coordinate with jurisdictions to establish consistent definitions of park types and level-of-service standards for parks within urban areas.");
- Policy 7.1.4 ("Coordinate the planning and development of parks and recreation facilities with jurisdictions within the urban areas."); and,

See also City Comprehensive Plan, Policy PFS-32 ("Parks coordination. Plan for parks, trails, open spaces and recreational services in coordination with other local and regional public agencies and private entities. Facilitate provision of lands and/or impact fees for parks as part of the development review process.").

3. Joint Park Service Area Overlays

The City of Vancouver has identified Park Service Area Overlays adjacent to and outside its city limits and the VUGA, as shown in *Figure 2*. The overlays are drawn to extend outside city limits by one-half of the Community Park service area as defined in the Vancouver Comprehensive Parks, Recreation and Natural Areas Plan and Clark County Parks, Recreation and Open Space Plan. This delineation intends to capture the service area gaps proximate to the Vancouver city limits and provide the flexibility needed to identify and negotiate site acquisition to address system deficits.

Vancouver intends to acquire and manage park facilities within these joint overlays as needed to meet Vancouver recreational needs. Regulatory governance of these areas remains with the County or City of Camas, depending upon location. And, although these areas are unlikely to be redeveloped and trigger impact fee collection, the County or City of Camas remain responsible for imposing and collecting any such impact fees when outside the City of Vancouver, as applicable.

4. Party Commitments

4.1 City of Vancouver

City of Vancouver will consider an update to the Park Impact Fee Technical Document to establish the Park Service Area Overlays, as shown in *Figure 2*. The overlays become part of the underlying Vancouver Park Impact Fee District as designated by the City of Vancouver Park Impact Fee Technical Document. The park facilities within the overlay areas are already or will be designated in Vancouver's Capital Facilities Plan. Vancouver intends to acquire and manage park facilities within these areas, and to coordinate with the County or City of Camas on same as applicable.

4.2 City of Camas and Clark County

City of Camas and Clark County will consider establishing the joint overlay(s), as shown in *Figure 2* through an addendum to their applicable governing documents. Their creation demonstrates the parties' desire to coordinate on park service area issues within common Park Service Area Overlays.

4.3 Joint Commitments

To maximize long-term flexibility for park system improvement partnerships that benefit citizens of multiple jurisdictions or public agencies, all parties to this agreement will consider amendments to their respective Capital Facilities Plans, as needed, to identify potential park projects within the Park Service Area Overlay areas. Routine concurrent updates to the respective Capital Facilities Plans will also be completed, as needed, to reflect projects that could relate to the planning area and/or the intent of this agreement.

The parties will also consider the transfer of land ownership, management, and/or programming to parks, open space, or special facilities that are located inside Vancouver city limits, adjoin, or are in close proximity to, common boundaries, if logistics and efficiencies warrant such transfer. Examples could include regional trail systems that cross multiple jurisdictions, remnant

segments of shared park impact fee districts between City of Vancouver and Clark County, etc. Memorandums of understanding, interlocal agreements or deed transfers would be processed on a site specific basis as appropriate.

5. Funding

The City of Vancouver anticipates taking the lead in acquiring park capital facilities located with the Park Service Area Overlay areas using available funding sources, including park impact fees, grants, and other budgeted funds. Should the parties elect to jointly fund acquisition and/or maintenance and operation efforts, the parties may elect to execute a more detailed project specific agreement.

6. Effective Date and Termination

This Framework Agreement takes effect on _____, 2018, following City of Camas, City of Vancouver and Clark County execution, which may occur in counter parts. Either party may terminate the agreement with a 90 day advance written notice. Otherwise, the Agreement is effective for ten years, with two automatic extensions for five year periods.

Signatures:

BOARD OF COUNTY COMMISSIONERS FOR CLARK COUNTY, WASHINGTON

_____
Marc Boldt, Chair
Dated: _____

Attest:

_____
Clerk to the Board

Approved as to form only:

_____
Tony Golik, Clark County Prosecuting Attorney

CITY OF CAMAS

_____
Mayor Scott Higgins
Dated: _____

Attest:

_____
City Clerk

Approved as to form only:

_____
Shawn MacPherson, City Attorney

CITY OF VANCOUVER

_____
Eric J. Holmes, City Manager
Dated: _____

Attest:

_____
City Clerk

Approved as to form only:

_____
E. Bronson Potter, Vancouver City

Section 20.915.030 Establishment of Development Service Areas.

A. General. Service areas, which may vary by type of public facility, are established as shown on the Park Impact Fee Technical Document and Vancouver Transportation Impact Fees Program Technical Document, which are incorporated herein by reference.

B. Service areas and fees. Such areas will provide a nexus between those paying the fees and receiving the benefits to ensure that those developments paying impact fees receive substantial benefits.

C. Establishment of overlay service areas. Overlay service areas may be established for ~~identified~~ system improvements identified in the Capital Facilities Plan which are:

1. D~~d~~esigned to serve geographic areas whose boundaries are not generally contiguous with established service areas, or

2. Designed to serve more than one established service area, or

3. Where a system improvement is designed to serve an established service area, or service areas, but is located partly or entirely outside of the city or urban growth area, and provides a substantial benefit to the assigned service area. Properties within this type of overlay service area are not subject to City impact fees to the extent those properties are outside the City.

