



**City of Port Orchard Council Work Study Session
January 19, 2021
6:30 p.m.**

Mayor:

Rob Putaansuu
Administrative Official

Councilmembers:

Bek Ashby (Mayor Pro-Tempore)
Finance Committee
Economic Development & Tourism Committee
Transportation Committee, **Chair**
KRCC/KRCC PlanPol-alt /KRCC TransPol
PSRC-alt/PSRC TransPOL-Alt/PRTPO

Shawn Cucciardi
Finance Committee
E/D & Tourism Committee, **Chair**
Kitsap Economic Development Alliance

Fred Chang
Economic Development & Tourism Committee
Land Use Committee

Jay Rosapepe
Utilities/Sewer Advisory Committee
Land Use Committee
Transportation Committee
Lodging Tax Advisory Committee, **Chair**
KRCC-alt

John Clauson
Finance Committee, Chair
Utilities/Sewer Advisory Committee
Kitsap Public Health District-alt

Cindy Lucarelli
Festival of Chimes & Lights Committee, **Chair**
Utilities/Sewer Advisory Committee, **Chair**
Kitsap Economic Development Alliance

Scott Diener
Land Use Committee, **Chair**
Transportation Committee

Department Directors:

Nicholas Bond, AICP
Development Director

Mark Dorsey, P.E.
Director of Public Works/City Engineer

Tim Drury
Municipal Court Judge

Noah Crocker, M.B.A.
Finance Director

Matt Brown
Police Chief

Brandy Rinearson, MMC, CPRO
City Clerk

Meeting Location:

Council Chambers, 3rd Floor
216 Prospect Street
Port Orchard, WA 98366

Contact us:

(360) 876-4407
cityhall@cityofportorchard.us

*The City is prohibited from conducting meetings unless the meeting is **NOT** conducted in-person and instead provides options for the public to attend through telephone, internet or other means of remote access, and also provides the ability for persons attending the meeting (not in-person) to hear each other at the same time. Therefore;*

Remote access only

Link: <https://us02web.zoom.us/j/88308959369>

Zoom Meeting ID: 883 0895 9369

Zoom Call-In: 1 253 215 8782

1. [Impact Fee Ordinance – Traffic Impact Fee Adjustment \(Bond/Robertson\) **Page 2**](#)
Estimated Time: 20 minutes
2. [McCormick Communities Development Agreement for Transportation \(Bond/Robertson\) **Page 41**](#)
Estimated Time: 30 minutes
3. Transportation Update (Dorsey)
Estimated Time: 20 minutes
4. [Water & Sewer Credit Discussion \(Crocker/Archer\) **Page 104**](#)
Estimated Time: 30 minutes



City of Port Orchard Work Study Session Executive Summary

Issue Title: Impact Fee Ordinance – Traffic Impact Fee Adjustment

Meeting Date: January 19, 2021

Time Required: 20 minutes

Attendees: Nicholas Bond

Action Requested at this Meeting: Review the draft impact fee ordinance and traffic impact fee study, and consider moving this item forward to the January 26, 2021 regular city council meeting. Inform staff whether an optional public hearing should be held for this ordinance.

Issue: Since 2015, when the current traffic impact fee was adopted, the project cost estimates for the projects in the City’s capital facilities plan have risen significantly. These projects include the Tremont Street project, which was estimated at \$17,500,000 in 2015 and was completed at a cost of approximately \$24,000,000. Additionally, since 2015 the City has completed the Bethel/Sedgwick Corridor Study and developers have provided more refined cost estimates for these projects. In 2019, the City hired TSI to prepare an updated traffic impact fee study and fee schedule. This study was completed in December 2020, and identified a proposed fee of \$4,943 per peak pm trip. This is an increase from the current fee of \$2,552 per peak pm trip.

This fee increase will ensure that development pays its share of building out the transportation system in Port Orchard, and will allow the City to deliver projects more quickly than at the currently adopted amount. Adoption of this new fee ordinance cannot occur unless the McCormick Woods development agreement is also approved, since the McCormick Woods development agreement for transportation allows the City to move to a citywide fee amount, rather than the current system whereby McCormick Woods impact fees are collected and accounted for separately, for use on a narrower project list.

Background: In 2015, the City adopted an impact fee ordinance and adopted traffic impact fees for the first time. The impact fee study adopted at that time recommended that the City reevaluate the traffic impact fee amount every 3-4 years. In late 2019, the City started this process, but the preparation of the fee study was delayed by the McCormick Communities Development Agreement for Transportation negotiation which is also a discussion item at the January work study meeting.

Alternatives: If the City Council wishes to adopt a different impact fee amount, it should do so by amending the project list, which is the basis for the fee calculation in table 1 of the attached impact fee study. While removing projects will have the effect of lowering the impact fee amount, those projects would be ineligible for impact fee funding. Alternatively, the Council could choose to revise the denominator used in the fee calculation, but this would create future funding shortfalls that would need to be made up elsewhere. Lowering the denominator would increase the per trip fee amount, as could adding additional projects to the list.

Recommendations: City staff recommends that the City Council review and discuss the proposed impact fee ordinance and traffic impact fee study prior to the item being brought forward for consideration on February 9, 2021. The Council is also requested to inform staff whether an optional public hearing should be held for this ordinance.

Attachments: Draft Ordinance including attachments.

ORDINANCE NO. __ -21

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON, REGARDING TRANSPORTATION IMPACT FEES; AMENDING SECTION 20.182.060 OF THE PORT ORCHARD MUNICIPAL CODE TO ADOPT A NEW TRANSPORTATION IMPACT FEE SCHEDULE AND CLARIFYING ADOPTION PROCEDURES; ADDING A NEW SECTION 20.182.125 TO THE PORT ORCHARD MUNICIPAL CODE TO DESIGNATE THE CITY'S 6 YEAR/20 YEAR TRANSPORTATION IMPROVEMENT PLAN AS THE CAPITAL FACILITIES PLAN FOR TRANSPORTATION; PROVIDING FOR SEVERABILITY AND CORRECTIONS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the State of Washington Growth Management Act, Chapter 36.70A RCW and related sections ("GMA") requires the City to adopt a Comprehensive Plan that provides adequate public facilities to serve development; and

WHEREAS, counties, cities, and towns that are required or choose to plan under RCW 36.70A.040 are authorized to impose impact fees on development activity as part of the financing for public facilities, provided that the financing or system improvements to serve new development must provide for a balance between impact fees and other sources of public funds and cannot rely solely on impact fees; and

WHEREAS, RCW 82.02.050 -.110 and WAC 365-196-850 authorize counties, cities, and towns planning under the Growth Management Act (GMA) to impose impact fees for public streets and roads, publicly owned parks, open space, and recreation facilities, and school facilities, and fire protection facilities; and

WHEREAS, the City of Port Orchard has adopted transportation, school, and park impact fees, as codified in subsection 20.182.060 of the Port Orchard Municipal Code (POMC) and Appendices A-C in Exhibit 1 of Ordinance 019-17; and

WHEREAS, the City Council finds that new development activity in the City of Port Orchard will create additional demand and need for public facilities; and

WHEREAS, the City of Port Orchard has previously adopted a transportation impact fee program pursuant to the authority provided in Chapter 82.02 RCW; and

WHEREAS, in 2015 the City's current transportation impact fee rate was established at \$2,552 per new PM peak hour trip, with a separate impact fee rate of \$560 per new PM peak hour trip applied to growth in the McCormick Woods PUD; and

WHEREAS, this year the City Council adopted the City's 6 Year/20 Year Transportation Improvement Plan (TIP) as part of the City's Comprehensive Plan (Ordinance 015-20); and

WHEREAS, the City Council desires to adopt an updated transportation impact fee schedule to ensure that all projects on the current TIP receive appropriate impact fee funding per RCW Section 82.02.050; and

WHEREAS, the City Council deems it in the best interests of the city of Port Orchard to formally designate the TIP as the "capital facilities plan" for the purpose of identifying the proposed transportation improvements reasonable and necessary to meet the future development needs of the service area consistent with the city's level of service policy, as required by RCW 82.02.050; and

WHEREAS, the City contracted with Transportation Solutions, Inc. to prepare an updated transportation impact fee rate study and recommended impact fee rate, which was provided to the City in December 2020 (Exhibit A); and

WHEREAS, the City has prepared an updated transportation impact fee schedule based on the findings and recommendations of the study prepared by Transportation Solutions, Inc., and

WHEREAS, on January 19, 2021, the City Council held a study session on the updated transportation impact fee schedule; and

WHEREAS, on January 26, 2021, at its regular meeting the City Council considered the updated transportation impact fee schedule, and reviewed the ordinance proposed for its adoption; and

WHEREAS, the transportation, parks and school impact fees are currently adopted as appendices to Chapter 20.182 of the Port Orchard Municipal Code, and

WHEREAS, the City Council desires to directly adopt the transportation, parks, and school impact fees by ordinance, for ease of reference and use; and

WHEREAS, this ordinance is exempt from the requirements of the State Environmental Policy Act (SEPA), Chapter 43,21C RCW, and the City's environmental

regulations, Chapter 20.160 POMC;

NOW, THEREFORE

THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. The City Council adopts all of the “Whereas” sections of this ordinance as findings in support of this ordinance.

SECTION 2. Subsection 20.182.060 of the Port Orchard Municipal Code is hereby amended to read as follows:

20.182.060 Fee schedules and establishment of service area.

(1) Impact fee schedules setting forth the amount of the impact fees to be paid by developers ~~are listed in the appendices attached to the ordinance adopting this chapter,~~ shall be adopted by ordinance of the City Council and incorporated herein by this reference. ~~The road or transportation impact fee schedule is in Appendix A, park impact fees are in Appendix B and school impact fees are in Appendix C. The impact fee schedules may be revised at any time the city council deems just and appropriate.~~

(2) For the purpose of road and park impact fees, the entire city shall be considered one service area.

(3) For the purpose of school impact fees, the entire boundary of the school district shall be considered one service area.

SECTION 3. A new subsection 20.182.125 is hereby added to the Port Orchard Municipal Code to read as follows:

20.182.125 Designation of Capital Facilities Plan for Transportation.

The city designates the 6 Year/20 Year Transportation Improvement Plan (TIP) as the City’s comprehensive capital facilities plan for the purpose of identifying the proposed transportation improvements reasonable and necessary to meet the future development needs of the service area consistent with the city’s level of service policy, as required by RCW 82.02.050. The TIP identifies the specific subset of transportation improvements in the impact

fee project list that forms the basis for the transportation impact fee program.

SECTION 4. Adoption of Transportation Impact Fee Schedule. The City hereby adopts a new transportation impact fee schedule which is included as a part of Exhibit A to this ordinance, in accordance with POMC 20.182.060. This transportation impact fee schedule shall become effective on the effective date established in Section 9 below and shall replace and supersede any previously adopted transportation impact fee schedule.

SECTION 5. Park and School Impact Fees Unchanged. The park and school impact fee schedules that were previously adopted by the City Council shall remain in effect and are respectively shown on Exhibits B and C of this ordinance.

SECTION 6. Sections 4 and 5 of this Ordinance are deemed of special effect and shall not be codified.

SECTION 7. Severability. If any section, sentence, clause, or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of constitutionality of any other section, sentence, clause, or phrase of this ordinance.

SECTION 8. Corrections. Upon the approval of the city attorney, the city clerk, and/or code publisher is authorized to make any necessary technical corrections to this ordinance, including but not limited to the correction of scrivener's/clerical errors, references, ordinance numbering, section/subsection numbers, and any reference thereto.

SECTION 9. Effective Date. This ordinance shall be in full force and effect five (5) days after publication as provided by law. A summary of this ordinance in the form of the ordinance title may be published in lieu of publishing the ordinance in its entirety.

PASSED by the City Council of the City of Port Orchard, APPROVED by the Mayor and attested by the City Clerk in authentication of such passage this 26th day of January 2021.

Robert Putansuu, Mayor

ATTEST:

Brandy Rinearson, MMC, City Clerk

APPROVED AS TO FORM:

Sponsored by:

Charlotte A. Archer, City Attorney

*****, Council Member

PUBLISHED:

EFFECTIVE DATE:

EXHIBIT A: TRANSPORTATION IMPACT FEE SCHEDULE WITH RATE STUDY (2021)

EXHIBIT B: PARKS IMPACT FEE SCHEDULE (EXISTING)

EXHIBIT C: SCHOOL IMPACT FEE SCHEDULE (EXISTING)

TRANSPORTATION IMPACT FEE RATE STUDY
2020 UPDATE
FINAL REPORT

December 2020

Prepared for:
City of Port Orchard

Prepared by:
Transportation Solutions, Inc.
16932 Woodinville-Redmond Rd NE
Suite A206
Woodinville, WA 98072

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1. Introduction

This document summarizes the development of an updated transportation impact fee rate for the City of Port Orchard. It describes the existing impact fee rate, the basis for the fee, the rate methodology, the impact fee project list, and the recommended fee rate.

Definition of Impact Fees

Impact fees are a comprehensive grouping of charges based on new development within a local municipality. These fees are assessed to pay for capital facility improvement projects necessitated by new development growth (including but not limited to parks, schools, and streets/roads).

Transportation impact fees are collected to fund improvements that add capacity to the transportation system, accommodating the travel demand created by new development. The Revised Code of Washington (RCW) Section 82.02.050 identifies the intent of impact fees as the following:

- To ensure that adequate facilities are available to serve new growth and development;
- To promote orderly growth and development by establishing standards by which counties, cities, and towns may require, by ordinance, that new growth and development pay a proportionate share of the cost of new facilities needed to serve new growth and development; and
- To ensure that impact fees are imposed through established procedures and criteria so that specific developments do not pay arbitrary fees or duplicative fees for the same impact.

Statutory Basis for Impact Fees

Transportation impact fees are a financing mechanism authorized by the Growth Management Act (GMA) of Washington State (see RCW 36.70A.070 and 82.02.050). State law imposes strict limitations on impact fees. These limitations are intended to assure property owners that the fees collected are reasonably related to their actual impacts and will not be used for unrelated purposes.

If impact fees are imposed, the funds collected from developments can be expended only on transportation system improvements which are: (a) identified in the comprehensive plan as needed for growth, and (b) reasonably related to the impacts of the new development from which fees are collected.

Specifically, condition (a) requires that impact fees are not used on improvements needed to remedy existing deficiencies. Those needs must be entirely funded from public sector resources. Condition (b) is satisfied if the local government defines a reasonable service area, identifies the public facilities within the service area that require improvement during the designated planning period, and prepares a fee schedule taking into account the type and size of the development as well as the type of public facility being funded.

To achieve the goal of simplicity, impact fee calculations are applied on an average basis for the entire transportation system, rather than project-by-project. This is a key difference between impact fees and State Environmental Policy Act (SEPA) mitigation, whereby pro-rata shares of specific project improvements are collected.

Pre-calculated impact fees are easier to administer than traditional SEPA development mitigation, at the point of development review. However, more complex administrative procedures are necessary to track

the funds collected from each development. This is necessary to assure that the funds are expended only on eligible transportation system improvements and to assure that impact fee revenues are used within six years. Fees not expended within six years must be refunded with interest to the current owner of the property.

The methodology and results described below are consistent with the requirements of the GMA. The procedures and recommendations described herein can be formally enacted by an impact fee ordinance incorporating this memo by reference.

2. Impact Fee Analysis

Methodology

The conceptual basis for the transportation impact fee is that growth (i.e. new development) should pay a proportionate share of the cost to provide future transportation capacity. This proportionate share is calculated based on the estimated cost of growth-related transportation improvement projects identified in the Comprehensive Plan and on an estimate of growth's share of capacity utilization for each project. The impact fee analysis is limited to projects that provide capacity improvements needed for growth. Projects related to maintenance, such as pavement overlays and physical obsolescence, as well as improvements necessary to mitigate existing capacity deficiencies, are not eligible for impact fee funding. However, agencies have been encouraged by the Department of Commerce to consider multimodal transportation improvements and, to that end, shoulder widening, sidewalks, bike lanes and parallel trails are reasonable to include as both motorized and nonmotorized capacity enhancements.

Current Impact Fee Methodology

The Port Orchard transportation impact fee program was developed and adopted in 2015 as ordinance number 023-15 and later reorganized under ordinance number 019-17. The impact fee methodology is based on proportionate growth share of impact fee eligible project costs.

As of December 2020, the transportation impact fee rate is \$2,552 per new PM peak hour trip. A separate impact fee rate of \$560 per new PM peak hour trip is applied to growth in the McCormick Woods PUD. This rate represents the difference between the citywide rate and a GEM1 fee rate of \$1,992 per trip which was required per the McCormick Woods Development Agreement adopted in 2005.

Projects Eligible for Impact Fees

Not all planned transportation projects and programs are eligible for impact fees. Planned improvement project are divided below into the following categories in order to establish a list of qualifying projects that will form the basis for the Port Orchard impact fee rate:

- Project Improvements
- Planned Transportation Projects needed within 20 years
- Maintenance Projects

Project Improvements

Project improvements are transportation improvements necessary for a specific development that do not provide significant system benefits. These are typically low-volume local streets that serve driveways and parking areas. They may provide connections to other developments, but not for the purpose of

significant system capacity. Other project improvements include safety improvements and new access connections to existing arterials that serve only one development. Project improvements are typically required by other development regulations or as SEPA mitigation for specific development impacts not anticipated in the Comprehensive Plan. Project improvements are not eligible for impact fees. For the purpose of this rate analysis, roadway extensions that connected existing developments, but were not significant arterials, were considered project improvements that could be required under other City codes and regulations but would not be included in the impact fee calculation.

Planned Transportation Projects

The Port Orchard 2021-2040 Transportation Improvement Program (TIP) identifies transportation projects which are needed to serve traffic growth for the next twenty years. Projects with capacity benefits are eligible for impact fee funding. Capacity-related improvements may include adding turn lanes, lane widening or separating non-motorized modes, adding signals or roundabouts for intersection capacity, or other improvements. The methodology for roadway capacity calculation is described in the Transportation Element of the Comprehensive Plan. The proportional share of these projects reasonably related to growth are eligible for impact fees.

Maintenance Projects

Maintenance programs, general studies, and non-capital activities are generally not eligible for impact fees. A component of ongoing pavement preservation could be eligible for impact fees if it is demonstrated that growth increases the magnitude of pavement reconstruction requirements. For instance, if existing conditions require a two-inch asphalt overlay, but added traffic from growth requires a three-inch asphalt overlay to achieve the same pavement life, the cost of the additional inch of asphalt could be attributed to growth. If the overlay or reconstruction provides increased lane width, intersection improvements, or shoulder widening the cost of the expansion could be considered eligible.

Eligible Project Costs

Impact fee eligible projects and their estimated costs are identified in **Table 1**. These costs include various elements which are necessary for the construction of transportation improvements, including design, permitting, right-of-way, construction, and construction management. Ongoing or future maintenance is not an eligible impact fee cost. TIP projects which are not capacity-related, or which are considered maintenance projects/programs are not included in the TIF project list.

Impact Fee Calculation

The impact fee was calculated based on the increase in PM peak hour vehicle trips resulting from growth, the cost of improvements related to growth, and the City's transportation financing strategy, as defined in the 2016 Comprehensive Plan. The calculation methodology is described below.

Local Funding Responsibility

Roadway projects are generally eligible for state and federal grant funds. These funds are not predictable and vary in amount by grantor. Additionally, cost-sharing agreements with Washington State Department of Transportation (WSDOT) and Kitsap County are anticipated to reduce some of the City's project cost responsibility.

This analysis assumes the City will be responsible for 50 percent of total impact fee-eligible project costs over the 20-year planning horizon, with the other 50 percent anticipated to be funded by grant and intergovernmental revenue roadway projects.

Exceptions were applied to the following projects which are anticipated to be fully funded by the City of Port Orchard or by local development, with no grants or intergovernmental revenue:

- Bethel/Sedgwick Corridor Phase 1 Design (TIP #1.3)
- Old Clifton Rd Design – 60% (TIP #1.5A)
- Old Clifton Rd & Campus Parkway roundabout (TIP #1.5C)
- Old Clifton Rd & McCormick Woods Dr roundabout (TIP #2.08)
- Glenwood Connector Roadway (per development agreement)
- Feigley Rd improvements (per development agreement)

Proportionate Share of Project Cost

Growth’s proportionate share of each improvement project was calculated as the proportion of added capacity which will be used by new development trips, per the Port Orchard travel demand model.

The Port Orchard travel demand model was most recently updated and recalibrated in 2019. It incorporates trip generation data published in the *Institute of Transportation Engineers (ITE) Trip Generation Manual, 10th Edition* and calibrated to fit 2019 weekday PM peak hour traffic counts. The travel demand model trip distribution and traffic assignment procedures were calibrated based on regional and national guidance, including the Kitsap County travel demand model and Federal Highway Administration travel demand model calibration guidance, in addition to local engineering expertise and traffic counts.

To generate 2040 PM peak hour travel demand forecasts, the calibrated 2019 PM travel demand model was modified to include housing and employment growth forecasts identified in the Port Orchard Comprehensive Plan. A total of 7,352 new weekday PM peak hour trips are anticipated citywide between 2019 and 2040. These new trips were assigned to the transportation network, resulting in traffic growth forecasts for each intersection and roadway segment on the TIF project list.

The proportionate growth share of TIF project costs was calculated by dividing the 2019-2040 PM peak hour trip growth by the capacity contribution, in vehicles per hour, of each improvement project:

$$[Proportionate\ Share\ of\ Project\ Cost] = \frac{PM\ peak\ hr\ trip\ growth}{Added\ PM\ peak\ hr\ capacity}$$

The resulting proportionate share for each TIF project is identified in **Table 1**. Total project costs and growth share are summarized below:

Total TIF Project Cost	\$145,863,474
Anticipated Grant & Intergovernmental Revenue	\$78,597,474
Anticipated City & Developer (Non-Grant) Responsibility	\$67,266,000
Growth/Development Share of Project Cost	\$36,343,224

Table 1. Impact Fee-Eligible Transportation Improvement Projects

TIP ID ¹	Project Name	Cost Estimate (\$)	Local Share ² (\$)	Growth Share ³ (%)	Growth Share (\$)
DA	Glenwood Connector Roadway	2,000,000	2,000,000	100%	2,000,000
1.1	Tremont St Widening CN Phase	23,600,000	7,570,000	24%	1,851,656
1.3	Bethel/Sedgwick Corridor Ph. 1 Design	1,211,000	1,211,000	24%	293,489
1.4	Old Clifton Rd/Anderson Hill Rd Roundabout	2,420,000	968,000	81%	786,112
1.5A	Old Clifton Rd Design – 60%	562,000	562,000	100%	562,000
1.5C	Old Clifton Rd/Campus Pkwy Roundabout	1,600,000	1,600,000	100%	1,600,000
1.7	Vallair Ct Connector	2,498,000	1,249,000	8%	96,697
2.01	Sidney Ave (N) Widening	13,113,000	6,557,000	48%	3,144,444
2.02	Sedgwick Rd West Design/ROW	1,444,000	722,000	100%	722,000
2.03	Sedgwick Rd West Constr.	4,331,000	2,166,000	100%	2,165,500
2.04A	Bethel/Sedgwick Corridor Ph. 1 ROW/Constr.	14,360,000	7,180,000	24%	1,740,094
2.04B	Bethel/Sedgwick Corridor Ph. 2	17,498,000	5,249,000	28%	1,464,306
2.04C	Bethel/Sedgwick Corridor Ph. 3	6,111,000	1,833,000	5%	97,776
2.04D	Bethel/Sedgwick Corridor Ph. 4	9,179,000	4,590,000	45%	2,067,975
2.04E	Bethel/Sedgwick Corridor Ph. 5	11,059,000	5,530,000	100%	5,529,500
2.05	Sidney Rd (S) Widening	7,820,000	3,910,000	66%	2,593,367
2.06	Pottery Ave (N) Widening	1,998,000	999,000	28%	277,500
2.07	Old Clifton Rd Shoulder & Ped. Impr.	3,372,000	1,686,000	100%	1,686,000
2.08	Old Clifton Rd/McCormick Woods Dr Roundabout	1,600,000	1,600,000	100%	1,600,000
2.09	Melcher St Widening	749,000	375,000	7%	25,279
2.1	Fireweed Rd Widening	468,000	234,000	5%	11,700
2.12	Sherman Ave Widening	656,000	328,000	5%	16,400
2.13	Tremont St Widening Ph. 2 - PO Blvd	10,684,000	5,342,000	100%	5,342,000
2.14	Pottery Ave (S) Widening	5,245,000	2,623,000	16%	415,119
2.16	Blueberry Rd Widening	749,000	375,000	22%	80,518
2.17	Geiger Rd Widening	468,000	234,000	5%	11,700
2.18	Salmonberry Rd Widening	281,000	141,000	21%	28,803
2.19	Piperberry Way Extension	468,000	234,000	11%	25,665
2.21	Old Clifton Rd/Feigley Rd Roundabout	243,000	122,000	26%	31,150
DA	Feigley Rd Improvements	76,474	76,000	100%	76,474
Total		145,863,474	67,266,000	54%	36,343,224

¹Project ID number in Port Orchard 2021-2040 Transportation Improvement Program. DA = development agreement project

²Portion of project cost which is anticipated to be funded by City of Port Orchard and developer funds (i.e. not funded by grants or intergovernmental revenue)

³Portion of added capacity which is used by growth (i.e. new development). Developer-funded projects are assigned 100% growth share.

Impact Fee Rate

The citywide transportation impact fee rate was calculated by dividing the sum of the growth share of TIF project cost by the total citywide PM peak hour trip growth forecast, as shown:

$$\frac{\text{Development share of project costs}}{\text{Citywide PM trip growth}} = \frac{\$36,343,224}{7,352 \text{ new trips}} = \$4,943 / \text{PM peak hour trip}$$

Sample Transportation Impact Fees

Table 2 summarizes the fee rates which would be paid by several typical developments if the above calculated rate were adopted in an impact fee ordinance. A comprehensive transportation impact fee rate schedule is included in Appendix B.

Table 2. Transportation Impact Fee Comparison for Typical Land Uses

Land Use Type	ITE LUC ¹	Trip Rate	Per Unit	2015 TIF Rate (\$/unit)	2020 TIF Rate (\$/unit)
Single-Family Home	210	0.99	DU	2,552	4,894
Low-Rise Multifamily	220	0.56	DU	1,582	2,768
Senior Attached Housing	252	0.26	DU	638	1,285
General Office	710	1.15	1,000 ft ²	3,803	5,684
Shopping Center	820	2.51*	1,000 ft ²	6,406	12,110
Light Industrial	110	0.63	1,000 ft ²	2,476	3,114

¹Land Use Code and trip rates per Institute of Transportation Engineers *Trip Generation Manual 10th Edition*

*Includes 34% reduction for pass-by trips, per Institute of Transportation Engineers *Trip Generation Handbook*

3. Additional Issues for Consideration

Anticipated Annual Revenues from Impact Fees

The anticipated annual revenue from the proposed transportation impact fee, based on the travel demand growth forecast of 7,352 new trips by 2040, is shown below:

$$\frac{350 \text{ trips}}{\text{year}} * \frac{\$4,943}{\text{PM trip}} = \$1,730,050 / \text{year}$$

The transportation impact fee is anticipated to generate an average of \$1,730,050 per year. This represents a 20-year average and may be more or less in any given year.

Anticipated Grant Revenue

Transportation improvement projects are generally eligible for state and federal grant funds. These funds are not predictable and vary in amount by grantor. The financing plan in the Transportation Element identifies a 50 percent grant and intergovernmental funding goal for roadway projects. This assumption is applied in the impact fee rate calculation.

Anticipated Need for Other Public Funds

The anticipated impact fee revenue does not fully fund the non-grant share of TIF project costs. The anticipated need for other public funds is summarized below:

	Total TIF Project Cost	\$145,863,474
Anticipated Grant & Intergovernmental Revenue		\$78,597,474
Growth/Development Share of Project Cost		\$36,343,224
Remaining Unfunded Commitment (2019-2040)		\$30,922,776

The City will need to identify other revenue sources to fund the remaining unfunded revenue commitment of \$30,922,776 associated with the TIF projects. This represents an annual funding commitment of \$1,546,139.

4. Transportation Impact Fee Rate Comparison

The City of Bellingham Public Works Department has compiled a list of transportation impact fee rates for 79 public agencies in western Washington. The full comparison chart is included in Appendix B. Provided below are current transportation impact fee rates for several agencies which are located near Port Orchard. The updated impact fee rate of \$4,943 per PM trip would be just above the western Washington average rate, but far from the highest in western Washington.

Western WA Maximum Transportation Impact Fee:	\$14,064	(City of Sammamish)
City of Poulsbo Transportation Impact Fee:	\$5,397	
City of Gig Harbor Transportation Impact Fee:	\$5,020	
Proposed Port Orchard Transportation Impact Fee:	\$4,943	
Western WA Average Transportation Impact Fee:	\$4,363	
City of Bainbridge Island Transportation Impact Fee:	\$1,687	
Kitsap County Transportation Impact Fee:	\$700	
Western WA Minimum Transportation Impact Fee:	\$589	(City of Oak Harbor)

5. Credits and Adjustments

Impact Fee Credits

An applicant may request a credit for impact fees in the amount of the total value of system improvements, including dedications of land, improvements, and/or construction provided by the applicant. Credits should be considered on a case-by-case basis and shall not exceed the impact fee payable.

Claims for credit should be made before the payment of the impact fee. Credits for the construction should be provided only if the land, improvements, and/or the facility constructed are listed as planned transportation projects in the Rate Analysis and Impact Fee Ordinance. Credits are not generally given for code-based frontage improvements or right-of-way dedications, or direct access improvements to and/or within the subject development (project improvements) unless the improvement is part of a project listed in the Rate Analysis and Impact Fee Ordinance.

Independent Fee Calculation

An applicant may submit an independent fee calculation for a proposed development activity. The documentation submitted should be prepared by a traffic engineer licensed in Washington State and should be limited to adjustments in the trip generation rates used in the fee calculation.

Construction Cost Index Adjustment

Transportation impact fees should be adjusted yearly to account for inflation. Annual adjustments will be based on the All-Urban Consumers Index (CPI-U) for the Seattle-Tacoma-Bellevue area for the previous 12-month period from December to December as specified by the Bureau of Labor Statistics, United States Department of Labor. The CPI adjustment would take effect on March 1.

6. Conclusions

The recommended transportation impact fee rate is \$4,943 per new PM peak hour trip.

Appendix A. Transportation Impact Fee Project List

City of Port Orchard
Transportation Impact Fee Project List - 2020 Update

ID	Project Name	Cost Estimate (\$)	Local Share (\$)	Growth Share (%)	Growth Share (\$)
DA	Glenwood Connector Roadway	2,000,000	2,000,000	100%	2,000,000
1.1	Tremont St Widening CN Phase	23,600,000	7,570,000	24%	1,851,656
1.3	Bethel/Sedgwick Corridor Ph. 1 Design	1,211,000	1,211,000	24%	293,489
1.4	Old Clifton Rd/Anderson Hill Rd Roundabout	2,420,000	968,000	81%	786,112
1.5A	Old Clifton Rd Design - 60%	562,000	562,000	100%	562,000
1.5C	Old Clifton Rd/Campus Pkwy Roundabout	1,600,000	1,600,000	100%	1,600,000
1.7	Vallair Ct Connector	2,498,000	1,249,000	8%	96,697
2.01	Sidney Ave (N) Widening	13,113,000	6,557,000	48%	3,144,444
2.02	Sedgwick Rd West Design/ROW	1,444,000	722,000	100%	722,000
2.03	Sedgwick Rd West Constr.	4,331,000	2,166,000	100%	2,165,500
2.04A	Bethel/Sedgwick Corridor Ph. 1 ROW/Constr.	14,360,000	7,180,000	24%	1,740,094
2.04B	Bethel/Sedgwick Corridor Ph. 2	17,498,000	5,249,000	28%	1,464,306
2.04C	Bethel/Sedgwick Corridor Ph. 3	6,111,000	1,833,000	5%	97,776
2.04D	Bethel/Sedgwick Corridor Ph. 4	9,179,000	4,590,000	45%	2,067,975
2.04E	Bethel/Sedgwick Corridor Ph. 5	11,059,000	5,530,000	100%	5,529,500
2.05	Sidney Rd (S) Widening	7,820,000	3,910,000	66%	2,593,367
2.06	Pottery Ave (N) Widening	1,998,000	999,000	28%	277,500
2.07	Old Clifton Rd Shoulder & Ped. Impr.	3,372,000	1,686,000	100%	1,686,000
2.08	Old Clifton Rd/McCormick Woods Dr Roundabout	1,600,000	1,600,000	100%	1,600,000
2.09	Melcher St Widening	749,000	375,000	7%	25,279
2.1	Fireweed Rd Widening	468,000	234,000	5%	11,700
2.12	Sherman Ave Widening	656,000	328,000	5%	16,400
2.13	Tremont St Widening Ph. 2 - PO Blvd	10,684,000	5,342,000	100%	5,342,000
2.14	Pottery Ave (S) Widening	5,245,000	2,623,000	16%	415,119
2.16	Blueberry Rd Widening	749,000	375,000	22%	80,518
2.17	Geiger Rd Widening	468,000	234,000	5%	11,700
2.18	Salmonberry Rd Widening	281,000	141,000	21%	28,803
2.19	Piperberry Way Extension	468,000	234,000	11%	25,665
2.21	Old Clifton Rd/Feigley Rd Roundabout	243,000	122,000	26%	31,150
DA	Feigley Rd Improvements	76,474	76,000	100%	76,474
Total		145,863,474	67,266,000	54%	36,343,224

Total Project Cost	\$145,863,474
Local Share (Development + City) (%)	46%
Growth/Development Share (\$)	\$36,343,224
2019-2040 PM Peak Hour Trip Growth (vph)	7,352
2020 Transportation Impact Fee Rate (\$/trip)	\$4,943
Remaining Unfunded Commitment (\$)	\$30,922,776
Annual Funding Commitment (\$/yr)	\$1,546,139

Appendix B. Transportation Impact Fee Rate Schedule

City of Port Orchard Traffic Impact Fee Rate Schedule – Residential (2020 Update)

ITE Code ¹	ITE Land Use Category ¹	ITE Trip Rate ²	Rate per Unit ³	Impact Fee per Unit
210	Single-Family Detached Housing	0.99	DU	\$4,894
220	Low-Rise Multifamily Housing (1-2 floors)	0.56	DU	\$2,768
221	Mid-Rise Multifamily Housing (3-10 floors)	0.44	DU	\$2,175
230	Mid-Rise Residential w/ 1st Floor Commercial	0.36	DU	\$1,779
240	Mobile Home Park	0.46	DU	\$2,274
251	Senior Housing Detached	0.30	DU	\$1,483
252	Senior Housing Attached	0.26	DU	\$1,285
253	Congregate Care Facility	0.18	DU	\$890
254	Assisted Living	0.26	bed	\$1,285
260	Recreational Home	0.28	DU	\$1,384
270	Residential PUD	0.69	DU	\$3,411
-	Accessory Dwelling Unit (≤ 450 sf)	0.56	DU	\$2,768
-	Accessory Dwelling Unit (> 450 sf)	0.28	DU	\$1,384

¹ Institute of Transportation Engineers, [Trip Generation Manual \(10th Edition\)](#)

² Trip generation rate per development unit for PM peak hour of the adjacent street traffic (4-6 PM)

³ DU = Dwelling Unit



City of Port Orchard Traffic Impact Fee Rate Schedule – Non-Residential LUC 1-799 (2020 Update)

ITE Code ¹	ITE Land Use Category ¹	Base Trip Rate ²	% Primary Trips	Net Trip Rate	Rate per Unit ³	Impact Fee per Unit
PORT AND TERMINAL						
30	Intermodal Truck Terminal	1.87	*	1.870	kSF	\$9,243
90	Park and Ride with Bus Service	0.43	*	0.430	space	\$2,125
INDUSTRIAL						
110	General Light Industrial	0.63	*	0.630	KSF	\$3,114
130	Industrial Park	0.40	*	0.400	KSF	\$1,977
140	Manufacturing	0.67	*	0.670	KSF	\$3,312
150	Warehousing	0.19	*	0.190	KSF	\$939
151	Mini Warehouse	0.17	*	0.170	KSF	\$840
170	Utilities	2.27	*	2.270	KSF	\$11,221
180	Specialty Trade Contractor	1.97	*	1.970	KSF	\$9,738
LODGING						
310	Hotel	0.60	*	0.600	room	\$2,966
311	All Suites Hotel	0.36	*	0.360	room	\$1,779
312	Business Hotel	0.32	*	0.320	room	\$1,582
320	Motel	0.38	*	0.380	room	\$1,878
RECREATIONAL						
411	Public Park	0.11	*	0.110	acre	\$544
416	Campground/RV Park	0.27	*	0.270	site	\$1,335
430	Golf Course	0.28	*	0.280	acre	\$1,384
432	Golf Driving Range	1.25	*	1.250	tee	\$6,179
433	Batting Cages	2.22	*	2.220	cage	\$10,973
434	Rock Climbing Gym	1.64	*	1.640	KSF	\$8,107
435	Multi-Purpose Recreational Facility	3.58	*	3.580	KSF	\$17,696
437	Bowling Alley	1.16	*	1.160	KSF	\$5,734
444	Movie Theater	14.60	*	14.600	screen	\$72,168
445	Multiplex Movie Theater	13.73	*	13.730	screen	\$67,867
488	Soccer Complex	16.43	*	16.430	field	\$81,213
490	Tennis Courts	4.21	*	4.210	court	\$20,810
491	Racquet/Tennis Club	3.82	*	3.820	court	\$18,882
492	Health Fitness Club	3.45	*	3.450	KSF	\$17,053
493	Athletic Club	6.29	*	6.290	KSF	\$31,091
495	Recreational Community Center	2.31	*	2.310	KSF	\$11,418
INSTITUTIONAL						
520	Public Elementary School	1.37	*	1.370	KSF	\$6,772
522	Public Middle/Junior High School	1.19	*	1.190	KSF	\$5,882
530	Public High School	0.97	*	0.970	KSF	\$4,795
537	Charter Elementary School	0.14	*	0.140	student	\$692
538	School District Office	2.04	*	2.040	KSF	\$10,084
540	Junior / Community College	1.86	*	1.860	KSF	\$9,194
560	Church	0.49	*	0.490	KSF	\$2,422
565	Day Care Center	11.12	44%	4.893	KSF	\$24,185
566	Cemetery	0.46	*	0.460	acre	\$2,274
571	Prison	0.05	*	0.050	bed	\$247
575	Fire & Rescue Station	0.48	*	0.480	KSF	\$2,373
590	Library	8.16	*	8.160	KSF	\$40,335
MEDICAL						
610	Hospital	0.97	*	0.970	KSF	\$4,795
620	Nursing Home	0.59	*	0.590	KSF	\$2,916
630	Clinic	3.28	*	3.280	KSF	\$16,213
640	Animal Hospital / Veterinary Clinic	3.53	*	3.530	KSF	\$17,449
650	Freestanding Emergency Room	1.52	*	1.520	KSF	\$7,513
OFFICE						
710	General Office	1.15	*	1.150	KSF	\$5,684
712	Single-Tenant Office (<5,000 sf)	2.45	*	2.450	KSF	\$12,110
715	Single Tenant Office (>5,000 sf)	1.71	*	1.710	KSF	\$8,453
720	Medical/Dental Office	3.46	*	3.460	KSF	\$17,103
730	Government Office Building	1.71	*	1.710	KSF	\$8,453
732	US Post Office	11.21	*	11.210	KSF	\$55,411
733	Government Office Complex	2.82	*	2.820	KSF	\$13,939
750	Office Park	1.07	*	1.070	KSF	\$5,289
760	Research and Development Center	0.49	*	0.490	KSF	\$2,422
770	Business Park	0.42	*	0.420	KSF	\$2,076

¹ Institute of Transportation Engineers, Trip Generation Manual (10th Edition)

² Trip generation rate per development unit, for PM Peak Hour of the adjacent street traffic (4-6 pm).

³ DU = Dwelling Unit; KSF = 1,000 square feet; VSP = Vehicle servicing position

* Pass-by and diverted trip rate data not available. Primary trip rates may be applied based on local data, development context, and engineering judgment

City of Port Orchard Traffic Impact Fee Rate Schedule – Non-Residential LUC 800-999 (2020 Update)

ITE Code ¹	ITE Land Use Category ¹	Base Trip Rate ²	% Primary Trips ³	Net Trip Rate	Rate per Unit ⁴	Impact Fee per Unit
RETAIL						
810	Tractor Supply Store	1.40	66%	0.924	KSF	\$4,567
811	Construction Equipment Rental Store	0.99	74%	0.733	KSF	\$3,621
812	Building Materials and Lumber Store	2.06	74%	1.524	KSF	\$7,535
813	Free-Standing Discount Superstore (w/ Grocery)	4.33	71%	3.074	KSF	\$15,196
814	Variety Store	6.84	66%	4.514	KSF	\$22,315
815	Free Standing Discount Store (w/o Grocery)	4.83	83%	4.009	KSF	\$19,816
816	Hardware/Paint Store	2.68	74%	1.983	KSF	\$9,803
817	Nursery (Garden Center)	6.94	74%	5.136	KSF	\$25,385
818	Nursery (Wholesale)	5.18	74%	3.833	KSF	\$18,948
820	Shopping Center	3.81	66%	2.515	KSF	\$12,430
823	Factory Outlet Center	2.29	66%	1.511	KSF	\$7,471
840	Automobile Sales (New)	2.43	100%	2.430	KSF	\$12,011
841	Automobile Sales (Used)	3.75	100%	3.750	KSF	\$18,536
842	Recreational Vehicle Sales	0.77	100%	0.770	KSF	\$3,806
843	Automobile Parts Sales	4.91	44%	2.160	KSF	\$10,679
848	Tire Store	3.98	72%	2.866	KSF	\$14,165
849	Tire Superstore	2.11	72%	1.519	KSF	\$7,509
850	Supermarket	9.24	64%	5.914	KSF	\$29,231
851	Convenience Market	49.11	49%	24.064	KSF	\$118,948
853	Convenience Market w/Gas Pumps	49.23	17%	8.369	VFP	\$41,368
854	Discount Supermarket	8.38	51%	4.274	KSF	\$21,125
857	Discount Club	4.18	63%	2.633	KSF	\$13,017
861	Sporting Goods Superstore	2.02	66%	1.333	KSF	\$6,590
862	Home Improvement Superstore	2.33	58%	1.351	KSF	\$6,680
863	Electronics Superstore	4.26	60%	2.556	KSF	\$12,634
866	Pet Supply Superstore	3.55	66%	2.343	KSF	\$11,581
867	Office Supply Superstore	2.77	66%	1.828	KSF	\$9,037
875	Department Store	1.95	66%	1.287	KSF	\$6,362
876	Apparel Store	4.12	66%	2.719	KSF	\$13,441
879	Arts and Crafts Store	6.21	66%	4.099	KSF	\$20,259
880	Pharmacy/Drug Store w/o Drive-Thru	8.51	47%	4.000	KSF	\$19,771
881	Pharmacy/Drug Store w/ Drive-Thru	10.29	38%	3.910	KSF	\$19,328
882	Marijuana Dispensary	21.83	100%	21.830	KSF	\$107,906
890	Furniture Store	0.52	47%	0.244	KSF	\$1,208
899	Liquor Store	16.37	64%	10.477	KSF	\$51,787
SERVICES						
911	Walk-in Bank	12.13	65%	7.885	KSF	\$38,973
912	Drive-in Bank	20.45	65%	13.293	KSF	\$65,705
918	Hair Salon	1.45	65%	0.943	KSF	\$4,659
920	Copy, Print, and Express Ship Store	7.42	66%	4.897	KSF	\$24,207
925	Drinking Place	11.36	100%	11.360	KSF	\$56,152
930	Fast Casual Restaurant	14.13	57%	8.054	KSF	\$39,811
931	Quality Restaurant	7.80	56%	4.368	KSF	\$21,591
932	High Turnover (Sit-Down) Restaurant	9.77	57%	5.569	KSF	\$27,527
933	Fast Food w/o Drive-Thru	28.34	57%	16.154	KSF	\$79,848
934	Fast Food w/ Drive-Thru	32.67	50%	16.335	KSF	\$80,744
935	Fast Food Restaurant w/ Drive-Thru w/o Indoor Seating	42.65	50%	21.325	KSF	\$105,409
936	Coffee/Donut Shop w/o Drive-Thru	36.31	57%	20.697	KSF	\$102,304
937	Coffee/Donut Shop w/ Drive-Thru	43.38	50%	21.690	KSF	\$107,214
938	Coffee/Donut Shop w/ Drive-Thru w/o Indoor Seating (Espresso Stand)	83.33	11%	9.166	KSF	\$45,309
939	Bread/Donut/Bagel Shop w/o Drive-Thru	28.00	57%	15.960	KSF	\$78,890
940	Bread/Donut/Bagel Shop w/ Drive-Thru	19.02	50%	9.510	KSF	\$47,008
941	Quick Lubrication Vehicle Stop	4.85	72%	3.492	VSP	\$17,261
942	Automobile Care Center	3.11	72%	2.239	KSF	\$11,068
943	Automobile Parts and Service Center	2.26	72%	1.627	KSF	\$8,043
944	Gasoline/Service Station	14.03	58%	8.137	VFP	\$40,223
945	Gas Station w/Convenience Market	13.99	12%	1.679	VFP	\$8,298
947	Self-Serve Car Wash	5.54	58%	3.213	stall	\$15,883
948	Automated Car Wash	77.50	58%	44.950	stall	\$222,188
950	Truck Stop	22.73	58%	13.183	KSF	\$65,166
960	Super Convenience Market/ Gas Station	22.96	35%	8.036	VFP	\$39,722
970	Winery	7.31	100%	7.310	KSF	\$36,133

¹ Institute of Transportation Engineers, Trip Generation Manual (10th Edition)

² Trip generation rate per development unit, for PM Peak Hour of the adjacent street traffic (4-6 pm).

³ Average primary trip rates, per Trip Generation Handbook (3rd Edition), 2017. Additional primary rates based on similar land use and engineering judgment.

Pass-by rates should be used with caution and refined using local data whenever possible. ⁴ DU = Dwelling Unit; KSF = 1,000 square feet; VSP = Vehicle servicing position

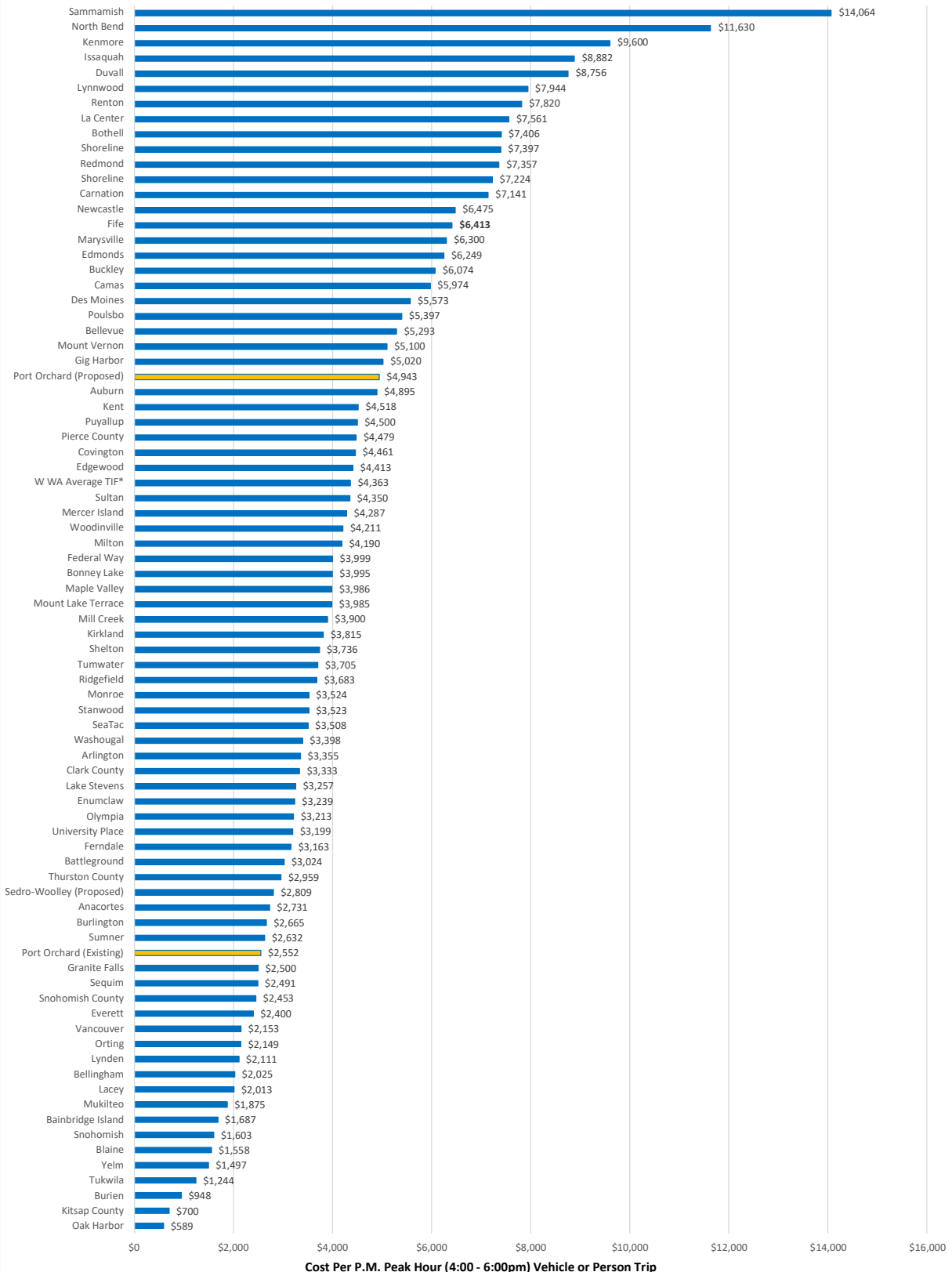
Appendix C. Comparison of 2019-2020 TIF Rates in Western Washington

**Comparison of 2019-2020 TIF Base Rates in 74 Cities and 5 Counties in Western Washington
With Bellingham and Whatcom County Cities Highlighted for Emphasis**

[Based on information available. Average includes both Cities and Counties. See TIF rate table on next page for additional details.]