~~C.~~D. Factors affecting service areas. Additional or revised service areas may be designated by the City Council upon consideration of the following factors:

1. The Comprehensive Plan;

2. Standards for adequate public facilities incorporated in the capital facilities plan;

3. The projections for full development as permitted by land use ordinances and timing of development;

4. The need for and cost of un-programmed capital improvements necessary to support projected development; and

5. Such other factors as the City Council may deem relevant.

~~D.~~E. Service areas and urban growth boundaries. Service areas adjoining an urban growth boundary shall automatically be adjusted to conform to any change in such boundary.

(M-4181, Amended, 11/07/2016, Sec 1-Effective 1/1/2017; M-4107, Amended, 12/01/2014, Sec 2-Effective 06/03/2015; M-3933, Amended, 11/16/2009, Sec 3-Effective 12/16/2009; M-3643, Added, 01/26/2004)

City of Vancouver, Washington

PARK IMPACT FEE TECHNICAL DOCUMENT

November ~~2016~~2018

INTRODUCTION

The Park Impact Fee Technical Document provides the framework and details of the Park Impact Fee (PIF) program and serves as a vehicle to streamline rate updates and program changes at the direction of the elected officials of the City of Vancouver.

The PIF Technical Document details the numeric formula factors used in the fee calculation, delineates a map of the applicable service districts, and defines the fee rate schedule by park district and residential structure type. In addition, the document outlines a methodology for future implementation of park impact fee indexing in order to keep pace with fluctuations in the economic market and more accurately reflect current acquisition and development costs. To date, fee indexing updates have not been implemented, but at the direction of the City Council rate change proposals can be brought forward for consideration. Future proposals would provide an updated analysis for inflation or deflation adjustments, identify any revised data sources or values for formula factors, and include a proposed fee rate schedule.

BACKGROUND

The State Growth Management Act grants cities and counties the authority to assess impact fees on new development to provide the infrastructure to support orderly growth. On August 7, 1995 the City of Vancouver implemented the collection of impact fees for parks, roads and schools. In 1997, the City of Vancouver and Clark County entered into an Interlocal Agreement for the consolidation and management of a county wide park system and administration of the Park Impact Fee Program. Minor amendments to the program occurred over the years that followed, with the most recent fee update going into effect on June 3, 2004.

In 2009, references to the fee schedule, service area maps and numeric calculation factors were removed from the 2007 Vancouver-Clark Parks and Recreation Comprehensive Parks, Recreation and Open Space Plan (Parks Plan) and the Vancouver Municipal Code with the adoption of the first Park Impact Fee Technical Document. The purpose of this action was to streamline future updates outside of the Comprehensive Plan amendment process as well define a methodology for future implementation of fee indexing, and improve consistency between city and county administrative codes as they related to the application and management of the joint park impact fee program.

Park Impact Fees are calculated using an acquisition and development component. Historically, revenues received from park impact fees ~~have been~~were held in separate acquisition and development accounts for each of the park districts. Although this is~~is~~ not required by either state law or city code, their use ~~has been~~was restricted to either acquisition or development depending on which account the revenue was~~is~~ drawn from until this document was amended in 2016.~~.~~

The Interlocal Agreement for joint administration of the Park System and Park Impact Fee Program between the City of Vancouver and Clark County was terminated with a Wind-Up Agreement adopted by both jurisdictions. Effective January 1, 2014, the city and county began the administ~~er~~ration of independent park impact fee programs. This termination ~~has~~ initiated ~~the need for some of the~~

~~proposed~~ multiple amendments to this document in 2016 which are summarized below. ~~to be applicable to only those areas within the jurisdiction of the City of Vancouver.~~

~~OVERVIEW OF DOCUMENT UPDATE~~

Since the 2004 fee update the City of Vancouver ~~has~~ experienced significant growth, leaving fewer properties available for residential development and infill. Increased urban density in combination with the economic recession resulted in a slower rate of growth in existing park impact fee district accounts, fewer lands available for new or expanded park sites, and increased challenges in committing general fund resources for park maintenance for additions to the parks system.

~~Additional~~ Amam~~endments to the Park Impact Fee Program ~~relate~~ were approved in ~~to~~response to the ~~is~~ need for increased flexibility in the management of the program, and to assure compliance with the state statutes regarding concurrency and the use of impact fees.

2016 Amendments to the program included:

- Applicability to only the area within the Vancouver city limits,
- Realignment of the original ten (10) park impact fee service area districts to three (3) service area districts,
- Fee schedule revised to reflect an average of the existing 2004 schedule based on the districts located within the realigned Districts A, B, and C, *(Figure 1),*
- Clarification that revenues collected within each park impact fee service area, including acquisition and development components, are to be managed as a single account for expenditures and concurrency, and
- Reformatting, clarifications, and correction of scrivener's errors.

(Approved by Resolution M-3910 and Ordinance M-4181)~~OVERVIEW OF DOCUMENT UPDATE~~

PARK IMPACT FEE FACTORS

The formula used to compute park impact fee rates is based on four primary factors: 1) acquisition costs, 2) development costs, 3) adopted park standards, and 4) an adjustment factor required by state law.

1. **Acquisition cost** is the unique cost of land acquisition in each of the established park districts.