Data compiled Nov. 2019 by Chris Comeau, AICP-CTP, Transportation Planner, Bellingham Public Works ccomeau@cob.org or (360) 778-7946

***Western WA State Average TIF**



PORT ORCHARD CITY PARKS PLAN



Appendix E: Impact Fee Calculations

E.1 Introduction

This study of impact fees for parks and recreational facilities for the City of Port Orchard presents the methodology, summarizes the data, and explains the calculation of the fees. The methodology is designed to comply with the requirements of Washington law. This introduction describes the basis for parks and recreational impact fees, including:

- Definition and Rationale of Impact Fees
- Statutory Basis For Impact Fees
- Methodology for Calculating Impact Fees
- Need for Additional Parks and Recreational Facilities
- Determining the Benefit of Parks and Recreational Facilities to Development
- Methodology and Relationship to Port Orchard City Parks Plan
- Level of Service and Calculations

E 1.1 Definition and Rationale of Impact Fees

Impact fees are charges paid by new development to reimburse local governments for the capital cost of public facilities that are needed to serve new development and the people who occupy the new development. New development is synonymous with "growth."

Local governments charge impact fees on either of two bases. First, as a matter of policy and legislative discretion, they may want new development to pay the full cost of its share of new public facilities because that portion of the facilities would not be needed except to serve the new development. In this case, the new development is required to pay for virtually all the cost of its share of new public facilities.

On the other hand, local governments may use other sources of revenue to pay for the new public facilities that are required to serve new development. If, RCW 82.02.050 (2) prohibits impact fees that charge 100% of the cost, but does not specify how much less than 100%, leaving that determination to local governments. However, such revenues are not sufficient to cover the entire costs of new facilities necessitated by new development; the new development may be required to pay an impact fee in an amount equal to the difference between the total cost and the other sources of revenue.

There are many kinds of "public facilities" that are needed by new development, including parks and recreational facilities, fire protection facilities, schools, roads, water and sewer plants, libraries, and other government facilities. This study covers parks and recreational facilities for the City of Port Orchard, Washington. Impact fees for parks and recreational facilities are charged to all residential development within the City of Port Orchard.

E1.2 Statutory Basis for Impact Fees

RCW 82.02.050 - 82.02.090 authorizes local governments in Washington to charge impact fees. The impact fees that are described in this study are not mitigation payments authorized by the State Environmental Policy Act (SEPA). There are several important differences between impact fees and SEPA mitigations. Two aspects of impact fees that are particularly noteworthy are: 1) the ability to charge for the cost of public facilities that are "system improvements" (i.e., that provide service to the community at large) as opposed to "project improvements" (which are "on-site" and provide service for a particular development), and 2) the ability to charge small-scale development their proportionate share, whereas SEPA exempts small developments. Four types of public facilities can be the subject of impact fees: 1) public streets and roads; 2) publicly owned parks, open space and recreational facilities; 3) school facilities; and 4) fire protection facilities (in jurisdictions that are not part of a fire district). RCW82.02.050 (2) and (4) and RCW82.02.090 (7)

Impact fees must be limited to system improvements that are reasonably related to, and which will benefit new development. RCW 82.02.050(3) (a) and (c). Local governments must establish reasonable service areas (one area, or more than one, as determined to be reasonable by the local government), and local governments must develop impact fee rate categories for various land uses. RCW 82.02.060(6) Impact fees cannot exceed the development's proportionate share of system improvements that are reasonably related to the new development. The impact fee amount shall be based on a formula (or other method of calculating the fee) that determines the proportionate share. RCW82.02.050(3)(b) and RCW82.02.060(1)

Impact fees can be charged for new public facilities (RCW 82.02.060(1)(a)) and for the unused capacity of existing public facilities (RCW 82.02.060(7)) subject to the

proportionate share limitation described above. Additionally, the local government must separate the impact fees from other monies, expend the money on CFP projects within 6 years, and prepare annual reports of collections and expenditures.
RCW82.02.070(1)-(3)

E 2 Methodology for Calculating Impact Fees

Prior to calculating impact fee rates, several issues must be addressed in order to determine the need for, and validity of such fees: responsibility for public facilities, the need for additional park and recreational facilities, the need for revenue for additional parks and recreational facilities, and the benefit of new parks and recreational facilities to new development.

In general, local governments that are authorized to charge impact fees are responsible for specific public facilities for which they may charge such fees. The City of Port Orchard is legally and financially responsible for the parks and recreational facilities it owns and operates within its jurisdiction. In no case may a local government charge impact fees for private facilities, but it may charge impact fees for some public facilities that it does not administer if such facilities are "owned or operated by government entities" (RCW 82.82.090(7)).

E 2.1 Need for Additional Park and Recreational Facilities

The need for additional parks and recreational facilities is determined by using standards for levels of service for park and recreational facilities to calculate the quantity of facilities that are required. For the purpose of quantifying the need for parks and recreational facilities, this study uses the City's value of investment in parks and recreational facilities per capita. As greater growth occurs, more investment is required, therefore more parks and recreational facilities are needed to maintain standards.

E 2.2 Determining the Benefit to Development

The Washington State law regarding Impact Fees imposes three provisions of the benefit provided to development by impact fees: 1) proportionate share, 2) reasonably related to need, and 3) reasonably related to expenditure (RCW 80.20.050(3)). First, the "proportionate share" requirement means that impact fees can be charged only for the portion of the cost of public facilities that is "reasonably related" to new development.

Second, fulfilling the requirement that impact fees be "reasonably related" to the development's need for public facilities, including personal use and use by others in the family (direct benefit), use by persons or organizations who provide goods or services to the fee-paying property (indirect benefit), and geographical proximity (presumed benefit). Impact fees for park and recreational facilities, however, are only charged to

residential development in the City because the majority of benefits are to the occupants and owners of dwelling units. As a matter of policy, the City of Port Orchard elects not to charge parks and recreational impact fees to non-residential properties because there is insufficient data to document the proportionate share of parks reasonably needed by non-residential development.

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

E 2.3 Methodology and Relationship to the Port Orchard City Parks Plan

Impact fees for parks and recreational facilities in the City of Port Orchard are based on the value per capita of the City's existing investment in parks and recreational facilities for the population of the City. New development will be provided the same investment per capita, to be funded by a combination of general and capital improvement fund revenue and impact fees. The amount of the impact fee is determined by charging each new development for the average number of persons per dwelling unit multiplied times the amount of the investment per capita that is to be paid by growth.

E3. Level of Service Standard Calculations

The level of service, as defines as the capital investment per person, is calculated by multiplying the capacity of parks and recreational facilities times the average costs of those items. Within this calculation, there are two variables that benefit from further definition explanation: The value of parks and recreational inventory, and the Service population.

E 3.1 Value of Parks and Recreational Inventory

The value of the existing inventory of parks and recreational facilities is calculated by determining the value of each park as well as each recreational facility. The sum of all of the values equal the current value of the City's parks and recreational system

E 3.2 Service Population

The service population is the number of persons served by the inventory of parks and recreational facilities. Port Orchard's service population consists of the City's current 2011 population of 11,144 as provided by the Washington State of Financial Management. The forecast population for 2030 of is the projected population

estimated for Comprehensive Planning efforts and adopted by all Kitsap County jurisdictions, through the County Wide Planning Policies. This figure is provided to estimate future population growth within the existing City boundaries and is utilized in calculating the annual portion of that growth rate for the Impact Fee calculations.

E 3.3 Calculation of Park and Recreational Capital Investment per Person

The City of Port Orchard's capital value per person is the standard the City uses to ensure that each resident receives an equitable amount of parks and recreational facilities. The City provides this value by investment in parks and recreational facilities that are most appropriate for each site and which respond to changing needs and priorities as the City grows and the demographics and needs of the population changes.

Attachment E1 (at the end of this Appendix) lists the types of land and recreational facilities that make up the City of Port Orchard's existing park system. Each component is listed in the first column, along with the capital value of each type of park land or recreational facility in the final column. The capital value for all City owned parks & recreational facilities in the inventory comes to a total of \$7,228,929. This total value is divided by the service population of 11,144 for the City determines the current capital value per person of \$649. (Please reference Attachment E2: Figure E1)

E 4 PARKS AND RECREATIONAL FACILITY NEEDS

This section calculates the value of parks and recreational facilities that are needed to serve growth, reduced by the typical proportion of project values that are grant or otherwise funded. Impact fees are related to the needs of growth through calculating the total value of parks and recreational facilities that are needed for growth. The calculation is accomplished by multiplying the capital investment per person times the number of new persons that are forecast for the City's growth. (Please reference Attachment E2: Figure E2)

E 4.1 Calculation of Total Value Needed For Growth

The calculations for the total value of Parks and Recreation Facilities needed to accommodate the forecasted growth is a tabulation of the level of service standard for capital investment per person from Figure E1 times the total amount of population growth forecast for the six year Impact Fee planning period. The resulting calculation shows the total value of parks and recreational facilities that are needed to serve the growth that is forecast for Port Orchard (Please reference Attachment E2: Figure E2). The result of Figure E2 illustrates that Port Orchard needs parks and recreational facilities valued at \$1,928,434 in order to serve the growth of 2,973 additional people (forecast at an annual growth rate of 495 per year) who are expected to be added to the City's population during the six year Impact Fee planning period.

E 4.2 Total Investment to be Paid by Growth

The investment to be paid by growth is calculated by subtracting the amount of any revenues the City invests in infrastructure for growth from the total investment in parks and recreational facilities needed to serve growth. The previous calculation showed the total amount that is needed to invest in additional parks and recreation facilities in order to serve future growth. The proportionate share of that investment to be paid by growth is dependent upon the historic share of improvements provided by the City of Port Orchard through grants or other revenue streams. The proportionate share for development to pay for new facilities includes the City of Port Orchard historical use of local sources, such as real estate excise tax, grant funding, and other revenues to pay for part of the cost of parks and recreational facility capital costs. Revenues that are used for repair, maintenance or operating costs are not used to reduce impact fees because they are not used, earmarked or prorated for the system improvements that are the basis of the impact fees. The City's investment has averaged 50% of the cost of capital improvement projects for parks and recreational facilities (Please reference Attachment E2: Figure E3). The result of Figure E3 illustrates that Port Orchard expects to use \$964,217 in grants and other revenues to serve the total needs of additional parks and recreational facilities to maintain the City's standards for future growth, with the remaining \$964,217 to be paid by growth as a proportionate share.

E5 IMPACT FEE PER UNIT OF DEVELOPMENT

In this section the investment in additional parks and recreational facilities to be paid by growth is used to calculate the park and recreational facilities growth cost per person which is then used to calculate the impact fee per dwelling unit.

E 5.1 Growth Cost Per Person

The growth cost per person is calculated by dividing the investment in parks and recreational facilities that is to be paid by growth by the amount of population growth during the six year Impact Fee planning period (Please reference Attachment E2: Figure E4). The result of Figure E4 illustrates the calculation of the cost per person of parks and recreational facilities that needs to be paid by growth is \$324 per person. The amount to be paid by each new dwelling unit depends on the number of persons per dwelling unit.

E 5.2 Impact Fee per Dwelling Unit

The impact fee per dwelling unit is calculated by multiplying the growth cost per person by the number of persons per dwelling unit. The number of persons per dwelling unit is the factor used to convert the growth cost of parks and recreational facilities per

person into impact fees per dwelling unit. The number of persons per dwelling unit data is based on the adopted 2008 Port Orchard Comprehensive Plan, Chapter 3. Housing; which sets an population household size of 2.5 persons per single family unit and a calculation of 1.8 persons per Multi-family housing unit within the City of Port Orchard (Please reference Attachment E2: Figure E5 and E6 respectively).

The resulting calculations of Figure E5 shows the calculation of the parks and recreational facilities impact fee of \$811 per single family dwelling unit. The resulting calculations of Figure E6 show the calculation of the parks and recreational facilities impact fee of \$584 per multi-family dwelling unit. Impact Fee amounts, upon adoption by City Council, are to be implemented and collected subject to the provisions of Port Orchard Municipal Code Section 16.70.

E6. Summary

This study of impact fees for parks and recreational facilities for the City of Port Orchard summarizes the methodology, presents the data, and explains the calculation of the fees that result in the recommended amounts. Similar sized Cities within Kitsap County have chosen to utilize much higher impact fee amounts, for example the City of Poulsbo recently raised their Park Impact Fee from \$500 to \$1,195 per unit. The proposed Park Impact Fees for the City of Port Orchard of \$811 per single family dwelling unit and \$584 per multi-family dwelling unit, although consistent with the City of Port Orchard level of service, still are well below the Washington State average of \$ 2,849 per single family dwelling unit and \$2,147 per multi-family dwelling unit respectively. (Sourced from the National Impact Fee Survey 2009, prepared by Clancy Mullen, Duncan Associates, Austin, TX on December 20, 2009) The methodology utilized for arriving at the City of Port Orchard impact fee amounts has been a statewide standard incorporated for numerous Washington State cities and is designed to comply with the requirements of Washington law.

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CITY OF PORT ORCHARD COMPREHENSIVE PARKS PLAN

VII. DISTRICT FINANCE PLAN

The principal funding mechanism for school facility construction and modernization has traditionally been voter approved bonds. More recently, school districts have been turning to capital levies to support modernizations and elementary school new construction projects. Other funding sources can include state funding assistance and development impact (mitigation) fees.

General Obligation Bonds

Bonds are typically used to fund construction of new schools and other major capital improvement projects. A 60% voter approval is required for passage. Bonds are then retired over time through the collection of property taxes.

The South Kitsap School District had an assessed valuation of \$6,123,112,269 as of August 31, 2014. The limit for all outstanding bonds for SKSD is 5% of assessed value or \$306,155,613. The District had \$5,645,481 of debt as of August 31, 2014, and therefore has a current bonding capacity of \$300,510,132.

State Funding Assistance

The source of State Funding Assistance, formerly State Match Funds, is the Common School Construction Fund. Bonds are sold on behalf of the fund then retired with revenues accruing predominantly from the sale of renewable resources (i.e., timber) from state school lands set aside by the Enabling Act of 1889. If these sources are insufficient to meet the needs of the program, the Legislature can appropriate additional funding, or the State Board of Education can ration project funding on a priority basis.

School districts may qualify for state funding assistance for specific capital projects based on an eligibility system. Eligible projects are prioritized using seven different criteria. Funds are then disbursed to districts on a percentage basis that is based on a formula that compares each district's assessed valuation per pupil relative to the entire state assessed valuation per pupil. This percentage is known as the Funding Assistance Percentage, formerly State Match Ratio.

The base to which this percentage is applied is the cost of construction as determined by the "Construction Cost Allocation" multiplied by the "Eligible Area". The Construction Cost Allocation (CCA) is used by OSPI to help define or limit its level of financial support for school construction. It is a budget driven value that is not intended to fully reflect the actual cost of school construction in Washington State. The Eligible Area portrays either the square footage of new space required to address unhoused students for an enrollment project, or the building square footage approved for upgrade or replacement for a modernization project.

State funding assistance is available to assist districts with construction costs for enrollment and modernization related school construction projects but cannot be used for site acquisition, the purchase of portables or for normal building maintenance. Because the availability of state assistance funds may not always keep pace with the enrollment growth or modernization needs of all of Washington's school districts, assistance funds from the state may not be received by a school district until two or three years after a school project has begun. In such cases, a district may be required to "front fund" meaning it must be prepared to finance the entire project with local funds. The State's share of the project funding is then provided to the district later in the form of a reimbursement. In some cases projects may not receive any state assistance at all. State funding assistance is not guaranteed.

South Kitsap School District 2015 Capital Facilities Plan

New Development Mitigation/Impact Fees

The authority for local jurisdictions to condition new development on the mitigation of school impacts is provided for under the State Subdivision Act, Chapter 58.17 RCW, the State Environmental Policy Act, Chapter 43.21C RCW, and the Growth Management Act, Chapter 36.70A RCW. These state statutes seek to ensure that adequate public facilities are available to meet the demands of new growth by authorizing permitting jurisdictions to condition development approval on the implementation of mitigation measures that enable local jurisdictions to meet the infrastructure demands of new development.

- **Subdivision Act Mitigation** RCW 58.17.110 requires the permitting jurisdiction to find that proposed plats adequately provide for schools and school grounds. The proposed development must provide land sufficient to ensure that such facilities are provided for potential new students.
- **SEPA Mitigation.** SEPA provides that local jurisdictions may condition the approval of a new development to the mitigation of specific adverse environmental impacts which are identified in SEPA environmental documents. *See* RCW 43.21C.060. Under SEPA, the "built environment" includes public schools. *See* WAC 197-11-444(2) (d) (iii).
- **GMA Mitigation.** Development impact fees have been adopted by Kitsap County and the City of Port Orchard as a means of supplementing traditional funding sources for the construction of public facilities needed to accommodate new development. The City of Bremerton does not impose an impact fee on new development. The District participates in the permit review processes of jurisdictions within its boundaries to ensure that its interests are considered when new developments are proposed that will generate additional students.

Six-Year Finance Plans

The Six-Year Capital Finance Plan (Table 12) portrays how South Kitsap School District intends to fund improvements to school facilities for the years 2015 through 2020.

South Kitsap School District 2015 Capital Facilities Plan

**Table 12
Capital Finance Plan (2015-2020)**

Sources:		
CFP Balance/Impact Funds (Aug 2014)	\$ 1,000,164	
Impact Fee Collections 2015-2020 (est.)	\$ 1,438,680	
Transfer from General Funds	\$ 0	
State Matching Funds (est.)	\$ 0	
Sale of General Obligation Bonds	\$ 0	
Improvements to Existing Facilities	\$ 4,750,000	\$7,188,844
Uses:		
CFP Balance/Impact Funds (Aug 2020 est.)	\$ 378,769	
Improvements to Existing Facilities	\$ 4,750,000	
Construction for Enrollment Growth	\$ 0	
Site Acquisition	\$ 1,760,075	
Construction of Support Facilities	\$ 0	
Interim Classroom Space	\$ 300,000	
Program Changes	\$ 0	\$ 7,188,844
Balance:		\$ 0

South Kitsap School District 2015 Capital Facilities Plan

VIII. UNFUNDED NEED CALCULATION

The calculation of the South Kitsap School District unfunded need in support of jurisdictional school impact fee collection is provided on the spreadsheets that follow. This calculation recognizes projected costs anticipated over the life of the six-year plan including acquisition costs for interim housing and debt service payments on a 56 acre school site that was purchased in 2005.

The “Unfunded Need Total” on the last line of the SKSD Impact Fee Calculation document portrays the cost of addressing new home construction related enrollment growth identified within the six-year capital construction plan. This value is greater than the actual school impact fees specified and collected under respective Kitsap County and City of Port Orchard impact fee ordinances.

South Kitsap School District 2015 Capital Facilities Plan

<u>Description</u>	<u>Grade Span</u>	<u>Value</u>	<u>Units</u>	<u>Comments</u>
Student Generation Factor-SFH	Elementary	0.32	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-SFH	Jr. High	0.10	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-SFH	Sr. High	0.10	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Elementary	0.18	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Jr. High	0.09	Students/Residence	2007 Kendrick Demographic Study
Student Generation Factor-MFH	Sr. High	0.09	Students/Residence	2007 Kendrick Demographic Study
Facility Acreage	Elementary	14.00	Acres	District Average
Facility Acreage	Jr. High	22.00	Acres	District Average
Facility Acreage	Sr. High	42.00	Acres	Plan for New High School
Cost per Acre	All	\$115,000	Cost/Acre	Market Estimate
Facility Size - New Construction	Elementary	550	Students/School	District Standard
Facility Size - New Construction	Jr. High	900	Students/School	District Standard
Facility Size - New Construction	Sr. High	1800	Students/School	Plan for New High School
Facility Size - Temporary Construction	Elementary	24	Student/Classroom	District LOS
Facility Size - Temporary Construction	Jr. High	26	Student/Classroom	District LOS
Facility Size - Temporary Construction	Sr. High	26	Student/Classroom	District LOS
Permanent Sq. Footage (Total)	Elementary	507894	Square Feet	State Study & Survey
Permanent Sq. Footage (Total)	Jr. High	286193	Square Feet	State Study & Survey
Permanent Sq. Footage (Total)	Sr. High	345474	Square Feet	State Study & Survey
Portable Sq. Footage (Total)	Elementary	45900	Square Feet	Portables Inventory
Portable Sq. Footage (Total)	Jr. High	18900	Square Feet	Portables Inventory
Portable Sq. Footage (Total)	Sr. High	10800	Square Feet	Portables Inventory
Facility Cost - New Construction	Elementary		Cost/School	
Facility Cost - New Construction	Jr. High		Cost/School	
Facility Cost - New Construction	Sr. High		Cost/School	
Facility Cost - Temporary Construction	Elementary	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Facility Cost - Temporary Construction	Jr. High	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Facility Cost - Temporary Construction	Sr. High	\$300,000	Cost/Portable	Standard Dbl Portable including Site Costs
Boeckh Index / Area Cost Allowance	All	\$206.70	Cost/sq. ft.	OSPI - 2015
SPI Footage	Elementary	90.0	Sq. Ft./Student	OSPI - 2015
SPI Footage	Jr. High	121.3	Sq. Ft./Student	OSPI - 2015
SPI Footage	Sr. High	130.0	Sq. Ft./Student	OSPI - 2015
State Match Ratio	All	59.98%	Percent	OSPI - 2015
Average Assessed Value - SFH	All	\$201,260	Cost/Unit	Kitsap County Assessor SFH 2015
Average Assessed Value - MFH	All	\$100,630	Cost/Unit	Kitsap County Assessor SFH 2015 @ 50%
Capital Bond Interest Rate	All	0.00%	Percent	
Years Amortized	All	10	Years	
Property Tax Levy Rate - Capital Construction	All	\$0.00	Cost/\$1000 A.V.	

South Kitsap School District 2015 Capital Facilities Plan

School Site Acquisition Cost:

((Acres X Cost per Acre)/Facility Capacity) X Student Generation Factor

CALCULATIONS

	Facility Acreage	Cost per Acre	Facility Capacity	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	14	\$115,000.00	550	0.32	0.18	\$936.73	\$526.91
Jr. High	22		900	0.10	0.09	\$0.00	\$0.00
Sr. High	42	\$115,000.00	1800	0.10	0.09	\$268.33	\$241.50
						\$1,205.06	\$768.41

School Construction Cost:

((Facility Cost/Facility Capacity) X Student Generation Factor) X Permanent/Total Sq. Ft.)

	% Perm/ Total Sq. Ft.	Facility Cost	Facility Size	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	92%		550	0.32	0.18	\$0.00	\$0.00
Jr. High	94%		900	0.10	0.09	\$0.00	\$0.00
Sr. High	97%		1800	0.10	0.09	\$0.00	\$0.00
						\$0.00	\$0.00

Temporary Facility Cost:

((Facility Cost/Facility Capacity) X Student Generation Factor) X (Temporary/Sq. Ft)

	% Temp/ Total Sq. Ft.	Facility Cost	Facility Size	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	8%	\$300,000.00	48	0.32	0.18	\$165.77	\$93.24
Jr. High	6%		52	0.10	0.09	\$0.00	\$0.00
Sr. High	3%		52	0.10	0.09	\$0.00	\$0.00
						\$165.77	\$93.24

State Match Credit

Area Cost Allowance X SPI Sq. Ft X State Match X Student Generation Factor

	Boeckh Index	SPI Footage	State Match %	SGF SFH	SGF MFH	Cost per SFH	Cost per MFH
Elementary	\$206.70	90.00		0.32	0.18	\$0.00	\$0.00
Jr. High	\$206.70	121.30		0.10	0.09	\$0.00	\$0.00
Sr. High	\$206.70	130.00		0.10	0.09	\$0.00	\$0.00
						\$0.00	\$0.00

Tax Payment Credit

	SFH	MFH
Average Assessed Value		
Capital Bond Interest Rate	0.00%	0.00%
Net Present Value of Average Dwelling		
Years Amortized	10	10
Property Tax Levy Rate	\$0.00	\$0.00
Present Value of Revenue Stream	\$0.00	\$0.00

NEED SUMMARY

	SINGLE FAMILY	MULTI FAMILY
School Site Acquisition Cost	\$1,205.06	\$768.41
Permanent Facility Cost	\$0.00	\$0.00
Temporary Facility Cost	\$165.77	\$93.24
State Match Credit	\$0.00	\$0.00
Tax Payment Credit	\$0.00	\$0.00
UNFUNDED NEED TOTAL	\$1,370.83	\$861.65



City of Port Orchard Work Study Session Executive Summary

Issue Title: McCormick Communities Development Agreement for Transportation

Meeting Date: January 19, 2021

Time Required: 30 minutes

Attendees: Nicholas Bond (DCD Director), Jennifer Robertson (Special Counsel to the City), Mark Dorsey (PW Director), Noah Crocker (Finance Director)

Action Requested at this Meeting: Review proposed development agreement, prior to proposed consideration on January 26, 2021.

Issue: The City has been negotiating a new development agreement for transportation with McCormick Communities for the past year. This new agreement, if approved, would repeal and replace the old 2005 Transportation Agreement that was made between the prior property owner and the County. An updated agreement is desired because the 2005 Transportation Agreement predates annexation, is cumbersome, makes the administration of the City's impact fee program unnecessarily complicated, restricts the City's spending of impact fees collected in the McCormick Development Area, and does not reflect the desired outcomes in the City's comprehensive plan. Some elements of the 2005 Transportation Agreement are proposed to be carried forward, including concurrency approvals, a reimbursement to the McCormick Land Company related to the Glenwood Connector Road and Feigley Road improvement projects, and agreement that right of way needed from the developer in the future will be provided as needed. The major changes concern the term of the agreement which was unclear in the 2005 Transportation Agreement. Under the proposed Development Agreement, the term is more certain would be 20 years going forward with possible extensions. The new Development Agreement also will eliminate the impact fee specific to McCormick Communities in favor of one citywide impact fee which makes administrative more uniform. Another significant change is that the new Development Agreement provides that the developer will build two transportation projects (Campus Parkway Roundabout (Project ID #1.5C) and McCormick Woods Drive/Old Clifton Road Roundabout (Project ID #2.08)) and will receive impact fee credits, vs. the reimbursement model from the previous agreement. The benefit of a citywide impact fee would be that fees collected in McCormick Woods would help pay for a greater share of improvements outside of McCormick Woods, such as the Bethel Avenue project. Finally, the proposed Development Agreement gives the City greater latitude in spending the impact fees that were collected under the 2005 Transportation Agreement which currently amounts to \$772,097.79 (as of November 30, 2020).

POMC 20.26 (Development Agreements) outlines the process for development agreement approval. Developers seeking a development agreement, must submit an application. In this case, the application for the development agreement was filed on December 7, 2020, and per the applicant's request, was consolidated for review under POMC 20.22.020 (2) with permits PW20-031 and -032. These permits, a LDAP and SDP for the Campus Parkway Roundabout, were approved in a decision issued December 24,

2020. The proposed development agreement is related to these permits because a traffic impact fee credit is proposed for the construction of this roundabout by the developer. The Development Agreement is proposed for a February 9, 2021 public hearing, followed by consideration of an ordinance that would authorize the Mayor to execute the agreement. If the ordinance is approved, the City Council would be able to move forward with the adoption of an updated traffic impact fee at that same meeting.

Background: In 2005, prior to annexation, Kitsap County entered into a development agreement with GEM1, LLC concerning transportation improvements in the vicinity of McCormick Woods. This agreement provided for an impact fee amount specific to the McCormick Woods area for projects in the McCormick Woods area, concurrency approval for all phases of the McCormick developments, reimbursement for projects constructed by the developer, provisions for the dedication of right of way, and a provision for the transfer of funds from Kitsap County to an annexing city should annexation occur.

On May 27, 2009, Port Orchard annexed the property and therefore stepped into the shoes of the County as party to the 2005 Transportation Agreement. In 2015, GEM1 sold its entitlements and assigned all development agreements to McCormick Communities. GEM1 retained its rights to be reimbursed under this 2005 Transportation Agreement, and later transferred these rights to the McCormick Land Company, which continues to be reimbursed annually by the City per the 2005 Transportation Agreement.

In 2015, the City adopted a traffic impact fee program. This program was unnecessarily complicated due to the existence of the 2005 Transportation Agreement. The City has been working to update its adopted impact fees, but this effort has been held up waiting for a new transportation development agreement with McCormick Communities.

Alternatives: There are various alternatives that could be considered, but all would require agreement with McCormick Communities and McCormick Land Company. Other issues related to water and entitlement timelines will be negotiated and brought forward separately at a future date.

Recommendations: City staff recommends that the City Council review and discuss the proposed Transportation Development Agreement, conduct a public hearing on the proposed agreement on February 9, 2021, and after hearing from the public, consider approval of the proposed development agreement.

Attachments: Ordinance authorizing the mayor to sign the new Development Agreement, Proposed Development Agreement, 2005 Transportation Development Agreement,

ORDINANCE NO. __ -20

AN ORDINANCE OF THE CITY OF PORT ORCHARD, WASHINGTON, AUTHORIZING THE MAYOR TO EXECUTE A DEVELOPMENT AGREEMENT WITH MCCORMICK COMMUNITIES, LLC; PROVIDING FOR SEVERABILITY AND CORRECTIONS; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, pursuant to RCW 36.70B.170, the City Council has the authority to review and enter into development agreements that govern the development and use of real property within the City; and

WHEREAS, the City Council has adopted standards and procedures governing the City's use of development agreements, codified at Chapter 20.26 of the Port Orchard Municipal Code (POMC); and

WHEREAS, the City and McCormick Communities, LLC have prepared a Development Agreement to address the design, construction, and funding of certain transportation improvements within and near the McCormick Woods development in the vicinity of Old Clifton Road and Campus Parkway, as provided in "Exhibit A" of this Ordinance; and

WHEREAS, McCormick Land Company is also a party to this Agreement as the Agreement will replace a 2005 Transportation Development Agreement under which McCormick Land Company is continuing to receive reimbursement for completion of transportation improvements; and

WHEREAS, this Development Agreement was consolidated under POMC 20.22.020(2) with the following project permits: Land Disturbing Activity Permit (PW20-031) and Stormwater Drainage Permit (PW20-032); and

WHEREAS, in accordance with RCW 36.70B.200, when a development agreement is related to a project permit application, the provisions of chapter 36.70C RCW shall apply to any appeal on the development agreement; and

WHEREAS, on December 9, 2020, the City's SEPA official issued a determination of non-significance for the proposed development agreement and consolidated permits under the Optional DNS process, and there have been no appeals; and

WHEREAS, the Notice of Decision for these project permits was issued on December 24, 2020 and there have been no appeals; and

WHEREAS, on January 19, 2021, the City Council held a study session on the proposed development agreement; and

WHEREAS, on February 9, 2021, the City Council held a public hearing on the proposed development agreement, and (comments received/not received, etc); and

WHEREAS, the City Council, after careful consideration of the development agreement and all public comments and testimony, finds that the development agreement is consistent with the City's Comprehensive Plan and development regulations, the Growth Management Act, Chapter 36.70A RCW, and that the amendments herein are in the best interests of the residents of the City; now, therefore,

THE CITY COUNCIL OF THE CITY OF PORT ORCHARD, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. The City Council adopts all of the "Whereas" sections of this ordinance and all "Whereas" sections of the Development Agreement as findings in support of this ordinance.

SECTION 2. The City Council approves of and authorizes the Mayor to execute a development agreement with McCormick Communities, LLC and McCormick Land Company, as provided in "Exhibit A" of this Ordinance.

SECTION 3. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity of constitutionality of any other section, sentence, clause or phrase of this Ordinance.

SECTION 4. Corrections. Upon the approval of the city attorney, the city clerk and/or code publisher is authorized to make any necessary technical corrections to this Ordinance, including but not limited to the correction of scrivener's/clerk errors, references, Ordinance numbering, section/subsection numbers, and any reference thereto.

SECTION 5. Effective Date. This Ordinance shall be published in the official newspaper of the city and shall take full force and effect five(5) days after posting and publication as required by law. A summary of this Ordinance may be published in lieu of publishing the entire Ordinance, as authorized by state law.

SECTION 6. Appeals. Since the Development Agreement is related to a project permit application, the provisions of chapter 36.70C RCW shall apply to the appeal of the decision of the development agreement.

PASSED by the City Council of the City of Port Orchard, APPROVED by the Mayor and attested by the City Clerk in authentication of such passage this 26th day of January 2021.

Robert Putansuu, Mayor

ATTEST:

Brandy Rinearson, MMC, City Clerk

APPROVED AS TO FORM:

Sponsored by:

Charlotte A. Archer, City Attorney
PUBLISHED:

****, Council Member

EFFECTIVE DATE:

EXHIBIT A: MCCORMICK COMMUNITIES, LLC, DEVELOPMENT AGREEMENT

**[PROPOSED] DEVELOPMENT AGREEMENT
BY AND BETWEEN THE CITY OF PORT ORCHARD AND McCORMICK FOR THE
DEVELOPMENT AND FUNDING OF
CERTAIN TRANSPORTATION IMPROVEMENTS**

THIS DEVELOPMENT AGREEMENT is made and entered into this ____ day of _____, 2021, by and between the City of Port Orchard, a non-charter, optional code Washington municipal corporation, hereinafter the “City,” and McCormick Communities, LLC, a limited liability company organized under the laws of the State of Washington, together with McCormick Development Corporation, a Washington Corporation, hereinafter collectively the “Developer” or “McCormick” (together the “Parties”).

In addition, McCormick Land Company, a Washington corporation, hereafter “MLC,” is a Party for purposes of Sections 7, 15 and such other sections as specifically refer to MLC.

The Parties hereby agree as follows:

RECITALS

WHEREAS, the Washington State Legislature has authorized the execution of a development agreement between a local government and a person having ownership or control of real property within its jurisdiction (RCW 36.70B.170(1)); and

WHEREAS, a development agreement must set forth the development standards and other provisions that shall apply to, govern, and vest the development, use and mitigation of the development of the real property for the duration specified in the agreement (RCW 36.70B.170(1)); and

WHEREAS, a development agreement must be consistent with the applicable development regulations adopted by a local government planning under chapter 36.70A RCW (RCW 36.70B.170(1)); and

WHEREAS, Port Orchard adopted Chapter 20.26 of the Port Orchard Municipal Code (“POMC”) which establishes the standards and procedures for Development Agreements in Port Orchard; and

WHEREAS, Chapter 20.26 POMC is consistent with State law; and

WHEREAS, the Developer has applied for a Development Agreement under Chapter 20.26 POMC and such Agreement has been processed consistently with the POMC and State law; and

WHEREAS, this Development Agreement by and between the City of Port Orchard and the Developer (hereinafter the “Development Agreement”), relates primarily to the development of property owned by Developer within and near McCormick Woods in the vicinity of Old Clifton Road and Campus Parkway and that is more particularly described on Exhibits A-1, A-2,

Development Agreement for Funding Transportation Improvements

Page 1 of 19

FG:54082696.4

B-1, and B-2 (hereinafter the “McCormick Property”); and

WHEREAS, in 2005 the City’s predecessor in interest entered into a Development Agreement with Developer’s predecessor in interest for the development of certain transportation improvements; and

WHEREAS, since that time, the City annexed the property and in accordance with RCW 36.70B.190 assumed jurisdiction and agreed to be bound by the 2005 Transportation Development Agreement; and

WHEREAS, as part of that 2005 Agreement, the predecessor to the Developer (GEM 1, LLC) constructed some projects and payments for those projects are still on-going and will continue until GEM 1, LLC’s successor is fully reimbursed; and

WHEREAS, since annexing this property, the City’s transportation plans have been updated; and

WHEREAS, the City is in the process of adopting updated transportation impact fees; and

WHEREAS, during this process, an in-depth look at the projects needed to meet the projected development by Developer and others in the City was performed; and

WHEREAS, the updated transportation impact fees are based, in part, on the 2005 Development Agreement with the Developer’s predecessor as well as on the updated project list; and

WHEREAS, the Developer did not acquire from GEM 1, LLC (“GEM 1”), and GEM 1 still retains, the right to reimbursement that accrued under the 2005 Transportation Agreement when GEM 1 constructed the Glenwood Connector Roadway and minor improvements to Feigley Road, the only projects identified in that 2005 agreement that have been constructed; and

WHEREAS, the City has been paying such reimbursement to GEM 1 and its successor since 2008, and nothing in this Agreement changes or is intended to change the City’s obligation to continue paying such reimbursement to GEM 1; and

WHEREAS, GEM 1 assigned its right to reimbursement to the McCormick Land Company in 2016, after which time, the City paid reimbursement to the McCormick Land Company (“MLC”); and

WHEREAS, MLC continues to own property in Port Orchard; and

WHEREAS, MLC has signed this Agreement to confirm that this Agreement will fully replace and supersede the 2005 Transportation Development Agreement (“2005 Transportation DA”); and

WHEREAS, the Developer now seeks to update the 2005 Transportation DA in conjunction with obtaining a permit to build the Campus Parkway Roundabout; and

WHEREAS, the purpose of this Agreement is to carry forward and better define the concurrency evaluation that was part of the 2005 Transportation DA, to carry forward the impact fee reimbursement for MLC, and to establish an impact fee credit system for Developer to recover its costs of building the McCormick Projects described below; and

WHEREAS, apart from concurrency and impact fee credits/reimbursement, this Agreement does not address development standards, vesting, or any other regulation that impacts how the McCormick Property will be developed; and

WHEREAS, the Parties agree that the 2005 Transportation DA, as set forth in the traffic study attached to that 2005 Transportation DA, anticipated the generation of 4,935 PM peak hour trips. Based on the development activity since 2005, some of these “trips” have been absorbed. The parties believe it is advantageous to set forth the remaining capacity that may be utilized in future development phases and have confirmed the concurrency numbers as of the date of this Agreement; and

WHEREAS, in consideration of the benefits conferred by this new Development Agreement, which reflect the current plans of both the City and the Developer and include confirmation of concurrency, a new project list, and a set impact fee credit calculation, the parties deem it in their best interests and the best interests of the community to repeal and replace the 2005 Transportation DA with this updated agreement; and

WHEREAS, there are two projects identified on both Exhibit A to the 2005 Transportation DA and also on the City’s new TIP. As described in the new TIP, these projects are ID #1.5C, “Old Clifton Rd – Campus Pkwy Intersection and ID #2.08 Old Clifton Rd & McCormick Woods Dr. Intersection Impr”. These two projects are collectively referred to herein as “the McCormick Projects”; and

WHEREAS, the McCormick Projects are eligible for credits under RCW 82.02.060(4); and

WHEREAS, the following events have occurred in the processing of the Developer’s application:

- a) The Developer applied for this Development Agreement on December 4, 2020; and
- b) The Development Agreement is related to and has been consolidated under POMC 20.22.020(2) with the following project permits:

Land Disturbing Activity Permit PW20-031
Stormwater Drainage Permit PW20-032

- c) The Developer is ready and willing to commence construction on the project known as Old Clifton Rd - Campus Parkway Intersection (a roundabout project) and has applied for a

Land Disturbing Activity permit and Stormwater Drainage Permit to perform this project;

d) The Old Clifton Rd – Campus Parkway Intersection is included in the City’s transportation plan upon which the updated impact fees are based and therefore the Developer may be reimbursed from the impact fees for that project;

e) The City Council held a public hearing on [DATE] regarding this Development Agreement;

f) After a public hearing, by Ordinance No.____, the City Council authorized the Mayor to sign this Development Agreement with the Developer;

AGREEMENT

Section 1. The McCormick Projects. The two transportation projects described above as “the McCormick Projects” will serve the McCormick Property as well as provide connectivity and capacity for the City. The Campus Parkway Roundabout LDAP Permit #PW20-0031 and SDP Permit PW20-032 as well as the future development of the McCormick Woods Drive Roundabout, which will be permitted at a later date, are both subject to impact fee credit in accordance with this Agreement.

Section 2. The McCormick Property. The McCormick Property comprises McCormick North, McCormick West, and McCormick Woods, which are legally described by parcel number in Exhibit A-1 and depicted on A-2, attached hereto and incorporated herein by this reference. The McCormick Projects will serve the McCormick Property and the credits authorized by this Development Agreement are only applicable to lots for which building permits are applied for after the date of this Agreement within the boundaries of the McCormick Property as defined on Exhibit A-1 and as shown on the Map attached hereto as Exhibit A-2.

Section 3. Definitions. As used in this Development Agreement, the following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section.

a) “2005 Transportation Development Agreement” or “2005 Transportation DA” means the 2005 Development Agreement for Transportation which was executed between Kitsap County and Gem 1, LLC and dated April 25, 2005 and which was assumed by the City of Port Orchard upon annexation on May 27, 2009.

b) “Adopting Ordinance” means the Ordinance which approves this Development Agreement, as required by RCW 36.70B.200 and Chapter 20.26 POMC.’

c) “Commence construction” as to the McCormick Projects means that the required permit(s) have issued and there are “boots on the ground” at the construction site.

d) “Completion” as to the McCormick Projects means passing final inspection associated with the LDAP/SDP permits and providing the required 2-year warranty and

maintenance bond for the improvement(s).

“CPI-U” means the percentage rate change for the All Urban Consumers Index (CPI-U) (1982-1984=100), not seasonally adjusted, for the Seattle-Tacoma-Bellevue area for that 12 month period from January 1st to December 31st Indexed as the Annual Average, as is specified by the Bureau of Labor Statistics, United States Department of Labor. Increases based on CPI-U shall take effect on March 1st of the following year.

e) “Council” or “City Council” means the duly elected legislative body governing the City of Port Orchard.

f) “Director” means the City’s Community Development Director.

g) “Effective Date” means the effective date of the Adopting Ordinance.

h) “Maximum credit” or “maximum reimbursement” means the maximum amount that is eligible for projects subject to this Agreement, or for past projects done by GEM 1/MLC, for which reimbursement or impact fee credits will be provided by the City to the Developer or MLC.

i) “McCormick Project(s)” or “Project(s)” means the two transportation projects described above which serve both the McCormick Property and the greater community, as specified in Section 1 and as provided for in all associated permits/approvals, and all incorporated exhibits.

Section 4. Exhibits. Exhibits to this Agreement are as follows:

a) **Exhibit A-1** – Parcel numbers of the McCormick Property that are subject to impact fee credit.

b) **Exhibit A-2** – Map depicting the boundaries of the McCormick Property that are subject to the impact fee credit in this Agreement.

c) **Exhibit B-1** – Parcel numbers of the McCormick Property with vested concurrency.

d) **Exhibit B-2** Map depicting the boundaries of the McCormick Property with vested concurrency .

e) **Exhibit C** – Map showing the original boundaries for the 2005 Transportation DA which remains the reimbursement area for MLC

Section 5. Parties to Development Agreement. The parties to this Agreement are:

a) The “City” is the City of Port Orchard, 216 Prospect Street, Port Orchard, WA 98366.

b) The “Developer” or “Property Owner” or “McCormick” is a private enterprise which owns the McCormick Property in fee, and whose principal office is located at 12332 NE 115th Place, Kirkland, WA.

c) GEM 1, LLC is the prior owner of the property that was subject to the 2005 Transportation DA, and MLC is the successor to GEM for purposes of reimbursement. MLC is located at [REDACTED], WA and is still receiving reimbursement from the City for transportation projects done under the 2005 Transportation DA. These payments will continue in accordance with Section 15 of this Agreement.

Section 6. Projects are a Private Undertaking. It is agreed among the parties that the Projects are private improvements for which credits are required pursuant to RCW 82.02.060(4) and that the City has no interest in the improvements until such time as each Project is completed and dedicated to the City.

Section 7. Term of Agreement. This Agreement shall commence upon the effective date of the Adopting Ordinance approving this Agreement and shall continue in force for a period of twenty (20) years unless extended or terminated as provided herein, provided that reimbursement to MLC pursuant to Section 15 shall survive expiration until full reimbursement is received by MLC. Following the expiration of the term or extension thereof, or if sooner terminated, this Agreement shall have no force and effect.

Section 8. Repeal and Replacement of 2005 Transportation DA. In consideration of the benefits to the Developer provided by the timely construction of the McCormick Projects, the confirmation of concurrency, the agreement on a credit calculation for transportation impact fees which will be charged to the McCormick Property, and the continuation of reimbursement from impact fees to MLC, the Developer, MLC, and the City agree to rescind, and by execution of this Agreement do rescind, the 2005 Transportation Agreement, and replace it with this Development Agreement.

Section 9. Concurrency. The Parties agree that City streets affected by development of the McCormick Property have the capacity to serve the McCormick Property in compliance with the City’s concurrency requirements so long as such development does not result in the generation of more than 3,806 PM peak hour trips, which is the number of remaining trips identified in Section 9 of the 2005 Transportation DA reserved for the McCormick Property identified on Exhibits B-1 and B-2. This remaining concurrency provided in the 2005 Transportation DA is being carried forward for the duration of this Agreement as set forth below. These trips are available as of December 15, 2020.

Area	Available PM Peak Trips	Lots/Units for Residential ¹	Map Designation on Ex. C
McCormick North			North
• Village local center	659	(See Note 1)	North

(residential + commercial)			
• Single Family Residential	312	315	North
Total McCormick North	971		
McCormick West			West
• Multifamily	415	419	West
• Single Family Residential	1,530	1,545	West
Total McCormick West	1,945		
McCormick Woods	697	640	Wd
McCormick Woods Retail	63	N/A	Wd
McCormick Woods Conference (Golf Facilities)	122	N/A	GC
McCormick Woods legacy lots	8	8	Not depicted
Total McCormick Woods	890		
Grand Total	3,806		

¹ There are 659 PM Peak Trips available within the Village local center. Residential PM Peak Trips will be calculated per unit and commercial PM Peak trips will be calculated by use type and square footage.

The defined areas for the assigned concurrency numbers above are listed by parcel number on Exhibit B-1 and shown (except for the eight legacy lots, which are vacant lots in prior subdivisions) on Exhibit B-2, which Exhibits are attached hereto and incorporated herein by this reference as if set forth in full. Residential development shall be limited by either the PM peak hour trips or the number of units, whichever is more restrictive. Commercial development shall be limited only by the PM peak hour trips. To the extent that McCormick in the future proposes residential or commercial development within the McCormick Property that will generate more than the number of PM peak hour trips shown in the above table, the City will make a new concurrency determination regarding the capacity of its street system at that time.

Section 10. Project Schedule. The Developer will commence construction of the two McCormick Projects on the following schedule

- a) Work on the roundabout at the intersection of Old Clifton Road and Campus Parkway (Project ID #1.5C on the City’s TIP) (Permits #PW20-031 and PW20-032) shall commence no later than June 30, 2021, and Developer will complete construction in a timely and workmanlike manner. Such work shall be completed no later than September 30, 2022.
- b) Developer will submit a complete set of plans for a roundabout at the intersection of Old Clifton Road and McCormick Woods Drive (Project ID #2.08) no later than June 1, 2023

and will commence construction of said roundabout no later than June 1, 2024, provided that the City has before then acquired the additional land, not owned by Developer, that is needed for this roundabout; and Developer will complete construction in a timely and workmanlike manner. Such work shall be completed no later than September 30, 2025 so long as the City has acquired the land necessary for the roundabout before June 1, 2024. If the City has not acquired the land necessary for the roundabout before June 1, 2024, but does so more than 24 months before expiration of this Agreement, Developer shall construct the roundabout with 24 months of such acquisition.

Section 11. Project standards. Developer will finance, design, and construct these McCormick Projects to comply with City standards, including obtaining all necessary permits. The City will approve the plans before construction begins; and the City will accept responsibility for the operation of the Projects once construction is completed and a two-year warranty and maintenance bond is in place. A Project will be deemed completed when all of the following occurs: 1. The City deems it substantially complete; 2. All punch list items are finished; 3. The City releases the performance bond; 4. The Developer has put a 2-year warranty and maintenance bond in place; 5. The Developer has completed all property dedications; and 6. The Developer has provided the City with a Bill of Sale for the improvements containing the certified construction costs (stamped by licensed engineer) to the City for determination of the maximum credits available under this Agreement. The City will confirm completeness of the Project by issuing a Final Notice of Completeness to the Developer.

Section 12. Project costs. The maximum amount of the credit (or reimbursement) for project costs performed under this Agreement shall be limited to no greater than the engineer's estimate contained in the City's transportation impact fee calculation, plus an annual inflator per the CPI-U, or, the actual costs incurred by the Developer, whichever is less. The credits provided under Section 14 below are limited to this maximum credit/reimbursement amount and once the project cost maximum(s) have been achieved through credits or direct reimbursement to Developer, the credits will no longer be available and full impact fees will be due for further development.

Section 13. Applicable Impact Fees. The repeal and replacement of the 2005 Transportation DA results in all property owners both within and without the McCormick Property being subject to the City's established city-wide impact fees as these now exist or may be modified in the future by the City Council. This Agreement further confirms that impact fees, permit fees, capital facilities charges, and other similar fees which are adopted by the City as of the Effective Date of this Agreement may be increased by the City from time to time, and made applicable to permits and approvals for the McCormick Property, as long as such fees and charges apply to similar applications and projects elsewhere in the City. All impact fees shall be paid as set forth in the approved permit or approval, or as addressed in chapter 20.182 of the Port Orchard Municipal Code, except as modified by this Agreement. Nothing in this Agreement restricts or prohibits the City from raising its fees, including transportation impact fees, and the Developer agrees to pay the impact fees at the rates that are in effect at the time when payment is due minus any credits applicable according to this Agreement.

Section 14. Impact Fee Credits. The City hereby grants the Developer a credit against transportation impact fees for its costs to finance, design, and construct the McCormick Projects.