2. **Development cost** is the average cost of park development over all park districts within the City of Vancouver.

3. **Adopted park standards** are those adopted by the City of Vancouver Comprehensive Parks, Recreation and Natural Areas Plan for Neighborhood and Community Parks and Urban Natural Areas (also referred to as Urban Open Space). These standards are population based and represent the acres of land needed to serve one thousand residents for each of the respective park types.

4. **Adjustment factor** is based on state statute that requires an "adjustment to the cost of public facilities for past or future payments made or reasonably anticipated to be made by new development...".

State statute requires that park facilities on which impact fees may be spent must be part of a capital facilities plan that is a component of an adopted comprehensive land use plan.
The Vancouver Municipal Code (VMC 20.915.100) anticipates that impact fee rates will be revised periodically when financial analysis establishes that there is a need for a major program update, or adjusted annually to account for inflation/deflation using an indexing methodology. All fee adjustments are to be described in a Technical Document to be reviewed and adopted by the Vancouver City Council.

Park Impact Fee Formula

$$PIF = \left[\text{Acquisition Cost} + \text{Development Cost} \right] - \text{Cost Adjustment Factor}$$

$$PIF = \left(\left(\frac{Ca \times Ia \times Sa}{P} \right) + \left(\frac{Cd \times Id \times Sd}{P} \right) \times U \right) \times A$$

"**PIF**" represents the total cost of the impact fee per single family/duplex, or multi-family residence.

Acquisition Cost

"Ca" represents the average cost per acre for land appraisal, land acquisition, associated due diligence fees and expenses, closing costs and Level 1 Development for each service area or overlay area as described in the Parks Plan for Neighborhood Parks, Community Parks and Urban Natural Areas, and adopted by City Council in the impact fee revision process pursuant to VMC 20.915.100.B.

"Ia" represents the percentage annual inflation/deflation adjustment index applicable to the acquisition component, as outlined in the Park Impact Fee Program Technical Document and annually determined by City Council in the impact fee revision process pursuant to VMC 20.915.100.B.

"Sa" represents the parks acquisition standard in acres per thousand residents for Neighborhood Parks, Community Parks and Urban Natural Areas as established in City of Vancouver Comprehensive Parks, Recreation and Natural Areas Plan (Parks Plan).The current (2014) acquisition standard per the Parks Plan is 6 acres per thousand residents. This standard is designed to include a combined 5 acres / 1,000 residents for Neighborhood and Community Parks and one acre per thousand for Urban Natural Areas. Within the combined standard, the preferred distribution is two acres for Neighborhood Parks and three acres for Community Parks. However, the combined standard allows for modifications where existing and proposed development limits the availability of parcels large enough to accommodate the preferred standard-size for Community Parks.

"P "represents one thousand (1,000) residents.

Development Cost:

"**Cd**" represents the average cost per acre for site development. Development costs shall be calculated assuming development standards described in the Parks Plan for Neighborhood and Community Parks, and the Vancouver City Council in the impact fee revision process pursuant to VMC 20.915.100.B.

"**Id**" represents the percentage annual inflation/deflation adjustment index applicable to the development component as outlined in the Park Impact Fee Program Technical Document and annually determined by the Vancouver City Council in the impact fee revision process pursuant to VMC 20.915.100.B.

"Sd" represents the parks development standard in acres per thousand residents for Neighborhood and Community Parks as established in the Parks Plan. The current development standard per the Parks Plan is 4.25 acres of developed park land / 1,000 residents. No development standard is proposed for Urban Natural Areas, which should remain in a relatively natural condition.

"P" represents one thousand (1,000) residents.

Occupants per Dwelling Unit

"U" represents the average number of occupants per single-family/duplex dwelling unit or per other multifamily dwelling unit, based on the most current applicable statistical census data (US Census Bureau or Washington State Office of Financial Management (OFM) census data for persons per dwelling unit) and as adopted by Vancouver City Council in the impact fee revision process pursuant to VMC 20.915.100.B.

Current fee rates are based on 2000 OFM census data identifying 2.59 persons per dwelling unit for a single family/duplex (SF) residence, and 1.9 persons per household for a multi-family (MF) residence.

Cost Adjustment Factor

"A" represents an adjustment to the cost of park facilities for past or future payments made or reasonably anticipated to be made by new development to pay for park system improvements in the form of user fees, debt service payments, or other payments earmarked for or proratable to park system improvements. The City of Vancouver adjustment value is determined to be five percent (5%), so that "A" factor equals 95%.

PARK DISTRICT SERVICE AREAS

State statutes allow cities and counties to impose impact fees to support public facilities needed to serve new growth and development. The public facilities need to be reasonably related to and benefit the new development. Jurisdictions are required to establish one or more defined geographic service areas within which it shall calculate and impose impact fees.

With the 1997 Interlocal Agreement for joint management of the county-wide park system and the park impact fee program, ten park impact fee ~~district~~districts, or service area- boundaries were delineated irrespective of jurisdictional boundaries. Boundaries focused primarily on natural and manmade barriers to walkability to assure the maximum possible nexus relationship between those paying the fee and those benefiting from the facility improvements.

T~~Now t~~wenty years later changing ~~many~~ conditions ~~have changed that suggest the~~led to ~~-~~the 2016 ~~need to~~ realignment of the district boundaries to increase flexibility in the management of the Park Impact Fee Program, including:

- **Dissolution of Interlocal Agreement**
  The Interlocal Agreement for joint management of the county-wide park system and the park impact fee program was dissolved, effective January 1, 2014. Each jurisdiction manages their programs independently, including fees being applicable only to those areas within their respective jurisdiction.

  Accommodations ~~need to be~~were included in the district boundary designations to address future annexations, by clarifying what city park district annexation areas will be assigned to without requiring amendments to the PIF Technical Document.

- **Increased Residential Densities**
  Residential densities within the City of Vancouver ~~have~~ increased significantly in the twenty years ~~since~~ following the adoption of the original 1995 PIF program. With fewer properties to develop, PIF funds accumulated more slowly within the respective park districts.

- **Economic Recession**
  Although the impact fee program provides a significant portion of the funds that support park land acquisition and development, park maintenance revenues are ~~currently~~ supported by the City of Vancouver General Fund. Housing markets as well as city revenues were significantly impacted by the economic recession that was felt nationwide.

- **Concurrency**

State statutes define the timeline within which impact fee funds must be committed, expended or refunded to the current property owner. With ~~the slower~~the slower rate of growth resulting from increased residential densities and the economic recession, it ~~has~~ becaome increasingly difficult to accumulate the resources necessary to fund projects and commit maintenance resources within the concurrency timelines specified by state law.

- **Level of Service**
  Our community enjoys the benefit of having multiple streams and rivers that lace through our landscape. However, some park districts have a greater abundance of these natural resources than others, creating a notable imbalance in the measureable level of service by park district for Urban Natural Areas. Likewise, some of the larger community parks that functionally serve outside of their current park district boundaries also present an unrealistic measure of our level of service city wide.

Combined, these factors supported the need for increased flexibility in the management of the impact fee program by reducing the number of park districts or service areas. The 2016 amendments to the Park Impact Fee Technical Document realigneds the districts as ~~specified~~ shown in *Figure 1*. Districts 1, 9 and 10 merge to form District A. Districts 2, 7 and 8 merge to form District B, and districts 3, 4, 5, and 6 merge to form District C.

Districts A, B, and C cover the entire City of Vancouver and Vancouver Urban Growth Area, however City park impact fees arewill only ~~be~~ collected in those areas within the Vancouver city limits. As areas within the unincorporated Vancouver Urban Growth Boundary are annexed, the City of Vancouver's jurisdiction for collection of fees will expand automatically, with newly annexed properties assigned to the appropriate park district based on *Figure 1*.