The credit is available to parcels located in the areas identified and shown on Exhibits A-1 and A-2. The credits will be calculated and applied as follows:

- a) Each parcel or lot that is developed within the McCormick Property credit area (Exhibits A-1 and A-2) will pay the City's adopted impact fees until Developer provides documentation to the City that Developer has expended a minimum of \$50,000 towards the design or construction of one of the McCormick Projects. At the time of this Agreement, the parties believe that Developer has already met this threshold, therefore, once Developer provides the documentation, the City will begin applying the credit described in this Agreement.
- b) Once McCormick provides documentation to the City of such \$50,000 expenditure, the City will grant a credit in the amount of \$1,000 per new home (or per peak pm trip for commercial/multifamily development) against its standard transportation impact fee for each application to develop a lot or parcel within the McCormick Property credit area (Exhibits A-1 and A-2) until such time as the credits granted by the City equal the amount of credit due to Developer under Section 12 above. This credit amount shall be adjusted as follows:
 - i. The \$1,000 credit shall be adjusted annually per the CPI-U, such adjustment to occur on March 1st of each year;
 - ii. If the amount outstanding for reimbursement of project costs is less than the credit, then the lesser amount shall be provided as a credit;
 - iii. If the City reimburses the Developer directly with SEPA mitigation funds received from another developer, then that amount shall be deducted dollar for dollar from the amount of project costs outstanding and the credits available will be reduced accordingly.
- c) Upon completion of each Project, Developer shall submit certified project costs to the City for review and acceptance by the City Engineer. Once these costs and executed Bill of Sale are reviewed and accepted by the City Engineer, the maximum credit due to Developer will be established and will equal the amount of the project costs as so certified in accordance with this subsection and Section 12. The City will grant the credits described in Subsection b) above against the transportation impacts fees that would otherwise be due for development of lots and parcels within the McCormick Property credit area as identified and shown on Exhibits A-1 and A-2. Such credits shall be provided until such time as the Developer receives full credit and/or reimbursement for its project costs or this Agreement terminates, whichever occurs first.

The City agrees that these credits are consistent with RCW 82.02.060(4); that they are appropriate in light of the unusual circumstances described in the Recitals above; that they are consistent with the intent of POMC 20.182.080; and that the City Council has legislatively approved this Agreement and exempted these credits for development of the McCormick Projects from the specific provisions of POMC 20.182.080.

Section 15. McCormick Land Company Reimbursement. This Agreement reaffirms the City's obligation to reimburse MLC for construction of the Glenwood Connector Roadway and minor improvements to Feigley Road. The maximum reimbursement amounts outstanding for these projects as of August 1, 2020 is \$1,542,239.64. Regardless of any fee credits provided for in this Agreement, the City's reimbursement for such project shall continue at the rate of \$720.80 for each unit of housing constructed or for each PM Peak trip, or fraction thereof, for which an impact fee is assessed in the MLC reimbursement area as depicted on Exhibit C until such time as MLC is fully reimbursed or this Agreement expires, whichever occurs first. This reimbursement amount shall be increased annually by CPI-U (Seattle/Tacoma/Bellevue) for the most recent twelve-month period (January 1st to December 31st) prior to the date of the adjustment. Such adjustment shall take effect on March 1st of each year, commencing on March 1, 2021. Disbursements shall be made annually in January of each year based on the collections from January 1st to December 31st in the prior year, however in 2021, such payment shall only be from collections from August 1 to December 31, 2020 as payment from collections through July 31, 2020 has already occurred. MLC agrees to the repeal of the 2005 Transportation DA and accepts the continued reimbursement under this new Agreement and agrees to be bound by this new Agreement as shown by its signature to this Agreement. This Section 15 shall survive expiration of this Agreement and shall remain in effect until such time as MLC has been fully reimbursed under the terms of this Agreement for construction of the Glenwood Connector Roadway and minor improvements to Feigley Road.

Section 16. Dedication of Public Lands. The Developer shall dedicate the land that it owns that is needed to construct the McCormick Projects prior to final completion of each Project. Neither Project shall be deemed completed until such dedications have occurred. In addition, consistent with Section 9 of the 2005 Transportation DA, to the extent that projects on the City's TIP including Old Clifton Widening and the Feigley Road Roundabout require additional dedications of right-of-way from within the McCormick Property, McCormick will dedicate that portion of the additional right-of-way. Such dedications shall occur within a mutually agreeable timeframe prior to the bid solicitation for the project requiring additional right-of-way.

Section 17. Default.

a) Subject to extensions of time by mutual consent in writing, failure or delay by either Party to perform any term or provision of this Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the Party alleging such default or breach shall give the other Party not less than thirty (30) days' notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the Party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

b) After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other Party to this Agreement may, at its option, institute legal proceedings pursuant to this Agreement. In addition, the City may decide to file an action to enforce the City's Codes, and to obtain penalties and costs as provided in the Port Orchard Municipal Code for violations of this Development

Agreement and the Code.

Section 18. Termination. This Agreement shall terminate upon the expiration of the term identified in Section 7, which expiration date is [INSERT DATE]. Upon termination of this Agreement, the City shall record a notice of such termination in a form satisfactory to the City Attorney that the Agreement has been terminated. In addition, this Agreement shall automatically terminate and be of no further force and effect as to any single-family residence, any other residential dwelling unit or any non-residential building and the lot or parcel upon which such residence or building is located, when it has been approved by the City for occupancy and impact fees have been paid.

Section 19. Extension and Modification. Any request for extension or modification, if allowed under the City's code, shall be subject to the provisions contained in Chapter 20.26 POMC.

Section 20. Effect upon Termination on Developer and MLC. Termination of this Agreement as to the Developer or as to MLC shall not affect any of the Developer's or MLC's respective obligations to comply with the City Comprehensive Plan and the terms and conditions or any applicable zoning code(s) or subdivision map or other land use entitlements approved with respect to the McCormick Property or the MLC property, or any other conditions specified in the Agreement to continue after the termination of this Agreement or obligations to pay assessments, liens, fees or taxes. Furthermore, if the Agreement expires without the project costs being fully recovered by impact fee credit or mitigation funds, the Developer will no longer be eligible to receive such credits. Provided, however, that Section 15 of this Agreement will survive termination if MLC has not yet been fully reimbursed and this Agreement will only expire as to MLC after both termination and full reimbursement have occurred.

Section 21. Effects upon Termination on City. Upon any termination of this Agreement as to the McCormick Property, or any portion thereof, or as to MLC property, the entitlements, conditions of development, limitations on fees and all other terms and conditions of this Agreement shall no longer be vested hereby with respect to the property affected by such termination (provided that vesting of such entitlements, conditions or fees may then be established for such property pursuant to the then existing planning and zoning laws). The City will be under no obligation to provide any additional credits or reimbursement to Developer even if the project costs have not been fully recovered at the time of expiration or termination.

Section 22. Assignment and Assumption. The Developer shall have the right to sell, assign or transfer this Agreement with all rights, title and interests therein to any person, firm or corporation at any time during the term of this Agreement with a sale of the underlying property. Developer shall provide the City with written notice of any intent to sell, assign, or transfer all or a portion of the McCormick Property, at least 30 days in advance of such action. A transfer by Developer will not impact the rights of MLC under this Agreement. This requirement for notice, however, does not apply to the sale by Developer of individual residential lots approved by the City for development of houses.

Section 23. Binding on Successors; Covenants Running with the Land. The conditions and covenants set forth in this Agreement and incorporated herein by the Exhibits shall run with the land and the benefits and burdens shall bind and inure to the benefit of the Parties. The Developer and every purchaser, assignee or transferee of an interest in the McCormick Property, or any portion thereof, shall be obligated and bound by the terms and conditions of this Agreement, and shall be the beneficiary thereof and a Party thereto, but only with respect to the McCormick Property, or such portion thereof, sold, assigned or transferred to it. Any such purchaser, assignee or transferee shall observe and fully perform all of the duties and obligations of a Developer contained in this Agreement, as such duties and obligations pertain to the portion of the McCormick Property sold, assigned or transferred to it.

Section 24. Amendment to Agreement; Effect of Agreement on Future Actions. No waiver, alteration, or modification to any of the provisions of this Agreement shall be binding unless in writing, signed by the duly authorized representatives of the Parties, be consistent with Chapter 20.26 POMC, and, where considered substantive as determined by the Director, follow the same procedures set forth in Chapter 20.26 POMC. However, nothing in this Agreement shall prevent the City Council from making any amendment to its Comprehensive Plan, Zoning Code, Official Zoning Map or development regulations, or to impacts fees that affect the McCormick Property in the same manner as other properties, after the Effective Date of this Agreement.

Section 25. Releases.

a) General. Developer may free itself from further obligations relating to the sold, assigned, or transferred property, provided that the buyer, assignee or transferee expressly assumes the obligations under this Agreement as provided herein.

b) Previously collected impact fees. Developer expressly waives and forever releases City from any and all claims it may have with regards to the amount or usage of any transportation impact fees which the City collected from property that was subject to the 2005 Transportation DA prior to the effective date of this Agreement. Developer further agrees that City can utilize these previously collected funds on any project it deems appropriate and is not limited to the projects outlined in the 2005 Transportation DA. These projects include, but are not limited, to the Old Clifton Road/Anderson Hill Road Roundabout (Project 2.07), the Old Clifton Road non-motorized shoulder and pedestrian improvements (Project 1.5A), Old Clifton Widening Design (Project 1.5A), and Bethel Avenue (Project 1.3).

c) Obligations to Kitsap County Extinguished. This Agreement being a complete replacement to the 2005 Transportation DA, neither Party has any obligations to Kitsap County.

Section 26. Notices. Notices, demands, correspondence to the City, MLC, and/or Developer (as applicable) shall be sufficiently given if dispatched by pre-paid first-class mail to the addresses of the parties as designated in “Written Notice” Section 38 below. Notice to the City shall be to the attention of both the City Clerk and the City Attorney. Notices to successors-in-interest of the Developer shall be required to be given by the City only for those successors-in-interest who have given the City written notice of their address for such notice. The parties

hereto may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

Section 27. Reimbursement for Agreement Expenses of the City. Developer agrees to reimburse the City for actual expenses incurred over and above fees paid by Developer as an applicant incurred by City directly relating to this Agreement, including recording fees, publishing fees and reasonable staff and consultant costs not otherwise included within application fees. This Agreement shall not take effect until the fees provided for in this section, as well as any processing fees owed to the City for the transportation project known as the Campus Parkway Roundabout are paid to the City. Upon payment of all expenses, the Developer may request written acknowledgement of all fees. Such payment of all fees shall be paid, at the latest, within thirty (30) days from the City's presentation of a written statement of charges to the Developer.

Section 28. Applicable Law, Resolution of Disputes, and Attorneys' Fees. If any dispute arises between the City and Developer under any of the provisions of this Agreement, jurisdiction of any resulting litigation shall be filed in Kitsap County Superior Court, Kitsap County, Washington or the U.S. District Court for Western Washington. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. The non-prevailing Party in any action brought to enforce this Agreement shall pay the other Parties' expenses and reasonable attorney's fees.

Section 29. No Third-Party Beneficiaries. Except as otherwise provided herein, this Agreement shall not create any rights enforceable by any party who is not a Party to this Agreement.

Section 30. City's right to breach. The parties agree that the City may, without incurring any liability, engage in action that would otherwise be a breach if the City makes a determination on the record that the action is necessary to avoid a serious threat to public health and safety, or if the action is required by federal or state law.

Section 31. Developer's Compliance. The City's duties under the agreement are expressly conditioned upon the Developer's or Property Owner's substantial compliance with each and every term, condition, provision and/or covenant in this Agreement, including all applicable federal, state, and local laws and regulations and the Developer's/Property Owner's obligations as identified in any approval or project permit for the property identified in this Agreement.

Section 32. Limitation on City's Liability for Breach. Any breach of this Agreement by the City shall give right only to damages under state contract law and shall not give rise to any liability under Chapter 64.40 RCW, the Fifth and Fourteenth Amendments to the U.S. Constitution, or similar state constitutional provisions.

Section 33. Third Party Legal Challenge. In the event any legal action or special proceeding is commenced by any person or entity other than a Party to challenge this Agreement or any provision herein, the City may elect to tender the defense of such lawsuit or individual claims in the lawsuit to Developer. In such event, Developer shall hold the City harmless from

and defend the City from all costs and expenses incurred in the defense of such lawsuit or individual claims in the lawsuit, including but not limited to, attorneys' fees and expenses of litigation. The Developer shall not settle any lawsuit without the consent of the City. The City shall act in good faith and shall not unreasonably withhold consent to settle.

Section 34. Specific Performance. The parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the parties are entitled to compel specific performance of all material terms of this Development Agreement by any Party in default hereof.

Section 35. Recording. This Agreement shall be recorded against the property with the real property records of the Kitsap County Auditor. During the term of the Agreement, it is binding upon the owners of the property and any successors in interest to such property.

Section 36. Severability. If any phrase, provision or section of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any statute of the State of Washington which became effective after the effective date of the ordinance adopting this Development Agreement, and either Party in good faith determines that such provision or provisions are material to its entering into this Agreement, that Party may elect to terminate this Agreement as to all of its obligations remaining unperformed.

Section 37. Non-Waiver of Breach. The failure of a Party to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of said covenants, agreements, or options, and the same shall be and remain in full force and effect.

Section 38. Written Notice. All written communications regarding enforcement or alleged breach of this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Unless otherwise specified, any written notice hereunder shall become effective upon the date of both emailing and mailing by registered or certified mail, and shall be deemed sufficiently given if sent to the addressee at the address stated below:

McCORMICK:

Eric Campbell
12332 NE 115th Place
Kirkland, WA 98033
eric@mspgroupllc.com

Nick Tosti
805 Kirkland Avenue, Suite 200
Kirkland, WA 98033
nicktosti@gmail.com

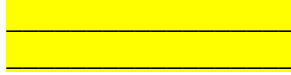
CITY:

Mayor
City of Port Orchard
216 Prospect Street
Port Orchard WA 98366
rputaansuu@cityofportorchard.us

Copies shall also be transmitted to the City Clerk and City Attorney at the above address.

**GEM 1, LLC / McCORMICK
LAND COMPANY**

Doug Skrobot



dskrobot@gmail.com

Section 39. Time is of the essence. All time limits set forth herein are of the essence. The Parties agree to perform all obligations under this Agreement with due diligence.

Section 40. Entire Agreement. The written provisions and terms of this Agreement, together with the Exhibits attached hereto, shall supersede all prior verbal statements of any officer or other representative of the parties, and such statements shall not be effective or be construed as entering into or forming a part of or altering in any manner whatsoever, this Agreement. The entire agreement between the parties with respect to the subject matter hereunder is contained in this Agreement and exhibits thereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on this ____ day of _____, 2021.

MCCORMICK COMMUNITIES, LLC

CITY OF PORT ORCHARD

By: _____
Its: _____

By: _____
Its: Mayor

**GEM 1, LLC/McCORMICK LAND
COMPANY**

By: _____
Its: _____

APPROVED AS TO FORM:

APPROVED AS TO FORM:

Patrick Schneider
Attorney for McCormick

Jennifer S. Robertson
Attorney for Port Orchard

APPROVED AS TO FORM:

ATTEST:

Duana Kolouskova
Attorney for GEM 1, LLC/MLC

Brandy Rinearson
Port Orchard City Clerk

DRAFT

NOTARY BLOCK FOR GEM 1 / McCORMICK LAND COMPANY

STATE OF WASHINGTON)
) ss.
COUNTY OF _____)

I certify that I know or have satisfactory evidence that Mr. Doug Skorbut is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the _____ of GEM 1, LLC/McCormick Land Company to be the free and voluntary act of such Party for the uses and purposes mentioned in the instrument.

Dated: _____ 20____

(print or type name)
NOTARY PUBLIC in and for the
State of Washington, residing at: _____

My Commission expires: _____

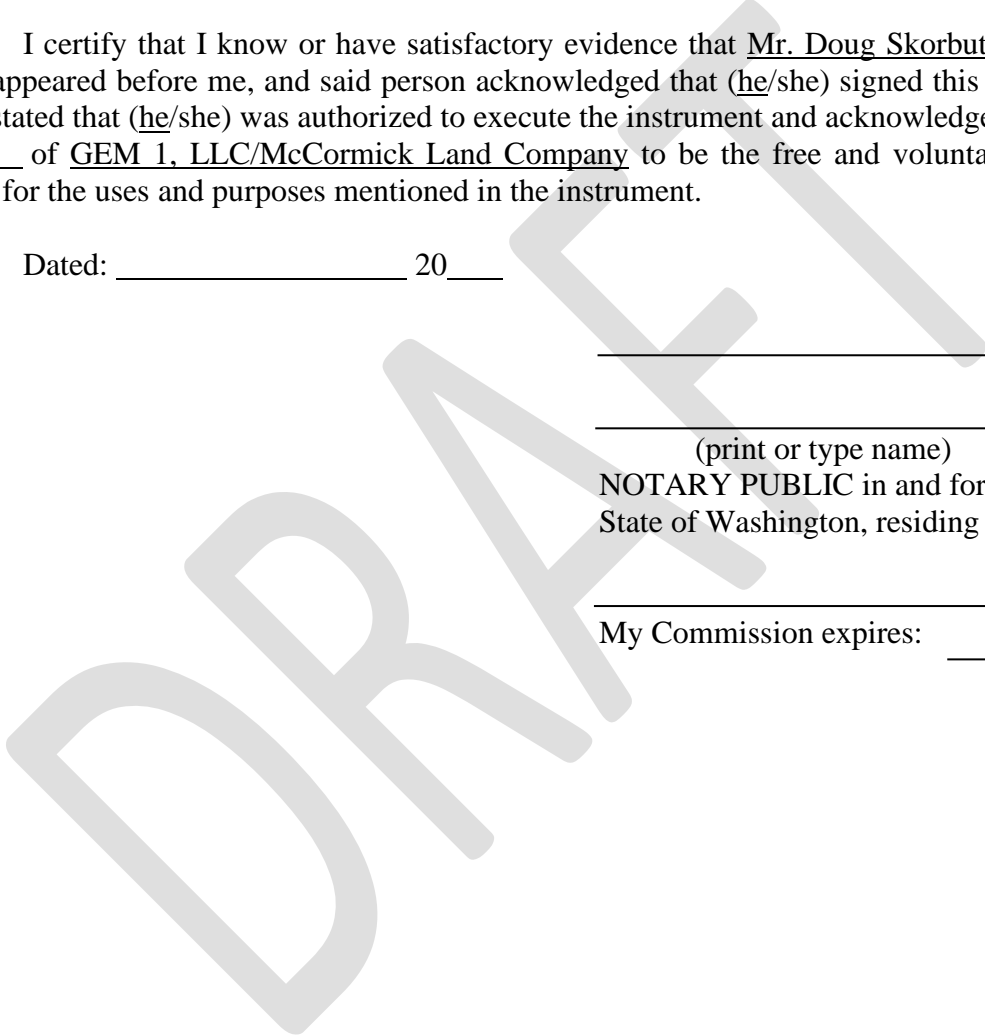


Exhibit A-1

McCormick Property

List of Parcels Subject to Impact Fee Credit

McCormick North

052301-4-023-2008
052301-4-027-2004
052301-4-024-2007
052301-4-025-2006
052301-4-026-2005
052301-4-013-2000
042301-3-011-2005

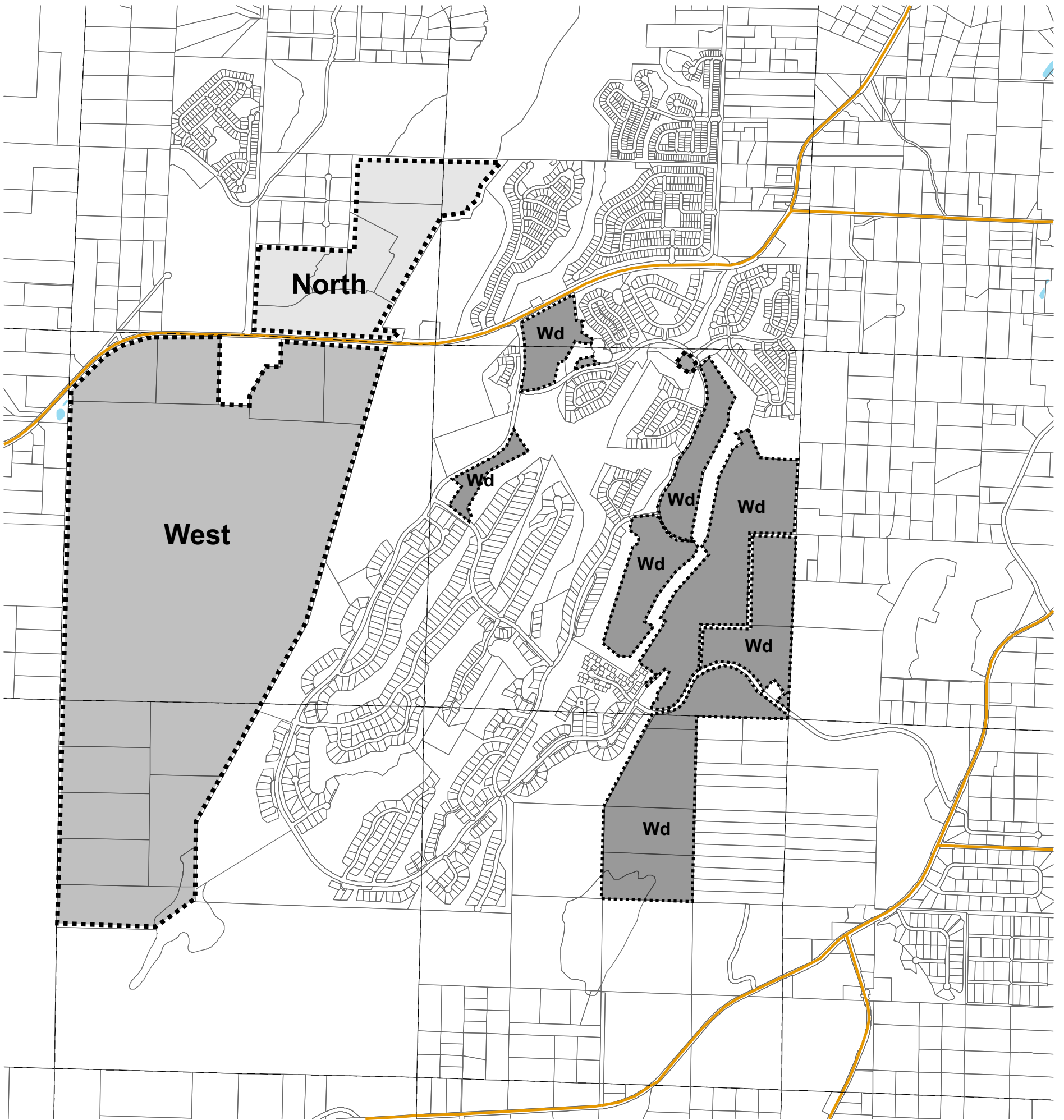
McCormick West

082301-2-002-2004
082301-2-003-2003
082301-1-013-2003
082301-2-004-2101
082301-1-010-2006
082301-1-014-2002
172301-2-002-2003
172301-2-004-2001
172301-2-003-2002
172301-2-006-2009
172301-2-005-2000
172301-2-007-2008
172301-3-004-2009

McCormick Woods

042301-3-010-2006
6031-000-131-0002
5552-000-045-0008
092301-1-005-2002
092301-4-004-2007
092301-1-009-2008
092301-4-005-2006
092301-4-003-2008
092301-4-002-2009
162301-1-021-2003
162301-1-020-2004
162301-1-019-2007

Exhibit A-2
McCormick Property
Maps of Parcels/Areas Subject to Impact Fee Credit



Legend

McCormick North _____

McCormick West _____

McCormick Woods _____



Exhibit B-1

List of Parcels with Vested Concurrency

McCormick North

052301-4-023-2008
052301-4-027-2004
052301-4-024-2007
052301-4-025-2006
052301-4-026-2005
052301-4-013-2000
042301-3-011-2005

McCormick West

082301-2-002-2004
082301-2-003-2003
082301-1-013-2003
082301-2-004-2101
082301-1-010-2006
082301-1-014-2002
172301-2-002-2003
172301-2-004-2001
172301-2-003-2002
172301-2-006-2009
172301-2-005-2000
172301-2-007-2008
172301-3-004-2009