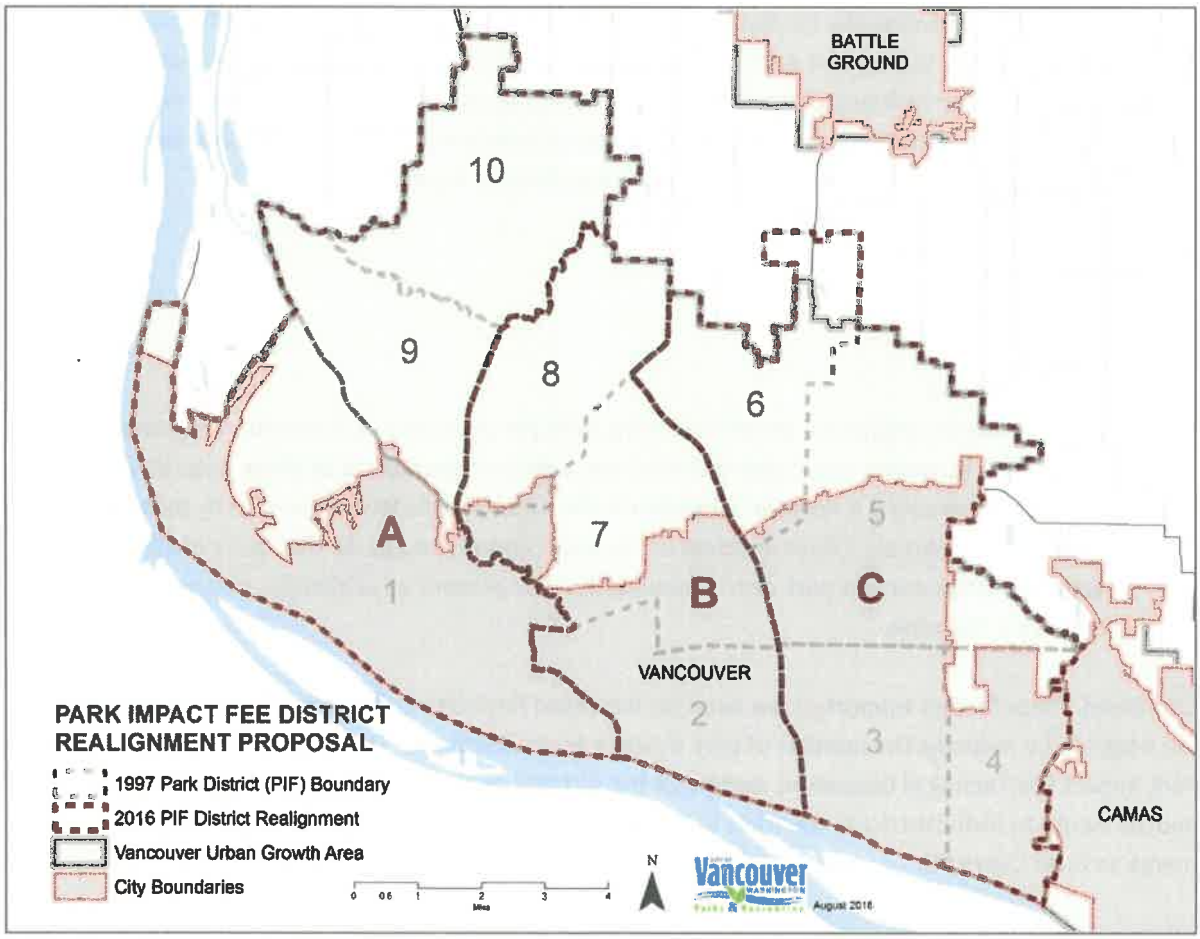

Figure 1 – 2016 Park Impact Fee Districts

Park Overlay Service Areas

Park Overlay Service Areas are identified in *Figure 2*, as provided in VMC 20.915.030(C)(3), for situations 'where a system improvement is designed to serve an established service area, or service areas, but is located entirely or partly outside of the City and/or urban growth area, and provides a substantial benefit to the assigned service area'.

The overlays are part of the underlying Districts A, B, and/or C, as identified in the *Figure 1*, and do not constitute a new park impact fee district or unique fee schedule. Properties within an overlay service area are not subject to City impact fees to the extent those properties are outside the City.

Park Overlay Service Areas have been generally defined adjacent to and outside city limits and the VUGA, as shown in *Figure 2*. This delineation intends to capture the service area gaps proximate to the Vancouver city limits and provide the flexibility needed for site acquisition or development to address system deficits. The overlays are drawn to extend outside city limits one-half of the Community Park service area as defined in the Vancouver Comprehensive Parks, Recreation and Natural Areas Plan (Park Plan). When this provision is utilized for a Neighborhood Park outside city limits, projects will be located one-half of the applicable service area as defined in the Park Plan.

The use of Park Impact Fees for a system improvement within a Park Overlay Service Area shall meet these criteria:

1. The presence of a system deficit within the applicable park district(s) and a lack of reasonable alternatives available within the district or within city boundaries to address the identified need.

2. Park needs located within city limits and/or the Vancouver Urban Growth Area would be met through the proposed system improvement(s).

3. System improvements within the overlay area align with projects identified in the capital facilities plan.

4. Benefits provided by projects within the overlay areas equal or exceed benefits from alternatives available within the established underlying service area(s).

5. Potential partnerships with other jurisdictions or public agencies within the overlay service area lying outside city limits have been explored to address planning, funding, management, and/or maintenance opportunities.

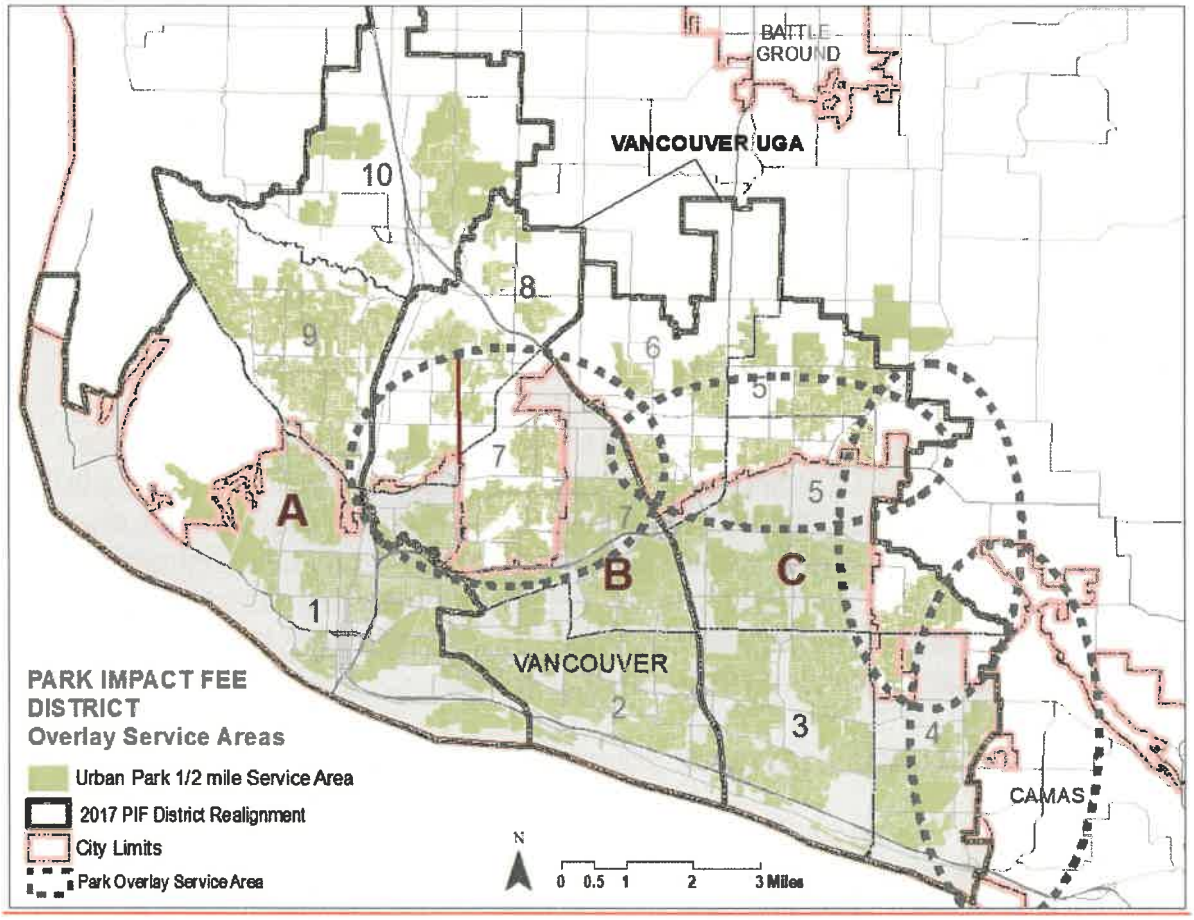

Figure 2 –Park Impact Fee Districts and Overlay Service Areas

PARK IMPACT FEE RATE SCHEDULE

CITY OF VANCOUVER PARK IMPACT FEE SCHEDULE - 2004		
Park District	**Single-Family**	**Multi-Family**
1	$2,243	$1,639
2	$2,751	$2,011
3	$2,385	$1,743
4	$2,116	$1,546
5	$1,926	$1,407
6	$1,683	$1,203
7	$2,007	$1,467
8	$1,927	$1,408
9	$2,132	$1,558
10	$1,674	$1,223

The 2004 fee scheduled listed above was adopted by Ordinance M-3653, and became effective June 3, 2004. The 2016 PIF Technical Document amendments ~~does~~ did not propose an update to the factors used to calculate park impact fee rates for land acquisition or development based upon current costs. However, with the merging of park districts from ten into three, a simple methodology was utilized to create an average fee from the existing fee schedule based on the districts located within the realigned Districts A, B, and C. Current (1997) park districts 6, 8, 9 and 10 are completely or predominantly outside the City of Vancouver. The current fees for these districts were, therefore, excluded from the 2016 rate schedule calculation.

The 2016 fee rate for District A includes the 2004 fee rate for District 1, excluding Districts 9 and 10. District B averages the 2004 rates for Districts 2 and 7 (city portion), excluding District 8. District C averages the 2004 rates for Districts 3, 4, and 5 (city portion), excluding District 6. The 2016 rate schedule is listed in the table below.

CITY OF VANCOUVER PARK IMPACT FEE SCHEDULE - 2016			
2016 Realigned Park Districts	**1997 Original Park Districts**	**Single Family***	**Multi-Family***
A	1	$2,243	$1,639
	9		
	10		
B	2	$2,379	$1,739
	7		
	8		
C	3	$2,142	$1,565
	4		
	5		
	6		

(As adopted by Resolution M-XXXX, effective November X, 2016)

*Rates are the average of the 2004 fee schedule of those districts merged within the respective 2016 Realigned Park Districts.

FUND MANAGEMENT

RCW 82.020.070 and Vancouver Municipal Code 20.915.100 both specify that a non-lapse impact fee fund will be established and separate accounts within the fund will be established for each type of facility and service area. These references are applied in the context of the collection of funds for transportation, school and park facilities.

The park impact fee calculation formula includes an acquisition component and a development component. Historically, there have been separate acquisition and development accounts for each of the park districts although this is not required by either state law or city code. The acquisition and development accounts were~~are to be~~ merged in 2016 into a single account retrospectively for each of the original ten districts. In the future, each of the realigned park districts (A, B and C) will have a single account prospectively.

This approach to fund management provides improved flexibility and responsiveness to meet community needs and adopted standards. In the long term, every effort should be made to implement the intent of the Park Impact Fee Program to provide equitable distribution of parks and natural areas throughout each park district as identified in the Park Plan.

This management policy is consistent with the historic calculation and tracking of concurrency by park district with the merging of the acquisition and development accounts.

The use of park impact fees will continue to be restricted to the district from which they were collected. For example, a fee collected in what was District 3, should only be spent within the District 3 service area. In the future, fees collected in District B may be spent anywhere within the service area of District B. ~~An exception can be made when a site serves more than one district and funds can be utilized from one or more districts~~Exceptions to the use of PIF funds within the park impact fee district where it was collected based upon the conditions and factors outlined for *Park Service Area Overlays* above.

~~This approach to fund management provides improved flexibility and responsiveness to meet community needs and adopted standards. In the long term, every effort should be made to implement the intent of the Park Impact Fee Program to provide equitable distribution of parks and natural areas throughout each park district as identified in the Park Plan.~~

~~This management policy is consistent with the historic calculation and tracking of concurrency by park district with the merging of the acquisition and development accounts.~~

PARK IMPACT FEE INDEX METHODOLOGY

Purpose

The intent of indexing is simply to keep impact fees as current as possible by accounting for inflation or deflation adjustments over time using a known or common factor, such as the consumer price index or the construction cost index. Annually adjusted impact fees also minimize potential public share obligations to the system, which are caused by the difference between current rates and the annually eroding value of those rates as they are impacted by inflation. Indexing is implemented by City Code as follows:

VMC20.915.100 (Other Provisions)

Park impact fee rates may be revised using the following process:

1. The adopted Park Impact Fee Program Technical Document may be revised periodically by the City Council when financial analysis establishes that there is a need for a major program update. Such adjustments shall only become effective upon adoption by the City Council.