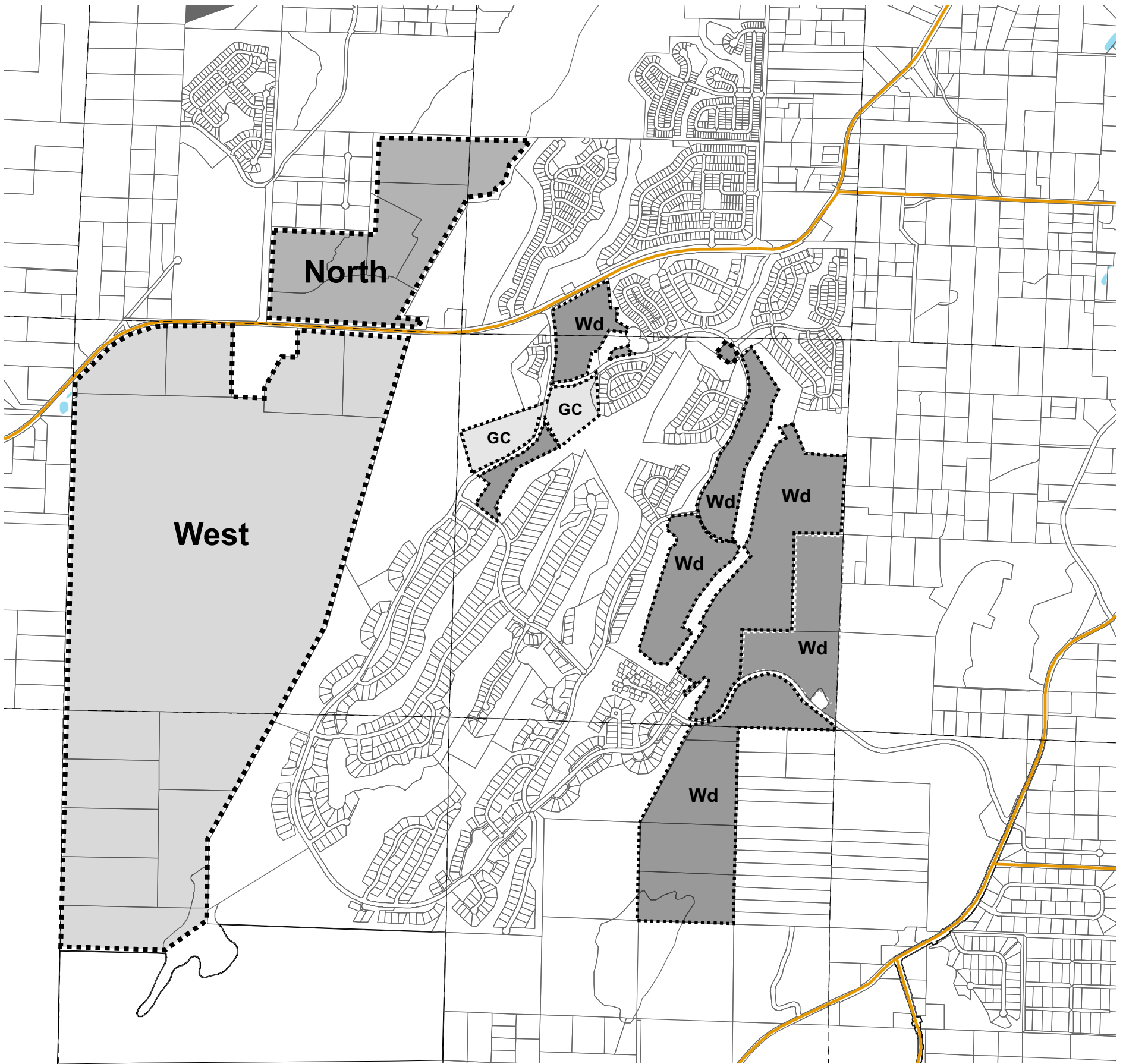
McCormick Woods

042301-3-010-2006
6031-000-131-0002
5552-000-045-0008
092301-1-005-2002
092301-4-004-2007
092301-1-009-2008
092301-4-005-2006
092301-4-003-2008
092301-4-002-2009
162301-1-021-2003
162301-1-020-2004
162301-1-019-2007

Legacy Lots

5190-000-018-0009
6031-000-032-0002
6031-000-025-0001
6031-000-063-0004
5161-000-021-0009
5145-000-023-0008
5139-000-013-0008
6031-000-074-0001

Exhibit B-2 Map of Parcels/Areas with Vested Concurrency



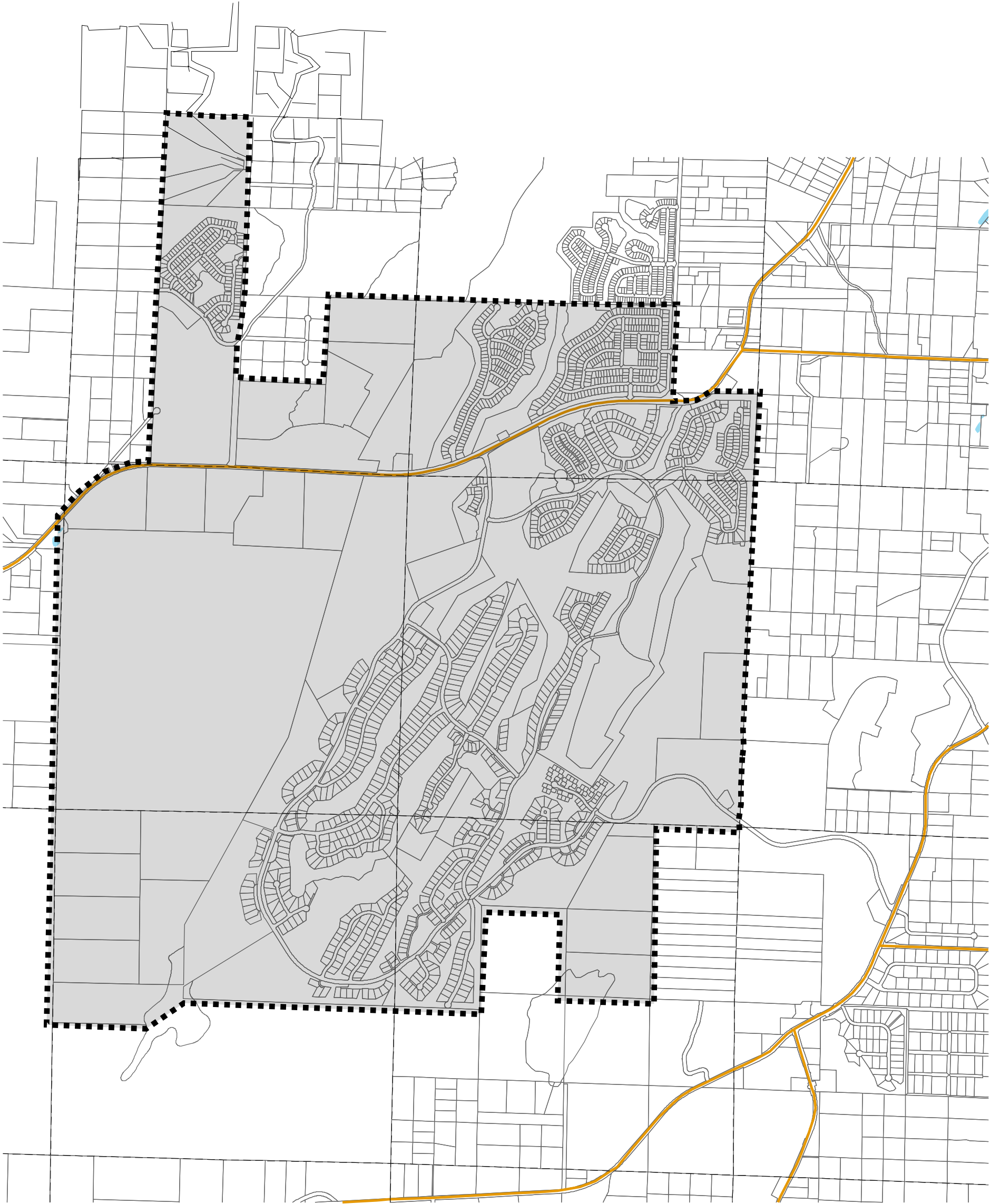
Legend

McCormick North	—————	North
McCormick West	—————	West
McCormick Woods	—————	Wd
Golf Facilities	—————	GC

See Exhibit B1 for legacy lots vested to concurrency with this agreement

Exhibit C

Boundary of 2005 Traffic Agreement





Return Address:

McCormick Land Company
4978 SW Lake Flora Rd
Port Orchard, WA 98367

AUDITOR/RECORDER'S INDEXING FORM

Document Title(s):	1. Development Agreement <i>Traffic</i>
Reference Number(s) of Documents assigned or released:	NA
Grantor(s) :	1. Kitsap County
Additional names on page	of document.
Grantee(s) :	1. GEM1, LLC
Additional names on page	of document.
Legal Description: (abbreviated)	Portions the NE and SE quarters of the NW quarter and portions of the NE and SE quarters of the SW quarter and portions of the NE, SE, and SW quarter all in Section 5 and portions of the NW, NE, SE, and SW quarters of the SW quarter of Section 4 and portions of the SW and SE quarters of the SE quarter of Section 4 and portions of all of Section 9 and portions of all of Section 8 and portions of the NW, NE, SE, and SW quarters of the NW quarter of Section 17 and a portion of the NW and NE quarters of the SW quarter of Section 17, All in Township 23 North, Range 1 East, Willamette Meridian, Kitsap County, Washington
Additional legal is on pages	of document.
Assessor's Property Tax Parcel/Account Number:	052301-2-027-2008, 052301-2-026-2009, 052301-2-025-2000, 052301-3-037-2004, 052301-4-017-2006, 052301-4-018-2005, 052301-4-013-2000, 052301-4-014-2009, 052301-4-015-2008, 052301-4-016-2007, 042301-3-006-2002, 042301-3-005-2003, 092301-1-003-2004, 092301-1-004-2003, 5190-000-052-0006, 6031-000-146-0005, 6031-000-131-0002, 082301-2-003-2003, 082301-1-013-2003, 082301-1-010-2006, 082301-1-014-2002, 172301-2-002-2003, 172301-2-003-2002, 172301-2-004-2001, 172301-2-005-2000, 172301-2-006-2009, 172301-2-007-2008, 172301-3-004-2009

RESOLUTION 135 - 2005

A RESOLUTION RECOGNIZING THE ADOPTION OF DEVELOPMENT AGREEMENTS ASSOCIATED WITH THE MCCORMICK NORTH MASTER PLAN AND THE MCCORMICK URBAN VILLAGE

WHEREAS Kitsap County Code Section 21.04.110(D) authorized the Kitsap County Board of Commissioners to approve development agreements under RCW 36.70B.170 *et. seq.*; and

WHEREAS RCW 36.70B.170, *et. seq.*, authorizes counties to enter into development agreements with owners of real property"; and

WHEREAS RCW 36.70B.200 requires that a county approve a development agreement by ordinance or resolution after a public hearing and allows a hearing examiner to conduct that public hearing; and

WHEREAS GEM 1, LLC, by and through its agent, McCormick Land Company, requested approval of, *inter alia*, the McCormick North Master Plan, the McCormick Urban Village Open Space, Parks and Recreation Plan, and the McCormick Urban Village Transportation Plan, along with three associated development agreements described as follows:

- (1) Development Agreement for Stormwater (for McCormick North Master Plan Phase 2) to be executed between Kitsap County, GEM 1, and the South Kitsap School District, and
- (2) Development Agreement for Open Space, Parks and Recreation (for McCormick Urban Village) to be executed between Kitsap County and GEM 1, and
- (3) Development Agreement for Transportation (for McCormick Urban Village) to be executed between Kitsap County and GEM 1; and

WHEREAS the Kitsap County Hearing Examiner held open record public hearings on November 18, 2004 and on December 9, 2004, and the Kitsap County Board of Commissioners held closed record public hearings on March 14, 2005 and on April 25, 2005 regarding, *inter alia*, the approval of the plans and the development agreements; and

WHEREAS the Kitsap County Board of Commissioners issued a final written decision on May 9, 2005 (attached hereto as Exhibit A) formally approving all three development agreements (Exhibit B), as well as the plans and associated applications.

//

//



MCCORMICK LAND CO

AGMT \$64.00

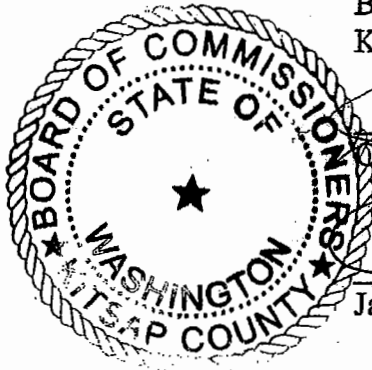
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Page: 2 of 33
10/21/2005 02:58P
Kitsap Co, WA

COPY

NOW THEREFORE, BE IT RESOLVED:

The Kitsap County Board of Commissioners recognizes the May 9, 2005 approvals of the Development Agreement for Stormwater, the Development Agreement for Open Space, Parks, and Recreation, and the Development Agreement for Transportation.

BOARD OF COUNTY COMMISSIONERS
KITSAP COUNTY, WASHINGTON



Chris Endresen
Chris Endresen, Chair

ATTEST:

Jan Angel
Jan Angel, Commissioner

Opal Robertson
Opal Robertson
Clerk of the Board

Patty Lent
Patty Lent, Commissioner



MCCORMICK LAND CO

AGMT \$64.00

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Page: 3 of 33
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Kitsap Co, WA

McCORMICK URBAN VILLAGE

DEVELOPMENT AGREEMENT FOR TRANSPORTATION

THIS AGREEMENT is entered into between Kitsap County, a Washington municipal corporation ("the County"), and GEM I LLC, a Washington corporation ("GEM").

RECITALS

A. WHEREAS, GEM is the owner of the undeveloped lands included in the South Kitsap UGA/ULID #6 Sub-Area Plan ("Plan"), known as "McCormick Urban Village"; and

B. WHEREAS, Kitsap County has adopted Kitsap County Code ("KCC") Chapter 17.428, "Master Planning Requirements for the South Kitsap UGA/ULID #6 Sub-Area" to implement the Sub-Area Plan; and

C. WHEREAS, GEM has applied for a Master Plan Approval under Application No 0418788 pursuant to the requirements of KCC Chapter 17.428 for portions of the McCormick Urban Village north of Old Clifton Road designated Urban Cluster Residential, and known as McCormick North Phases I and II; and

D. WHEREAS, Kitsap County Code Section 17.428.060(B)(6) requires that the Master Plan Application include a plan for "the phasing of on and off-site public-street and transportation facilities (e.g., sidewalks, bike and pedestrian trails and paths, bus stops, street lights, traffic signals, utilities or improvements of adjacent streets) consistent with Titles 18 and 19. . . ."; and

E. WHEREAS, Kitsap County Code 17.428.060(B)(6)(c)(ii) requires that the Master Plan Application's transportation analysis "identify potential methods for funding the design and construction of the system improvements needed to serve the affected areas at full build-out"; and

F. WHEREAS, in the Master Plan Scoping Summary Report for McCormick North – Phase I, dated April 21, 2004, the Department of Community Development ("DCD") required that the master plan include a full transportation phasing plan including funding sources for McCormick Urban Village (i.e., the entire area that is subject to the ULID #6 Sub-Area Plan); and

G. WHEREAS, Kitsap County Code Section 4.110.230(C), Independent Fee Calculations, allow developers to submit and the County to approve an independent fee calculation for a particular development that replaces the fees in KCC 4.110.200 or 4.11.210; and

H. WHEREAS, GEM has submitted, as part of the Master Plan Application, the McCormick Urban Village Transportation Plan, which assesses the traffic impacts of and identifies the Kitsap County transportation system improvements needed to support the full build



out of McCormick Urban Village, estimates the costs of constructing the identified system improvements, and calculates the traffic impact fees that represent the development's proportionate share of these system improvements; and

I. WHEREAS Kitsap County has reviewed the McCormick Urban Village Transportation Plan for compliance with all adopted standards and requirements; and

J. WHEREAS, the Kitsap County Departments of Community Development ("DCD") and Public Works have reviewed the fee calculations submitted by GEM as part of the Transportation Plan and determined 1) that the traffic improvements identified in the Transportation Plan and listed here in Exhibit A mitigate the traffic impacts of the full build-out of the McCormick Urban Village; and 2) that the traffic impacts fees set forth in this Agreement fund 100% of the McCormick Urban Village's proportionate share of the estimated costs of the necessary transportation system improvements within the jurisdiction of Kitsap County, as well as contribute to the funding of the regional improvements which are the subject of the regional traffic impact fees already imposed pursuant to KCC Chapter 4.110; and

K. WHEREAS, the parties wish to assure that the traffic impact fees collected within the area of the McCormick Urban Village are expended to fund the required system improvements; and

L. WHEREAS, the parties anticipate that development of McCormick Urban Village will occur over a period of years and that they wish to implement a plan for funding and constructing the required Kitsap County transportation system improvements at such time as impacts occur and improvements are warranted; and

M. WHEREAS, the parties wish to have an assurance that the increase in impact fees provided by this Agreement satisfies Kitsap County's requirements to mitigate traffic impacts projected to occur to the County's transportation system as the result of the build-out of McCormick Urban Village, and

N. WHEREAS, GEM wishes assurance that it will receive impact fee reimbursements, as appropriate, from Kitsap County if and when GEM constructs certain transportation system improvements, which are listed in the Transportation Plan and would otherwise be constructed by Kitsap County; and

O. WHEREAS Kitsap County has jurisdiction over land within unincorporated Kitsap County and is authorized under RCW 82.02.050-.090 and KCC Chapter 4.110 to impose impact fees to pay for system improvements that are reasonably related to the new development; and

P. WHEREAS, RCW 36.70B.170, *et. seq.*, authorizes counties to enter into development agreements providing for, among other things, "development standards and other provisions that shall apply to and govern and vest the development, use, and mitigation of the development."



AGREEMENT

NOW, THEREFORE, the County and GEM agree as follows:

1. **Applicability.** This Agreement applies only to those parcels within the McCormick Urban Village, shown on the map attached as Exhibit C, that are owned by GEM as of the execution date of this Agreement and listed in Exhibit D, and to parcels within the McCormick Urban Village which are acquired by GEM after the date of this Agreement. GEM will notify the County of any such purchase so that the later-purchased parcels can be incorporated into the County's tracking system designed to carry out this Agreement. In accordance with section 19 below, subsequent sales of these parcels will not affect this Agreement's applicability. Any reference to ULID #6 or McCormick Urban Village for purposes of collecting or reimbursement of impact fees shall be limited to the applicable parcels.
2. **County Adoption of Alternative Fees.** Kitsap County hereby adopts, pursuant to KCC 4.110.230(C), the McCormick Urban Village Traffic Impact Fees attached hereto as Exhibit A. Funds generated by fees paid pursuant to Exhibit A shall be expended on transportation system improvement projects listed in Exhibit A, so long as the improvement has been listed on the County's Transportation Improvement Program (TIP) pursuant to Section 3 of this Agreement, provided the portion of the fee designated as the "regional per trip fee" is still to be expended on regional improvements within the applicable service area to the extent that those regional improvements are located outside the McCormick Urban Village, and provided the administrative fee specified in Exhibit A shall be retained by Kitsap County and placed in the general fund. In the event that the fee schedule in KCC 4.110.200 for regional improvements outside the McCormick Urban Village is adjusted in the future, the "regional per trip fee" set forth in Exhibit A shall be adjusted accordingly.
3. **County Inclusion of Projects in Six-Year TIP.** When appropriate, in its annual update of its Six-Year Transportation Improvement Program (TIP), Kitsap County shall include, as warranted, the appropriate transportation system projects from the McCormick Urban Village Transportation Plan. The Conceptual Improvement Phasing Plan in the McCormick Urban Village Transportation Plan shall be reviewed and modified as appropriate at the time of the TIP update, taking into consideration county resources and competing priorities, in order to assure that Kitsap County transportation system improvements anticipated for various portions of the McCormick Urban Village are developed reasonably concurrent with the residential and other uses of McCormick Urban Village and other developments which generate the need for such improvements.
4. **County Construction of Improvements.** As funding allows, Kitsap County (or GEM, pursuant to Section 5 of this Agreement) shall construct the transportation system improvements identified in Exhibit A, according to the McCormick Urban Village Transportation Plan. The County anticipates that GEM will construct the Glenwood Connector Roadway improvement as well as the Clifton Road \ Feigley Road intersection

Development Agreement - 3

improvement except for the traffic signal. The timing of construction of such improvements shall be reviewed and modified as appropriate at the time of specific land use approvals for development within McCormick Urban Village in order to assure that Kitsap County transportation system improvements anticipated for various portions of the McCormick Urban Village are developed reasonably concurrent with the residential and other uses of McCormick Urban Village and other developments which generate the need for such improvements.

5. **GEM Construction of Improvements.** With the County's prior approval, GEM may construct improvements that this Agreement anticipates will be constructed by Kitsap County under Section 4 above. In the event that GEM constructs projects pursuant to this Section, the design and construction thereof shall be coordinated with and approved by the Kitsap County Departments of Community Development and Public Works, shall be subject to Kitsap County permit requirements in effect at the date of application for construction permits, and shall be subject to the requirements of RCW Chapter 39.04 to the extent the improvement can be classified as a public work. As described below, for each such improvement so constructed, GEM may apply for an impact fee reimbursement.

6. **Reimbursement for Construction by GEM.** As allowed by KCC Chapter 4.110 and to the extent funds are available, the County shall reimburse GEM for the cost of construction. Such reimbursement shall be paid from non-regional impact fees actually collected by Kitsap County from development within the McCormick Urban Village pursuant to this Agreement, and other approved sources of funds for construction of County road improvements. The reimbursement from impact fees shall be equal to thirty-five percent (35%) of the sub-area impact fees collected pursuant to this Agreement. These funds shall be paid to GEM after GEM applies for reimbursement for the improvement GEM constructed and the reimbursement amount has been calculated and approved by Kitsap County, and then annually thereafter until the approved reimbursement amount for that project has been fully repaid. If GEM constructs multiple improvements, each reimbursement request will be evaluated separately, and will not increase the percentage reimbursed, but will be added to the total amount to be reimbursed. In the event that GEM constructs more than thirty-five percent of the improvements listed in Exhibit A, the parties will meet and modify, if necessary and as appropriate, the percentage of the sub-area impact fees to be paid to GEM as reimbursement.

In no event shall GEM be entitled to reimbursements pursuant to this Agreement which are in excess of amounts actually spent constructing improvements listed on Exhibit A and in no case shall GEM be reimbursed for improvements not listed on Exhibit A.

These provisions are intended to assure that GEM pays its proportionate share of the cost of the improvements subject to this Agreement through the payment of impact fees and that Kitsap County pays for the share of the cost of the improvements which are attributable to existing traffic and/or traffic generated by other development, consistent with KCC Chapter 4.110 relating to Roads Impact Fees.

7. **Limits on County Authority.** Nothing in this Agreement shall be construed as limiting Kitsap County's authority to assess fees or impose conditions requiring construction of traffic improvements on projects outside the area which is the subject of the McCormick Urban Village.
8. **Projects Outside Kitsap County Jurisdiction.** At such time as Kitsap County enters into a formal agreement regarding funding of transportation improvements with any other jurisdiction, such as WSDOT or the City of Port Orchard, and such agreement provides for the imposition of additional traffic impact fees for specific projects administered by such other jurisdictions, GEM and Kitsap County agree to amend this Agreement so that future development within McCormick Urban Village shall be subject to such additional fees.
9. **Dedication of Right-of-Way.** To the extent that road improvements which occur pursuant to this Agreement require additional right-of-way, GEM will dedicate that portion of the additional right-of-way which is to be located on property owned by GEM or its affiliates. Such dedications shall occur within a mutually agreeable timeframe prior to the bid solicitation for the project requiring the additional right-of-way.
10. **County Adoption of Special Non- Motorized Mitigation Payment.** Kitsap County shall adopt, as a SEPA mitigation measure, the McCormick Urban Village Non-Motorized Mitigation Fee in the amount of \$8.69 per trip as more specifically set forth in the McCormick Urban Village Transportation Plan. This fee is intended to represent a proportionate share payment to address the impacts of the McCormick Urban Village. The revenue from this fee shall be used in part for the design and construction of a regional bike lane along Old Clifton Road between Sunnyslope Drive and the Port Orchard City limits at SR-16, as identified in the Kitsap County Bicycle Facilities Plan (May 2001). The Non-Motorized Mitigation Fee shall be collected in accordance with KCC Chapter 4.110 and in addition to the Traffic Impact Fees described in Section 2 of this Agreement. The timing of the construction of the regional bike lane will be coordinated with other improvements to Old Clifton Road, the schedule for which shall be determined by Kitsap County as set forth in Sections 3 and 4, above.
11. **Concurrency.** Kitsap County agrees that adoption and implementation of this Development Agreement will provide adequate road system capacity for the full build-out of the McCormick Urban Village in accordance with the adopted ULID #6 Sub-Area Plan. A concurrency approval for full build-out of the McCormick Urban Village in accordance with the adopted ULID #6 Sub-Area Plan shall be issued by Kitsap County. No further concurrency applications will be required for future development applications which are consistent with the adopted ULID #6 Sub-Area Plan. Kitsap County reserves the right to require concurrency review and approval for future development within the McCormick Urban Village to the extent that such development exceeds the levels approved by that Sub-Area Plan.
12. **Annexation.** As provided by RCW 36.70B.190, while this Agreement is in effect, "the agreement is binding on . . . a city that assumes jurisdiction through incorporation or



annexation of the area covering the property covered by the development agreement." In the event McCormick Urban Village is annexed or incorporated into a municipality, and the municipality agrees that it is bound by this agreement, all impact fees collected by Kitsap County pursuant to this Agreement that represent the proportional share of the costs for system improvements reasonably related to the McCormick Urban Village regional system improvements that are listed in the Capital Facilities Plan and that are available at the time of annexation shall be conveyed to the municipality for use in funding construction of the necessary transportation system improvements which are the subject of this Agreement.

13. **Vesting Rules.** This Agreement shall remain in effect for all development within the McCormick Urban Village that is listed in the ULID #6 Sub-Area Plan for a period ending 15 years after the completion of construction of all of the improvements listed in Exhibit A. Kitsap County will not impose additional transportation impact fees against development that pays impact fees pursuant to this Agreement except to the extent that the fee for regional improvements outside the McCormick Urban Village is modified as set forth in Section 2. With respect to McCormick North Phase II, South Kitsap School District shall not be required to pay any impact fees now or later established under the provisions of this Agreement so long as the school site is used for school purposes.
14. **Application of KCC Chapter 4.110.** Except as provided under Paragraph 13, the provisions of KCC 4.110, as now or hereafter amended, shall apply to the fees collected pursuant to this Agreement, including but not limited to, establishing procedures for collection of impact fees, requirements regarding the point in time when fees must be paid, adjustments based on the Consumer Price Index, and exemptions from impact fee requirements for certain uses.
15. **Indemnification.** To the fullest extent permitted by law, GEM shall indemnify, defend, and hold harmless the County, its elected and appointed officials, officers, employees and agents from and against all claims, actions, suits, liability, loss, expenses, damages and judgments, including attorneys fees and costs, regarding the collection and/or reimbursement of impact fees pursuant to this Agreement. In the event that a court of competent jurisdiction determines that fees collected pursuant to this Agreement have been improperly collected, the party holding such fees (including any fees that have been paid to GEM as a reimbursement pursuant to this Agreement) shall be refunded to the original payor(s) of the impact fees. In the event that a court of competent jurisdiction determines that the collection of impact fees to pay for any of the road projects listed in Exhibit A is improper, the fee established by this Agreement shall be adjusted accordingly, and the SEPA review process for all subsequent land use approvals for development within McCormick Urban Village shall include an evaluation of the need for and allocation of responsibility for design and construction of the improvements that were originally intended to be constructed using the impact fees established by this Agreement.



16. **Severability.** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, invalid or unenforceable, in whole or in part, the validity of the remaining provisions will not be affected, and the parties' rights and obligations will be construed and enforced as if the Agreement did not contain the particular provision held to be invalid. If any provision of the Agreement conflicts with any statutory provision of the State of Washington, the provision will be deemed inoperative to the extent of the conflict or modified to conform to statutory requirements.
17. **Amendments.** Except as otherwise provided in this Section, no change or modification of this Agreement shall be valid unless the same is in writing and is signed by the authorized representatives of Kitsap County and GEM. No purported or alleged waiver of any of the provisions of this Agreement shall be binding or effective unless in writing and signed by the party against whom it is sought to be enforced.
18. **Serious Threat to Public Health and Safety.** Pursuant to RCW 36.70B.170(4), the County reserves the authority to impose new or different regulations to the extent required by a serious threat to public health and safety.
19. **Binding Effect.** This Agreement shall be recorded with the Kitsap County Auditor and shall inure to the benefit of and be binding upon the heirs, personal representatives, successors and assigns of the parties hereto. Any city that assumes jurisdiction through incorporation or annexation of the area subject to this Agreement shall also be bound to this Agreement, pursuant to RCW 36.70B.190. A list of parcels subject to this Agreement as of the date of execution of this Agreement is attached hereto as Exhibit D.
20. **Relationship of the Parties.** Notwithstanding any other provision of this Agreement, or any other agreements, contracts, or obligations which may derive herefrom, nothing herein shall be construed to make the County or GEM partners or joint venturers, or to render any other parties liable for any of the debts or obligations of the other parties, it being the intention of this Agreement merely to create the agreements set forth herein with regard to transportation improvements to mitigate the traffic impacts of the McCormick Urban Village.
21. **Applicable Law and Venue.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Any action with respect to this Agreement shall be brought in Kitsap County Superior Court, Port Orchard, Washington.
22. **Multiple Originals.** This Agreement may be executed in multiple copies, each of which shall be deemed an original.
23. **Construction.** The captions throughout this Agreement are for convenience and reference only and the words contained in them shall not be held to expand, modify, amplify or aid in the interpretation, construction or meaning of this Agreement. All parties hereto have been represented by legal counsel and accordingly hereby waive the general rule of construction that an agreement shall be construed against its drafter.

EXECUTED by the parties on the dates hereinafter indicated.

DATED: 4/25/05

KITSAP COUNTY BOARD OF COMMISSIONERS



[Signature]
CHRIS ENDRESEN, Chair

ATTEST:

[Signature]
IAN ANGEL, Commissioner

[Signature]
Opal Robertson
Clerk of the Board

[Signature]
PATTY LENT, Commissioner

APPROVED AS TO FORM:

COPY

By: [Signature]
Deputy Prosecuting Attorney

Date: 4-25-05

GEM 1, LLC

By: [Signature]
Scott D. Wolcott
Managing Member

Its: _____

Date: 4-18-05

California PAO
STATE OF WASHINGTON)
Sacramento PAO
COUNTY OF KITSAP)

ss.

I certify that I know of have satisfactory evidence that Scott D. Wolcott is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledge it as the

Development Agreement - 8



200510210280

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10/21/2005 02:58P

McCORMICK & LAND CO

AGMT \$64.00 Kitsap Co, WA

Managing Member of GEM 1, LLC to be the fee and voluntary act of such party for the purposes mentioned in the instrument.

SUBSCRIBED AND SWORN to before me this 18th day of April 2005.



P. A. O'Halloran
NOTARY PUBLIC in and for the State of
California Washington, residing at Sacramento.
My appointment expires: 01/01/09.

APPROVED AS TO FORM:

By: [Signature]
Attorney for GEM 1, LLC

Date: 4-18-05

COPY

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Page: 12 of 33
10/21/2005 02:58P
MCCORMICK LAND CO
AGMT \$64.00 Kitsap Co, WA

EXHIBIT A

	GEM's Proportionate Share ¹
Clifton \ Sunnyslope intersection	126,000
Clifton \ Feigley intersection	235,000
Clifton \ Campus Parkway intersection	371,000
Clifton \ McCormick Woods Drive intersection	110,000
Clifton \ Anderson Hill Road intersection	173,000
Clifton \ Berry Lake Road intersection	165,000
Glenwood Connector Roadway ²	2,000,000
Sunnyslope Road Widening	384,000
Clifton Road Widening	2,000,000
sub-total	5,564,000
Contingency @ 30%	1, 669,200
Total	7,233,200
# of Trips	50,380
Sub-area Per Trip Fee	\$143.57
County administrative fee (1% of sub-area per trip fee)	\$1.44
Regional Per Trip Fee	\$4.56
Total Per Trip Fee	\$149.57

* Does not include the Non-Motorized Fee established pursuant to Section 10.

¹ GEM's Proportionate Share has been calculated using the percent of the impacts on transportation created by the McCormick Village as set forth in the ULID #6 Environmental Impact Statement.

² The Glenwood Connector Roadway will be designated as a system improvement to support the full build-out of McCormick Village. The McCormick Village's fair share of the improvement is 100%. The Glenwood Connector Roadway is not a public work for purposes of RCW chapter 39.04.

EXHIBIT B

MCCORMICK URBAN VILLAGE TRANSPORTATION PLAN

Development Agreement - 11



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McCormick Urban Village Transportation Plan

April 25, 2005

Introduction

This Transportation Plan defines transportation improvement needs and an implementation program to support full build out of McCormick Urban Village. The Transportation Plan was prepared pursuant to the requirements of KCC 17.428.060(6), and includes the following components:

- Transportation Analysis
- Transportation Phasing Program
- Independent Roads Impact Fee Calculation

The transportation analysis identifies project transportation impacts and the improvements that will be needed to support full build out of McCormick Urban Village, consistent with the *South Kitsap UGA/ULID#6 Sub-Area Plan*¹.

In addition to identifying transportation improvement needs, the Transportation Plan presents an initial program for phasing improvements based on a conceptual development phasing strategy. The transportation phasing program will be reevaluated and modified, if necessary, as the McCormick Urban Village plan is implemented through master planning and other public permitting processes, in order to assure that transportation improvements occur concurrently with the development which creates the need for the improvements.

The Transportation Plan also includes a proposed program for funding the needed transportation system improvements through modification of the County's Roads Impact Fee. The impact fee program is intended to provide a systematic process for funding transportation improvements to meet County requirements. Consistent with current Kitsap County policy, the proposed program for funding includes the required Kitsap County transportation system improvements.

A *Development Agreement for Transportation* has been drafted to implement this Transportation Plan.

Transportation Analysis

The transportation analysis for the McCormick Urban Village identifies the transportation system needed to support build out of the Sub-Area Plan. It is consistent with the overall transportation needs and strategies identified in the McCormick Urban Village Plan and EIS. This transportation analysis expands the analysis contained in the Plan and EIS to address the specific needs of the McCormick Urban Village. It differs from the analysis contained in the South Plan and EIS to the extent that it does not identify or plan for build out of other potential major developments such as the South Kitsap Industrial Area (SKIA) and the Northwest

¹ The *South Kitsap UGA/ULID#6 Sub-Area Plan*, now known as the *McCormick Urban Village Plan*, was adopted by Kitsap County on December 8, 2003.



Corporate Campus, which will be the subject of separate transportation analyses specific to the impacts of those developments.

The transportation analysis is presented as follows:

- Access and Circulation
- Roads Improvement Plans
- Non-motorized Transportation Facilities
- Transit Service Plan
- Transportation Demand Management Program

Access and Circulation

Old Clifton Road is and will continue to serve as the primary arterial connection between the McCormick Urban Village and the regional transportation system. Old Clifton Road is an east-west corridor, currently classified by the County as a minor arterial. It currently has two travel lanes, with turn lanes at some intersections. To the east of the project site it connects to Tremont Street, which provides access to/from the City of Port Orchard, and to SR-16, which is the state highway connecting Kitsap County to Pierce County, Tacoma and the I-5 corridor. To the west, Old Clifton Road connects Sunnyslope Road and SR-3, the state highway connecting south Kitsap County to central and north Kitsap County, and to Mason County.

A new collector road from the southeast portion of the existing McCormick Woods development to/from Glenwood Road and the SR-16 interchange at Sedgwick Road also is required and will be constructed by January 2006. This connection will serve as an additional access between the McCormick Urban Village and other parts of the Kitsap County road system.

Some of the Village development sites will access Old Clifton Road from existing streets. These include Anderson Hill Road, McCormick Woods Drive, and Feigley Road.

Anderson Hill Road is a north-south, minor arterial north of Old Clifton Road. It is located on the east side of the Master Plan. Only right-turn movements are allowed to/from Anderson Hill Road at SR 16. This route provides ingress to the Master Plan from Bremerton and other areas to the north. Traffic traveling north from the McCormick Urban Village will use Old Clifton Road to connect to SR-16 or will connect to SR-3 via Sunnyslope Road. Anderson Hill Road has two travel lanes and unpaved shoulders. A stop sign provides traffic control at the approach of Anderson Hill Road to Old Clifton Road. Traffic on Old Clifton Road is not presently controlled at this location.

McCormick Woods Drive is a two-lane roadway that provides access and circulation to the existing McCormick Woods residential and golf course development south of Old Clifton Road. At the intersection with Old Clifton Road, McCormick Woods Drive is stop sign controlled. Traffic on Old Clifton Road is not presently controlled at this location.

Feigley Road is a narrow, two-lane roadway with no shoulders. It is located north of Old Clifton Road and connects to Gorst and to the City of Bremerton. Only right-turn movements are allowed to and from Feigley Road at SR-16. A stop sign on Feigley Road controls traffic at its



intersection with Old Clifton Road. Traffic on Old Clifton Road is not presently controlled at this location.

The conceptual land use plan for the McCormick Urban Village identifies additional circulation and access roadways which will be needed to support the full development of the McCormick Urban Village. In order to create a usable parcel for a school site, the existing "old" Feigley Road will be cul-de-sac'd approximately 1,000 feet north of Old Clifton Road and a new extension of Feigley will be constructed along the east boundary of the school site, intersecting Old Clifton Road approximately 1,500 feet east of the existing intersection.

A new access and circulation road system will also be developed within the McCormick West area, including a connection between the new roads in McCormick West and existing McCormick Woods Drive. This connection would provide for local circulation within major areas of the Master Plan without requiring travel on Old Clifton Road. This will enhance connectivity between the residential areas and the village center, community center, parks, and golf course, provide a secondary access point to both McCormick Woods and McCormick West, and reduce potential impacts on Old Clifton Road.

Internal access and circulation roads will be developed as part of the application for each development area. These will include on-site circulation roads and new intersections with Old Clifton Road, Feigley Road, and Anderson Hill Road. The objective is to provide a limited number of new access points along Old Clifton Road to help maintain the capacity and safe operational status of the arterial while providing adequate accessibility for the development.

Roads Improvement Plan

Road improvements that will be required to accommodate the additional traffic generated by the Master Plan were identified based on the proposed development as shown in Table 1. The table identifies the number of vehicle trips that would be generated by each development component. Full build out of the McCormick Urban Village will generate an estimated total of 4,935 trips during the PM peak hour and 50,380 trips per day.

Table 1: Proposed Development and Trip Generation

Development Component	Amount (1)	PM Peak Hour Trips	Daily Trips
McCormick Woods Conference Center		122	1,630
Unbuilt McCormick Woods	471 du's	476	4,740
McCormick North Phase 1 (East)	500 du's	505	5,030
McCormick North Phase II (Feigley)	200 du's	202	2,010
McCormick Woods West	1750 du's	1768	17,610
Village Residential (Multi-Family)	680 du's	422	4,490
Village Business Park	40 Acres	674	5,990
Village Retail	6 Acres	244	2,810
McCormick Woods Retail	4 Acres	163	1,870
Jr High and High Schools	2,500 students	359	4,200
Total		4,935	50,380

(1) The maximum total number of units allowed in McCormick Urban Village (including existing units in McCormick Woods) is 4,162. A slightly higher number of units has been assumed for the purposes of this analysis only.



The development-generated traffic was distributed to the vicinity road system using the same distribution model that was used in the transportation analysis for the McCormick Urban Village Plan. Traffic operations at each affected intersection in the area were evaluated to identify the improvements which will be needed to accommodate the proposed development. Potential intersection improvements that resolve deficiencies are shown in Figure 1 and listed in Tables 2 and 2a. Also included are proposed road widenings for Sunnyslope Road and Old Clifton Road, consistent with the Plan and EIS. Table 2 lists the transportation system improvements within Kitsap County's jurisdiction; Table 2a lists the improvements outside the County's jurisdiction. Kitsap County may choose to require alternative designs for improvements. These could include use of roundabouts instead of traffic signals and channelization.

Table 2: Improvements Within Kitsap County's Jurisdiction

Location	Urban Village Pro-Rata Share (1)	Anticipated Construction Year
Clifton / Sunnyslope Intersection	\$126,000	2011
Clifton / Feigley Intersection	\$235,000	2005
Clifton / Campus Parkway Intersection	\$371,000	2006
Clifton / McCormick Woods Dr Intersection	\$110,000	2009
Clifton / Anderson Hill Rd Intersection	\$173,000	2006
Clifton / Berry Lake Rd Intersection	\$165,000	2006
Glenwood Connector Roadway (2)	\$2,000,000	2005
Sunnyslope Road Widening	\$384,000	2020
Clifton Road Widening	\$2,000,000	2020
Subtotal	\$5,564,000	
Engineering & Contingency (30%)	\$1,669,200	
Total	\$7,233,200	

(1) Costs are in 2004 dollars and are planning level estimates that do not include potential costs for right-of-way acquisition, utility relocation, major structural work, or major environmental mitigation. The inclusion of 30% for engineering plus contingency costs is to allow for right-of-way acquisition outside of GEM/MLC ownership, design, and environmental mitigation. Kitsap County may choose to require alternate designs for improvements, such as roundabouts.

(2) The Glenwood Collector Roadway (a new road) is an addition to the Kitsap County road system. With designation of the McCormick Urban Village within the South Kitsap Urban Growth Area in 2003, which is planned for a mixed-use community of over 4,000 housing units, village center, business park, and recreational uses, this "connector" should be designated as part of the Kitsap County road system. The entire (100%) estimated cost of construction, \$2,000,000, is included in the Urban Village Pro-Rata Share cost.



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Table 2a: Improvements Outside of Kitsap County's Jurisdiction

Location
SR-3 / Lake Flora Intersection
SR-3 / Sunnyslope Intersection
Clifton / SR-16 SB Intersection
Clifton / SR-16 NB Intersection
Treemont / Pottery Intersection
Sedgwick / SR-16 NB Intersection

Table 2 also includes estimated costs for the improvements within Kitsap County's jurisdiction. The pro-rata share is the ratio of Village-generated traffic to total traffic at the intersection during the PM peak hour. The pro-rata share ratio was applied to the total improvement cost to arrive at the share of the cost attributable to Village traffic. Total pro-rata share costs of the required transportation improvements within Kitsap County's jurisdiction are estimated at approximately \$7,233,200 to address impacts of the McCormick Urban Village.

Transportation Concurrency

An application for a Certificate of Concurrency is part of this Plan. Concurrency is included in the draft *Development Agreement for Transportation*.

The concurrency standard in Kitsap County is based on level of service (LOS) for road segments. The Kitsap County standard for urban road segments is LOS D or better. Level D means that the road segments must meet a volume-to-capacity ratio of less than 0.90. That is, the projected traffic must be less than ninety percent (90%) of the road capacity.

As applied to the McCormick Village, the concurrency test applies to Old Clifton Road. Capacity for Old Clifton Road is estimated to be 24,000 vehicles per day with the intersection improvements that to be constructed as part of this Plan. As shown in Table 3, the volume-to-capacity ratios along Old Clifton Road with the proposed improvements would be less than 0.90 and, therefore, would meet the County's Concurrency standard.

Kitsap County does not have level of services standards for intersections. Nevertheless, because this is a standard commonly used in other parts of the region, an analysis was conducted to confirm the adequacy of Old Clifton Road with the proposed intersection improvements.

The intersection level of standard commonly used elsewhere in urban areas in the region is Level E. In some places it is Level D. As shown in Table 2, all intersections would operate at LOS D or better with the proposed improvements at full build-out of McCormick Village. This further confirms the adequacy of Old Clifton Road with the proposed intersection improvements and full build-out of McCormick Village.

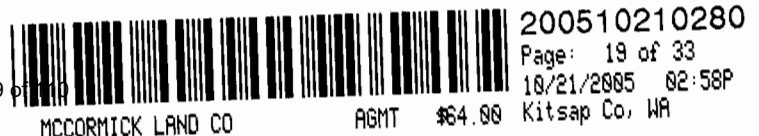


Table 3: Roadway Volume-to-Capacity Ratios

Location	Capacity	Average Daily Traffic (1)	Volume-to-Capacity (v/c)
Clifton west of SR-16 Ramps	24,000	16,100	0.67
Clifton west of Berry Lake	24,000	19,400	0.81
Clifton west of Anderson Hill	24,000	20,500	0.85
Clifton west of McCormick Woods Dr	24,000	18,800	0.78
Clifton west of Campus Pkwy	24,000	18,200	0.76
Clifton west of Felgley	24,000	16,000	0.67

(1) Average Daily Traffic with build out of McCormick Urban Village.

Non-Motorized Transportation Facilities

Pedestrian and bicycle facilities will be provided throughout the McCormick Urban Village. These improvements are identified in more detail in the McCormick Urban Village Parks, Open Space and Recreation Plan.

In addition to the on-site pedestrian and bicycle facilities, a regional bike lane has been proposed along Old Clifton Road between Sunnyslope Drive and the Port Orchard City limits at SR-16. The bike lane is identified in the Kitsap County Bicycle Facilities Plan (May 2001). To assist Kitsap County in funding and constructing this regional bike lane, the McCormick Urban Village has included the improvement in its transportation mitigation program. A voluntary "nonmotorized transportation mitigation payment" that would apply only to the McCormick Urban Village is proposed for adoption by the KCBOCC. Table 4 shows the estimated cost of this project.

Table 4: Non-Motorized Mitigation Payment

Non-Motorized Improvement	Total Cost (1)	Urban Village Pro-Rata Share (2)	Urban Village Pro-Rata Share Cost	Cost per Trip (3)	Cost per Single Family DU Equivalent (4)
Bike Lane (Old Clifton Rd)	\$875,000	50.0%	\$437,500	\$8.68	\$87.32

(1) Bike lane improvement per Bicycle Facility Plan (May 2001, Kitsap Co Public Works). Cost estimate based on the \$832,000 cost (2001 dollars) identified in the plan and inflated by approximately 5% to 2004 dollars.

(2) Pro-Rata share based on total length of bike lane of 3.6 miles, of which 1.8 miles (50%) will be within the Urban Village boundaries.

(3) Cost per trip is total cost divided by the 50,380 daily trips that would be generated by the Urban Village (see Table 1).

(4) Cost per Single-Family DU equivalent is based on 10.06 daily trips per DU, which is consistent with the existing and proposed impact fee methodology.

A major pedestrian/bicycle crossing of Old Clifton Road also will be developed as part of McCormick Urban Village. This crossing will provide a safe connection between residential, commercial, business park and recreational uses north of Old Clifton Road with those south of the arterial. The crossing will likely be developed at the intersection of McCormick Woods Drive and Old Clifton Road, although this may change depending on the timing of development of the various portions of the McCormick Urban Village. The specific location of the crossing will also depend on the final plan for pedestrian and bicycle trails, which will be identified during the review process for the pending Master Plan approval for McCormick North. The specific design for the crossing (e.g. crosswalk, in-pavement lighting, flashing beacons) will be also be determined at the time of the approval of the adjacent development parcels.

Transit Service Plan

Transit service for McCormick Urban Village will initially be limited due to the relatively low levels of development in the McCormick Urban Village area. As various phases of the Urban Village are developed, potential ridership will increase and transit service will become more viable to serve the residential, business park, and school components of the Plan. Transit service and facilities will be developed over time based on the type, location, and level of development. The following elements will be incorporated into the McCormick Urban Village Master Plan, in cooperation/coordination with Kitsap Transit:

- A major transit focal point or station will be defined for a central point within the Village. The Village Center or other similar type of location would be the most likely appropriate location for this facility. The size of the transit station would be phased based on the level of development and the amount/type of service provided by Kitsap Transit. Kitsap Transit has identified a potential need for at least six bus zones. The transit station would also have covered waiting areas and provide for "Kiss and Ride" drop-off locations.
- Neighborhood transit loops may be developed by Kitsap Transit as development warrants. This would also provide a feeder service to the transit station. These feeder routes would provide better access to transit for areas located beyond walking distance from the transit station and better service for people with mobility limitations that prevent them from accessing the transit station on foot or by bicycle.
- The on-site system of sidewalks trails will be defined to support access to the transit station and potential neighborhood feeder service.
- Kitsap Transit service to/from the McCormick Urban Village will likely initially connect with the Port Orchard Intermodal Terminal where connecting service would be available to the WSF passenger-only ferry, Puget Sound Naval Shipyard, and other transit destinations in Kitsap County. As other areas, such as the SKIA employment center, are developed, direct transit service to these areas may be initiated by Kitsap Transit to reduce overall travel demands in south Kitsap County. The proposed transit system improvements in McCormick Urban Village are designed to accommodate and facilitate this potential expansion of the regional transit system.
- Land uses in the vicinity of the transit station will take into consideration the availability of transit service and will provide pedestrian and bicycle connections to/from the station.

Transportation Demand Management Program

The Transportation Demand Management Program (TDMP) for the site will consist of elements for residential and business park uses. The TDMPs would be coordinated with Kitsap Transit commuter programs and transit service.

Residential TDMP

The residential TDMP will be based on Kitsap Transit's current commuter programs. A link from the McCormick Village homeowners' association website to the Kitsap Transit web page



will be provided to encourage use of the available services. The focus of the residential TDMP through Kitsap Transit will be:

- Carpool/Vanpool matching
- Transportation information centers in the transit station, village center, and community center.
- Promotional events coordinated between the McCormick Village homeowners association, as well as business owners in McCormick Village Center and Kitsap Transit

Employment TDMP

As the business park site and commercial component of the McCormick Village Center are developed, a specific TDMP will be implemented. The TDMP will be coordinated with Kitsap Transit and will consider the following elements, as applicable to each phase of the business park development:

- Establish a Transportation Coordinator for the business park that would coordinate programs with Kitsap Transit and other Transportation Management Associations.
- Providing preferential parking for carpools and vanpools.
- Providing bicycle parking areas/facilities and possible changing areas/showers.
- Commuter ride match programs.
- Alternative work schedules and/or flex time programs,
- Potential for subsidized transit fare or vanpool charges and/or parking incentive programs for employees that rideshare, bike, or walk.
- On-site amenities such as places to eat, ATM machines, daycare facility, or other items that can reduce overall travel demand.
- Guaranteed ride home program for employees who ride transit, carpool, vanpool or commute by other modes.



Transportation Phasing Program

A conceptual phasing plan for the proposed development within McCormick Urban Village has been prepared in order to coordinate a potential phasing plan for construction of the improvements that will be needed to support the development. The conceptual phasing plan is summarized in Table 5. For the purposes of the conceptual plan, proposed development for McCormick Urban Village has been separated into phases reflecting development levels that would generate approximately 5,000 daily trips per phase. Phases 1 and 2 are exceptions to this assumption because they reflect the actual plat application and site development application that are currently proposed for the McCormick North area and the level of potential development associated with those two phases has been established. Phase 1 also includes the unbuilt 471 units in the vested McCormick Woods development that has already received a Concurrency Certificate.

Table 5: Conceptual Development Phasing Plan

Phase	Component	Dwelling Units (1)	Other Uses	Total Daily Trips
1	McCormick Woods (unbuilt)	471		9,770
	McCormick North Phase 1	500		
2	McCormick North Phase 2	200		2,010
3	McCormick West	500		5,030
4	McCormick West	250	4 Acres	6,020
	McCormick Woods Retail Conference Center			
5	McCormick West	500		5,030
6	McCormick West	250	2,500 Students	6,710
	Jr High & High Schools			
7	Village Residential (multi-family)	340	3 Acres	5,150
	Village Retail		10 Acres	
	Village Business Park			
8	McCormick West	250	3 Acres	5,420
	Village Retail		10 Acres	
	Village Business Park			
9	Village Residential (multi-family)	340	20 Acres	5,240
	Village Business Park			
Total		3,601		50,380

(1) The maximum total number of units allowed in McCormick Urban Village (including existing units in McCormick Woods) is 4,162. A slightly higher number of units has been assumed for the purposes of this analysis only.