2. Between major program updates, the calculated park impact fee will be adjusted annually to account for inflation/deflation using the indexing methodology described in the adopted Park Impact Fee Technical Document. Such adjustments shall only become effective upon adoption by the City Council.

Indexing Models Used by Other Jurisdictions

Numerous jurisdictions across Washington and Oregon apply an annual inflation index to their impact fees or system development charges. Several common indices are used, as noted below:

Producer Price Index (PPI) – shows the direction and magnitude of price changes for finished goods; published by the Bureau of Labor Statistics.

Consumer Price Index (CPI) – shows day-to-day inflation in prices as experienced by urban consumers for a representative basket of goods and services; also published by the Bureau of Labor Statistics.

Engineering News Record (ENR) – calculates national index of building cost changes using a 20 city average and individual costs as local average. ENR offers two indices: Construction Cost Index (CCI) and the Building Cost Index (BCI[1]). The CCI can be used where labor costs are a high proportion of total costs. The BCI is more applicable for structures.

[1] The difference between ENR's Construction Cost Index and Building Cost Index is the approach to the labor component. The CCI uses 200 hours of common labor, multiplied by the 20-city average rate for wages and fringe benefits. The BCI uses 68.38 hours of skilled labor, multiplied by the 20-city wage- fringe average for three trades–bricklayers, carpenters and structural ironworkers. For their materials component, both indexes use 25 cwt of fabricated standard structural steel at the 20-city average price, 1.128 tons of bulk Portland cement priced locally and 1,088 board ft. of 2 x 4 lumber priced locally. The ENR indexes [sic] measure how much it costs to purchase this hypothetical package of goods compared to what it was in the base year. (*Source: enr.construction.com*)

Additionally, two primary approaches exist to apply indexed adjustments: uniformly across dual components or uniquely to each component.

Uniform Indexing Approach – The uniform approach merely applies an index to the composite impact fee, and in the case of park fees, it would apply to the combined acquisition and development rates equally. No distinction is made between components or between the relative impacts of how each component is affected by the index. Upon initial review of the application of indices throughout the region, it was noted that most jurisdictions elected to index impact fee rates uniformly.

Unique, Component-Specific Indexing Approach – An alternative approach is to annually adjust each impact fee component based on a unique index, both pertinent and suitable to that component. For example, the development component is adjusted based on a construction cost index, and the acquisition component is adjusted based on a real estate or land valuation index as appropriate. By design, component-specific indexing allows for a higher degree of congruence between the component and the index, along with providing a more true reflection of local changes on an annual basis.

In Oregon, jurisdictions can choose to use the local tax assessor's annual ratio report to index the acquisition component. In Washington, no similar report is required, but some cities have indexed acquisition costs based on annual changes in land value. The indexing approach used by the City of Olympia offers a compelling model, as described below from their PIF program documentation:

> *The change in property value is calculated based on information from the Thurston County Assessor's Office. Thurston County is on an annual valuation cycle, meaning that all real property is physically inspected at least once every six years, but is statistically updated every year. The County Assessor does not create values, but interprets current market activity to estimate the values of parcels in Thurston County for the purposes of property taxation. Fair*

market value is the amount a willing buyer would pay a willing seller when neither is under undue pressure. The Thurston County Assessor's Office uses valid recent sales data of similar properties and the replacement cost of buildings (based on the cost of current labor and material, less depreciation), to arrive at fair market value. For projects where the location of the property is known, the property value factor will be calculated based on the difference between the current year and preceding year's fair market value for land. For projects where the location of the property is not known, the property value factor will be calculated based on the average of the changes in land value for representative similar facility type projects in the CFP.

Thurston County's approach to annual assessment re-evaluation is consistent with that of Clark County's and is identified as a viable approach. During the current PIF assessment, staff from the Clark County Assessment office was contacted to discuss and coordinate a comparable approach for local, annual PIF adjustments based on Clark County data and modeling.

With readily accessible, quality indexing datasets, the component-specific approach can offer the City of Vancouver a stronger nexus between the selected index and the base PIF rate. As a historically high-growth region, an approach using a uniform index for both components, such as a construction index, does not accurately reflect the differences in and changes to real property valuations, and does not reflect value differentiation across the urban area. As such, when the City of Vancouver is ready to proceed with implementation of an annual index of Park Impact Fee rates, a component-specific indexing option will be used, whereby the acquisition base rate is indexed to recent real property changes and the development base rate is tied to a construction related index, such as the ENR-CCI. The establishment of the real property index is the most complex task, and it is a uniquely local exercise. The following section details the methodology.

Indexing Methodology

PIF Acquisition Component

In close collaboration with Clark County Assessment and GIS staff, land valuation tables for the Vancouver urban area were isolated and reviewed for the three most recent property tax assessment cycles (2007, 2008, and 2009). The primary goal was to establish the rate of change in land valuations between consecutive property tax cycles as the basis for a potential PIF acquisition rate index. Secondarily, the data were reviewed to evaluate the appropriateness of applying a single, urban area-wide index factor versus unique index factors per each PIF districts.