Table 6 lists the intersections where improvements will be needed and identifies the development phase when it is anticipated that the improvements will be required. The improvements shown in the table are consistent with those shown in Table 2. The specific development phase at which an improvement will be required may vary from that shown in the table depending on the actual size of each phase of development of McCormick Urban Village at the time of permit applications. Intersection improvements may be phased, provided that a preliminary conceptual engineering design for full build-out of an intersection will be completed in the first phase. Decisions about the extent of each improvement phase will be determined in cooperation between Kitsap County and the applicant. The decision on phasing will be based on the specific needs to mitigate the impacts of that project phase, other development, and cost effectiveness of constructing individual elements of the full improvement.

Table 6: Conceptual Improvement Phasing Plan

Improvement Location	Phase of Development Required	Anticipated Year
Improvements Within Kitsap County's Jurisdiction:		
Clifton / Sunnyslope	6	2011
Clifton / Feigley	6	2005
Clifton / Campus Pkwy	3	2006
Clifton / McCormick Woods Dr	4	2009
Clifton / Anderson Hill	1	2006
Clifton / Berry Lake	3	2006
Glenwood Connector Roadway	1	2005
Sunnyslope Widening	See Note (1)	2020
Clifton Widening	See Note (1)	2020
Improvements Outside Kitsap County's Jurisdiction:		
SR-3 / Lake Flora	8	2018
SR-3 / Sunnyslope	3	2006
Clifton / SR-16 SB Ramps	1	2006
Clifton / SR-16 NB Ramps	Existing Need	Existing Need
Treemont / Pottery	4	2009
Sedgwick / SR-16 NB Ramps	8	2018

(1) The needs for the Sunnyslope and Clifton widenings are dependent on development outside of the Urban Village. However, a pro-rata share of the widenings are included as part of the Urban Village Transportation Plan and the proposed independent fee calculation.

Independent Roads Impact Fee Calculation

The McCormick Urban Village Plan development regulations requires that the transportation plan identify potential methods for funding the design and construction of system improvements needed to serve the area (Section 17.428.060.B.6.c.i). The Plan also states that no development within the Village may be approved unless funding for required improvements is provided by the County's Transportation Improvement Program (TIP) or a commitment is in place that developers will provide the improvements within the timelines established by the County's Concurrency requirements (KCC. 20.04.020(8)).

For purposes of this Transportation Plan, an alternative mitigation fee schedule, adopted pursuant to the Kitsap County Road Impact Fee Ordinance (KCC 4.110.200), is proposed as the mechanism for funding the system improvements needed to serve the McCormick Urban Village development. Under KCC 4.110.200, if the County's current impact fee schedule would not "accurately describe or capture the impacts of a new development on roads", then an independent fee calculation may be submitted to the Kitsap County Director of Public Works for review (KCC 1.110.230). The independent fee calculation must be based on the formulas and methodologies as those used in the County's impact fee program.

This section of the Transportation Plan presents the proposed independent fee calculation for development of the McCormick Urban Village. It is organized as follows:

- Overview of County Roads Impact Fee Methodology.
- Independent Impact Fee Calculation
- Application of Fee for McCormick Urban Village
- Summary

Overview of County Roads Impact Fee Methodology

Kitsap County originally adopted impact fees for roads in 1992. The roads impact fee schedule was updated in May, 2004. The methodology for the updated fees is documented in Rate Study for Impact Fees for Roads, Henderson Young & Company, May 16, 2003. This document is referred to as the Roads Study in the County Code. The Roads Study results in a fee per new daily trip added to the road system and converts this fee to a cost per unit of development (e.g. per dwelling unit, or per 1,000 square feet of commercial or office space, or other measure) as applicable for various land use categories. A factor is applied to reduce the fee calculated in the Roads Study to arrive at the final fee. (KCC 4.110.200) The following provides an overview of the County's current fee calculation for the McCormick Urban Village. Table 7 presents the calculations in tabular form.



Table 7: Existing Fee Calculation (Per KCC 4.110.200)

Total McCormick Urban Village Improvement Costs	\$5,980,000
County Improvements - Lake Flora & Glenwood Rds	\$100,000
Total Improvement Costs	\$6,080,000
Less Existing Revenue	\$68,289
Less 20% Local Share	\$1,202,342
Unfunded Costs	\$4,809,369
Additional Trips	23,349
Cost per Trip - Roads Service Area 3	\$207
Cost per Trip - Regional Service Area	\$20
Total Cost Per Trip	\$227
Service Area 3 Factor	22.8%
Regional Service Area Factor	22.8%
Total Service Area 3 Fee	\$51.74
Fee per Single-Family DU Equivalent	\$520.50

Note: Values shown are taken from the Roads Study and the ordinance. They do not calculate directly due to rounding.

Service Areas

To calculate the standard impact fee for roads, the County has been divided into four geographic districts, or road service areas. The McCormick Urban Village development is located in Road Service Area 3, which covers South Kitsap County. In addition, a Regional Road Service Area is defined that covers two transportation improvements to the State Highway system. A portion of the regional service area improvement costs is allocated to development in each of the four Road Service Areas.

Improvement Projects

The Roads Study includes costs of the following three projects in Service Area 3 in the calculation of the impact fee:

- SW Old Clifton Road (SR16 to Sunnyslope Road) \$5,980,000
- SW Lake Flora Road (SR3 to Glenwood Road) \$50,000
- Glenwood Road SW (Lake Flora Road to City Limits) \$50,000

The improvement to Old Clifton Road and its costs were derived from the transportation analysis for the ULID #6 Subarea Plan and EIS. The project subject to the impact fee is a series of improvements at five intersections along Old Clifton Road. These improvements were identified based on a preliminary review of improvements that should be considered in the County's 2003-2008 Six-Year Transportation Improvement Program (TIP). (The specific intersection improvements are identified in Transpo's June 27, 2002 memorandum from Milton Lim to Randy Casteel)



The \$50,000 included for each of the other two improvements covers only the initial design and/or environmental analysis for the projects. As the projects become more defined the County will probably update the fee schedule to include the additional costs of construction of these projects.

Project Costs Included in Impact Fee

Kitsap County does not include the full costs of the identified projects in the standard impact fee program. The project costs were adjusted to account for existing deficiencies, secured or potential available revenues, and an allocation of local fuel tax revenues to support growth.

The three projects identified for Service Area 3 total \$6,080,000. Based on Kitsap County's analyses, there are no existing deficiencies for these projects that require adjustments to the costs. The County has identified \$68,289 in previously secured funding for Old Clifton Road. As part of the current impact fee program, the County has established a local funding allocation of 20 percent of the growth share of the improvement cost after subtracting secured or potential funding. The local funding allocation is essentially a County policy commitment to fund 20 percent of growth's share of project cost through fuel taxes.

After these adjustments, the growth share of costs for Service Area 3 is \$4,809,369.

Roads Impact Fee

The \$4,809,369 in growth's share of improvement costs for Service Area 3 was used to calculate the fee per new growth trip, which forms the basis for the roads impact fee. The County's model estimates that there would be 23,349 new daily trips generated in Service Area 3. The forecast is based on a 2012 horizon year and was developed prior to adoption of the ULID #6 Subarea Plan.

The \$4,809,369 was divided by the 23,349 new daily trips to arrive at a cost of \$207 per daily growth trip. An additional \$20 per growth trip is added to all service areas to cover the regional service area improvements. This results in a total of \$227 per growth trip for new development in Service Area 3.

The \$227 per growth trip is converted into a cost per unit of development using average trip generation rates. The trip generation rates are adjusted to account for "pass-by" trips, resulting in a fee per net new trip generated by growth.

In its impact fee ordinance, Kitsap County adjusted the fees by applying a factor to each of the service areas to reduce the fee per growth trip. For Road Service Area 3, the factor was 22.8 percent. The factor is applied to both the Service Area 3 and regional Service Area costs, resulting in a fee of \$51.74 per trip. This factor also carries through to the cost per unit of development.

Independent Fee Calculation

As required by County Ordinance, the Independent Fee Calculation for ULID #6/McCormick Urban Village is based on the same formula and methods used in the County's impact fee



calculation. The ULID #6 fee calculation varies from the County's program for Roads Service Area 3 in the following three ways:

- Revised Improvement Projects and Costs
- Number of Growth Trips Based on current projected McCormick Urban Village Land Uses
- Ordinance Reduction Factor

The following Table 8 identifies proposed Independent Fee Calculation.

Table 8: Proposed ULID #6 Independent Fee Calculation

Total Urban Village Pro-Rata Share Improvement Costs (1)	\$7,233,200
Additional Trips From Urban Village	50,380
Cost per Urban Village Trip	\$143.57
Regional Service Area Fee per Trip	\$4.56
Total Cost Per Urban Village Trip	\$148.13
Fee per Single-Family DU Equivalent	\$1,490.19

(1) Total Pro-Rata Improvement Costs are for required improvements within Kitsap County's jurisdiction and does not include potential improvements in the study area in WSDOT and Port Orchard jurisdictions.

Revised Improvement Projects and Costs

Kitsap County's adopted Road Impact Fee for Service Area 3 is based on a project list identified in the 2003-2008 TIP. Completion of the projects in the TIP list would not support full development of McCormick Urban Village. The ULID #6 Sub Area Plan and EIS identified improvement projects to serve the ULID #6 sub area in conjunction with potential development of other properties such as the South Kitsap Industrial Area (SKIA) and the Northwest Corporate Campus.

As previously shown, Table 2 summarized the improvement projects needed to serve full development of ULID #6. The planning level construction cost of these projects attributable to traffic that would be generated by the Urban Village Master Plan and that are within Kitsap County's jurisdiction is \$5,564,000 in 2004 dollars. The estimate is exclusive of costs for engineering and design, right-of-way acquisition, utility relocation, major structural work, and major environmental work. As shown in Table 2, allowances for engineering costs and a contingency to cover other potential project costs have been added to the planning level construction costs. This results in a total estimated cost of \$7,233,200 for the improvement projects, which is approximately 20 percent greater than the \$5,980,000 interim cost estimate used in the County's adopted Road Cost Impact Fee Calculation.

Number of Growth Trips Based on Currently Projected McCormick Urban Village Land Uses

The County's Road Impact Fee was based on land uses in South Kitsap County assumed prior to the adoption of the ULID #6 Subarea Plan. At full build out the ULID #6 Sub-Area Plan will

have a significantly higher trip generation rate than the County's previous forecasts for Service Area 3 due to the increase in population allocation to the sub area.

A summary of land use assumptions and resulting daily trip generation for the sub area was previously shown in Table 1. These land use and trip generation were used to determine the transportation improvements needed to complete development of the McCormick Urban Village. The McCormick Urban Village is projected to generate 50,380 additional daily trips. This is more than double the 23,349 growth trips used in the County's impact fee calculation for Service Area 3.

Independent Fee Calculations

Dividing the resulting growth share of the improvement costs by 50,380 growth trips results in a fee of \$143.57 per daily growth trip. The Regional Service Area fee of \$4.56 would be added to the proposed new impact fee, for a total McCormick Urban Village impact fee of \$148.13. This is almost triple the \$51.74 fee under the existing fee program. The proposed \$148.13 per trip fee would result in a fee of \$1,490.19 per single-family dwelling unit equivalent for the McCormick Urban Village.

Application of Fee to McCormick Urban Village

For each development within the McCormick Urban Village, the applicant would pay the County a roads impact fee to mitigate its impacts to the surrounding County road system. The fee would be based on the \$148.13 per new daily growth trip.

The \$148.13 fee per trip would be converted into a fee per development unit based on the trip generation rates and percentage of new trips used to calculate the impact fees used in the current ordinance.

Road impact fees will not be assessed against the public schools included in the pending Master Plan. Public schools are exempt from Kitsap County's impact fees (4.110.030). Kitsap County will be responsible for funding the share of improvements costs that would otherwise be collected for the public schools.

Kitsap County will include appropriate projects from the McCormick Urban Village improvement list (Table 2) in its annual update of its six-year Transportation Improvement Program (TIP). The County will identify appropriate projects for the TIP based on the preliminary phasing plan presented in this study (see Table 6) and subsequent traffic analyses that may be prepared for individual phases of the McCormick Urban Village and other relevant policies and data. Phasing of the improvements will be determined in cooperation between Kitsap County and the applicant and will be based on the specific needs to mitigate the impacts of that project phase, other development, and cost effectiveness of constructing individual elements of the full improvement. The County will apply the McCormick Urban Village impact fee funding to design and construct the improvements. Per KCC 4.110.070, the fees must be expended or encumbered within six years of receipt. If the County fails to expend or encumber the impact fees within six years of when the fees were paid, the applicant may receive a refund pursuant to KCC 4.110.090.



If funding from the McCormick Urban Village impact fee and other County funding sources (i.e., fuel taxes) is not sufficient to cover all improvements needed to support a current project phase, then the applicant could choose to construct the improvement itself or provide additional funding to enable the County construct the needed improvements. The County would credit or reimburse the applicant for funding provided by the applicant that is in excess of its proportionate share of the cost. All other provisions of KCC 4.110 related to Roads Impact fees, including fee escalation, will apply to development in the McCormick Urban Village.

Summary

The County's current roads impact fee program will not be adequate to fund transportation improvements in a timely manner which are needed to support development of McCormick Urban Village. Therefore, an independent fee calculation is proposed to cover additional improvement projects and increased levels of developments within the sub area. The resulting fee is almost three times higher than the County's current roads impact fee for South Kitsap County.

In addition to the road impact fee, a voluntary non-motorized transportation mitigation payment is proposed to fund the McCormick Urban Village proportionate share of the cost of the bike lane project on Old Clifton Road that is identified in the May 2001 Kitsap County Bicycle Facility Plan.

Fees and payments will be collected by Kitsap County for each development phase in the same method currently used by Kitsap County (i.e., at building permit issuance or building occupancy) and used to fund implementation of improvement projects which were included in the fee calculation. This will require Kitsap County to include the appropriate improvements in its annual TIP, as needed. If the collected fees and other County monies anticipated by the existing impact fee ordinance are not adequate to fund needed improvements within the required timeframe, the applicant will have options to either provide additional funding, construct the improvements, or postpone development. The applicant would receive a credit from Kitsap County for the value of improvements or funding in excess of the applicable impact fee.

All aspects of the roads mitigation program, except the actual fee calculation, are otherwise consistent with the County roads impact fee processes.

EXHIBIT C

MAP OF McCORMICK URBAN VILLAGE



MCCORMICK LAND CO

AGMT

\$64.00

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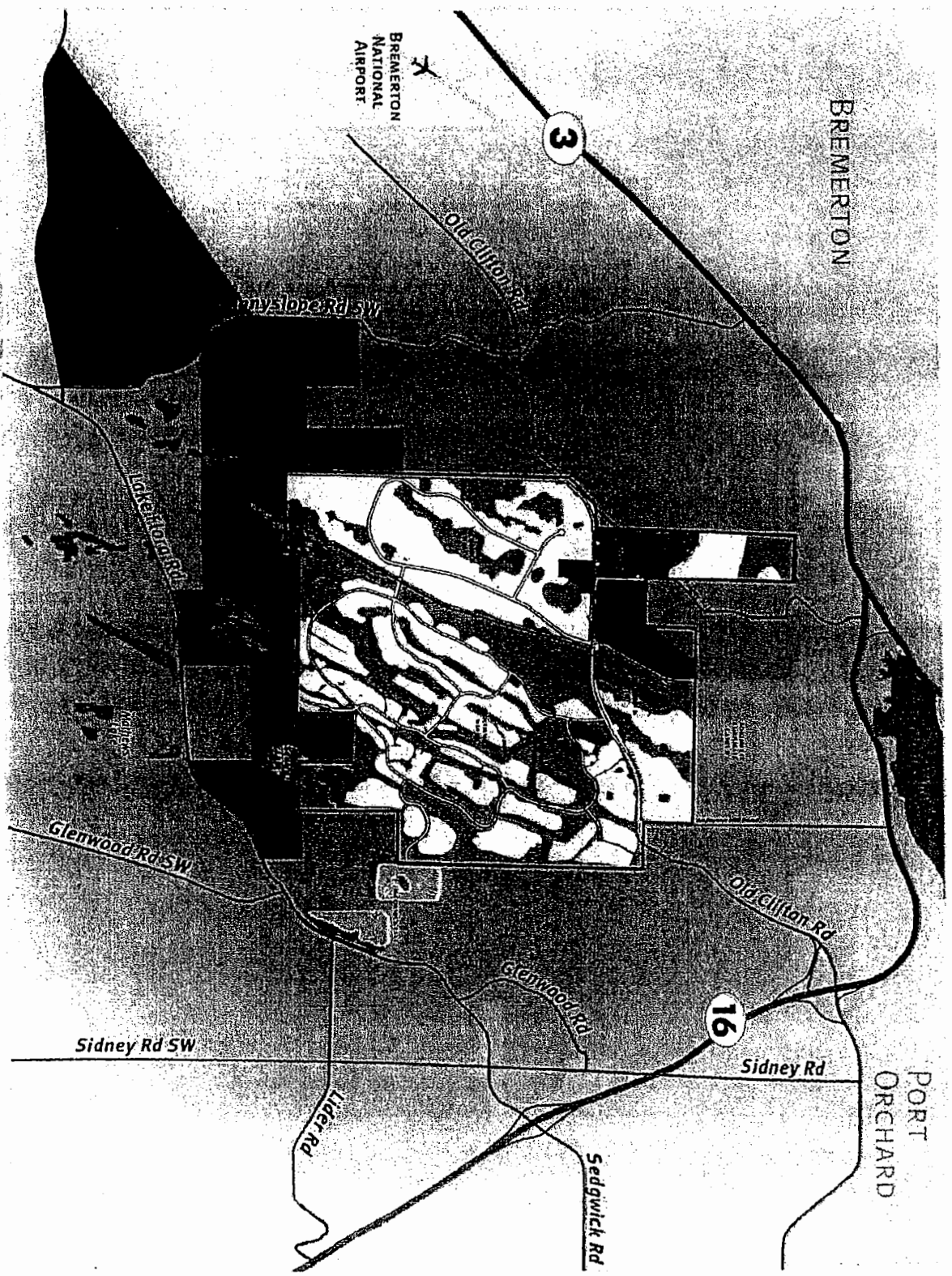
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**McCormick Urban Village
 Land Use Concept Plan**



- Urban Cluster
- Multi Family
- Office
- Village Center
- Open Space
- Parks
- Golf Course
- Proposed Low Density



Hackworth Group
 Architecture/Planning
 2004 4th 11th • P.O. Box 448200

June 2004

EXHIBIT D

LIST OF SUBJECT PARCELS

Note: This list of tax parcel numbers is the list of properties which are subject to the terms and conditions of this Agreement and this list is accurate as of the date this Agreement was executed. The properties listed below shall be subject to the terms of this Agreement regardless of any future change in tax parcel number.

McCormick North	McCormick West	McCormick Woods
042301-4-025-2007	082301-2-003-2003	6031-000-146-0005
042301-3-003-2005	082301-1-013-2003	6031-000-131-0002
052301-4-013-2000	082301-1-010-2006	5190-000-052-0006
052301-4-014-2009	082301-1-014-2002	092301-1-003-2004
052301-4-015-2008	172301-2-002-2003	092301-1-004-2003
052301-4-016-2007	172301-2-003-2002	5356-000-076-0008
052301-4-017-2006	172301-2-006-2009	042301-4-028-2004
052301-4-018-2005	172301-2-007-2008	
052301-2-021-2004	172301-2-004-2001	
052301-2-022-2003	172301-2-005-2000	
052301-2-023-2002	172301-3-004-2009	
052301-2-024-2001		
052301-3-023-2000		
052301-3-024-2009		
052301-3-021-2002		
052301-3-022-2001		



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MCCORMICK LAND CO AGMT \$64.00



City of Port Orchard Work Study Session Executive Summary

Issue Title: Water & Sewer Credit Discussion

Meeting Date: January 19, 2021

Time Required: 30 minutes

Attendees: N/A

Action Requested at This Meeting: Provide any questions and comments on the proposed policy language and concept for changing the Water & Sewer Credit POMC Language.

Summary: The City Council have been discussing the current Port Orchard Municipal Code regarding water and sewer credit for Capital facility charges since November 2017. Most recently, the City Council reviewed the current POMC on water & sewer credit for capital facility charges on 12.08.2020. The council discussed and agreed the current code language does not provide a meaningful incentive for developers to build infrastructure. Council requested the City staff evaluate credit options to provide an incentive without jeopardizing the City's enterprise capital projects.

Staff has discussed a credit for the additional capacity provided to the City from the completion of an infrastructure project beyond the need of the development. This will be referred to as the General Facility Charge Credit for excess capacity.

General Facility Charge Credit Proposal: The credit will be the calculated value of the proportionate certified project cost for the excess capacity of the facility. The credit shall not exceed the value of the excess capacity created. The credit shall not exceed the amount of the total general facility charge due and payable to the utility that applies to the property or development requiring service because of the improvements

Alternatives: N/A

Recommendation: N/A

Relationship to Comprehensive Plan: N/A

Attachments: Sewer and Water Credit presentation.

Follow-up Notes & Outcomes:



Sewer & Water Credit

1.19.2021

Sewer and Sewer Credit

- Council discussed the current credit structure in the POMC
- It was discussed the current credit language doesn't provide a meaningful incentive for developers to build infrastructure
- Council requested the City staff evaluate Credit options

General Facility Charge Credit Proposal: Excessive Capacity

Staff discussed a credit for the additional capacity provided to the City from the completion of an infrastructure project beyond the need of the development.

The credit will be the calculated value of the proportionate certified project cost for the excess capacity of the facility

Credit shall not exceed the value of the excess capacity created.

Credit shall not exceed the amount of the total general facility charge due and payable to the utility that applies to the property or development requiring service because of the improvements

Sewer CFC Credit Example 1

Project		Percentage	
Certified Project Cost	\$ 2,500,000		
Project Cost Attributed to Developer Connections	\$ 625,000	25%	
Project Cost Attributed to Excess (Future) Connections	\$ 1,875,000	75%	
Connections-Facility Created			
Developer's Connections	250	25%	
Excess (Future) Connection	750	75%	
Total Connection (Facility)	1,000		

Estimate CFC Revenue	
Capital Facility Charge	\$ 8,525
Revenue from Developer's Connections	\$ 2,131,250
Revenue from Excess (Future) Connection	\$ 6,393,750
Revenue from Total Connection (Facility)	\$ 8,525,000



Developer Connections represents	25%	of the Connections for this facility or a total connection count of	250.00
Developer portion project costs represents	25%	of the cost of building the facility or a total proportionate cost of	\$ 625,000
Developer is building the excess capacity which represents	75%	of the cost of building the facility or a total proportionate cost of	\$ 1,875,000

Developer is eligible for a total credit value of the lesser of

Certified excess capacity Proportional cost	\$ 1,875,000
Total developer connection fee revenue est. to be paid	\$ 2,131,250

Sewer CFC Credit Example-2

Project		Percentage	
Certified Project Cost	\$ 2,500,000		
Project Cost Attributed to Developer Connections	\$ 1,250,000	50%	
Project Cost Attributed to Excess (Future) Connections	\$ 1,250,000	50%	
Connections-Facility Created			
Developer's Connections	500	50%	
Excess (Future) Connection	500	50%	
Total Connection (Facility)	1,000		

Estimate CFC Revenue	
Capital Facility Charge	\$ 8,525
Revenue from Developer's Connections	\$ 4,262,500
Revenue from Excess (Future) Connection	\$ 4,262,500
Revenue from Total Connection (Facility)	\$ 8,525,000

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Developer Connections represents 50% of the Connections for this facility or a total connection count of 500.00
 Developer portional project costs represents 50% of the cost of building the facility or a total proportionate cost of \$ 1,250,000
 Developer is building the excess capacity which represents 50% of the cost of building the facility or a total proportionate cost of \$ 1,250,000

Developer is eligible for a total credit value of the lessor of
 Certified excess capacity Proportional cost \$ 1,250,000
 Total developer connection fee revenue est. to be paid \$ 4,262,500

Sewer CFC Credit Example-3

Project		Percentage	
Certified Project Cost	\$ 2,500,000		
Project Cost Attributed to Developer Connections	\$ 1,875,000	75%	
Project Cost Attributed to Excess (Future) Connections	\$ 625,000	25%	
Connections-Facility Created			
Developer's Connections	750	75%	
Excess (Future) Connection	250	25%	
Total Connection (Facility)	1,000		
Estimate CFC Revenue			
Capital Facility Charge	\$ 8,525		
Revenue from Developer's Connections	\$ 6,393,750		
Revenue from Excess (Future) Connection	\$ 2,131,250		
Revenue from Total Connection (Facility)	\$ 8,525,000		

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Developer Connections represents 75% of the Connections for this facility or a total connection count of 750.00
 Developer portional project costs represents 75% of the cost of building the facility or a total proportionate cost of \$ 1,875,000
 Developer is building the excess capacity which represents 25% of the cost of building the facility or a total proportionate cost of \$ 625,000

Developer is eligible for a total credit value of the lessor of

Certified excess capacity Proportional cost	\$ 625,000
Total developer connection fee revenue est. to be paid	\$ 6,393,750

Discussion & Questions