Acreage valuations from the Assessor's Neighborhood Land Tables were the primary input. Clark County annually updates the assessment land tables with a physical inspection of ⅙th of the county per cycle and statistical revisions of the remainder. The data used in this analysis are consistent with the assessed valuations used for annual property tax assessments.

The land coverage of the Assessor's Neighborhood Land Tables was correlated to that of the PIF districts using GIS. The acreage and percentage of total land area of each Neighborhood was calculated as it relates to each PIF district. Using these relative coverages, a weighted average land valuation was calculated by PIF district. Additionally, a single average was calculated for the Vancouver urban growth area (VUGA) as a whole.

In comparing the valuations of each PIF district to that of VUGA composite, significant differences were noted. While the average valuation change of the sum of the 10 PIF districts was the same as the valuation change of the VUGA as a whole, a wide degree of variability was noted between PIF districts for each comparative cycle reviewed. In looking at the differences between the 2009 and 2008 tax years, a 14% spread exists between the highest and lowest change between PIF districts. Given this variability, the acquisition component will be indexed based on the unique rate of change by PIF district, instead of using a VUGA average, to best reflect the specific changes in valuation within the urban area. This approach is consistent with that taken to establish the acquisition base rates, and the data and calculations required to determine these unique index factors have been tested.

Using the weighted average land valuation by PIF district, the acquisition index factors for each PIF district are determined by the ratio of the current tax year to the previous. Table 1 shows these results.

Table 1: Acquisition Index Factors by District (2008-09)

PIF District	Tax Year 2009	Tax Year 2008	Index Factor	Index Change
1	$ 136,135	$ 138,890	0.980	-2.0%
2	$ 149,378	$ 149,619	0.998	-0.2%
3	$ 165,304	$ 175,479	0.942	-5.8%
4	$ 160,373	$ 168,254	0.953	-4.7%
5	$ 154,999	$ 179,888	0.862	-13.8%
6	$ 156,412	$ 176,384	0.887	-11.3%
7	$ 148,720	$ 159,786	0.931	-6.9%
8	$ 161,771	$ 162,060	0.998	-0.2%
9	$ 168,909	$ 168,910	1.000	0.0%
10	$ 169,001	$ 169,001	1.000	0.0%
Average	$ 157,100	$ 164,827	0.955	-4.5%
VUGA Average	$ 154,079	$ 162,135	0.950	-5.0%

Using the established PIF acquisition base rates for each district, Table 2 shows how the index would be applied by multiplying the index factor with the PIF base rate to establish a revised PIF acquisition rate.

Table 2: Application of Index to PIF Acquisition Component

PIF District	Base Acquisition Rate		Index Factor		Revised PIF Rate (Acq)	Change ($)
1	$ 1,227	*	0.980	=	$ 1,203	$ (24)
2	$ 1,524	*	0.998	=	$ 1,521	$ (2)
3	$ 1,357	*	0.942	=	$ 1,279	$ (79)
4	$ 1,519	*	0.953	=	$ 1,448	$ (71)
5	$ 863	*	0.862	=	$ 744	$ (119)
6	$ 777	*	0.887	=	$ 689	$ (88)
7	$ 1,275	*	0.931	=	$ 1,187	$ (88)
8	$ 868	*	0.998	=	$ 867	$ (2)
9	$ 993	*	1.000	=	$ 993	$ (0)
10	$ 721	*	1.000	=	$ 721	$ (0)
Average	$ 1,112		0.955		$ 1,065	$ (47)

NOTE: The Clark County Assessor's Office does not release land valuation tables until the early fall of the tax year in question (i.e., October 2009 for the 2009 property tax assessment). Given this known and reliable lag time, it is recommended that annual PIF indexing occur in the early fall of each year to accommodate delivery of the most recent Assessor's data.

PIF Development Component

The application of a construction cost index to the PIF development component is simple and direct. Using the Seattle ENR-CCI monthly data available from ENR, calculate the index factor as the percentage change based on the ratio of the current month to the previous period (see below).

Table 3: Construction Cost Index (Oct '07 – Oct '08)

ENR-CCI Periods			ENR-CCI Factor		Index Change
October '08::	8812.22	=	1.023	or	2.3% Increase
October '07::	8612.75				

Using the established PIF development base rates for each district, the index is applied by multiplying the index factor with the PIF base rate to establish a revised PIF development rate. Since development rates are uniform across all PIF districts, this calculation is completed only once as shown in Table 4.

Table 4: Application of CCI to PIF Development Component

PIF Base Rate (Dev)		ENR-CCI Factor		Revised PIF Rate (Dev)	Change ($)
$553	*	1.023	=	$566	$13

Conclusion - Indexing Methodology

The Vancouver Municipal Code already includes a provision for periodic revisions and indexing adjustments to the park impact fee schedule through adoption of a Technical Document. To date, this provision has not been utilized. The indexing methodology included in this document does not suggest that the City implement the indexing provision at this time, but that this methodology be considered and implemented at some point in the near future to ensure the viability of the Park Impact Fee Program.