

CITY OF BELLINGHAM STAFF REPORT FOR CITY COUNCIL

Agenda Topic:	Ordinance to establish 2018 base rate for Transportation Impact Fees, as per BMC 19.06.
For:	November 6, 2017 City Council Public Works Committee work session
Staff Contact:	Chris Comeau, AICP-CTP, Transportation Planner (360) 778-7946 or ccomeau@cob.org

Bellingham's Transportation Impact Fee (TIF) ordinance, BMC 19.06.040 A., requires that "A revised [TIF] schedule shall be adopted each year by the City Council concurrent with, or subsequent to, the adoption of the Six-Year Transportation Improvement Program for arterial streets." On June 5, 2017, the Bellingham City Council adopted Resolution 2017-29 approving Bellingham's 2018-2023 Six-Year Transportation Improvement Program (TIP).

BMC 19.06.030 describes the process to calculate Bellingham's TIF. To calculate the base trip rate for TIF in 2018 (Table 1), the City's actual expenditures of local transportation funding (Street, REET, TBD) for capital transportation infrastructure constructed between 2012-2016 are combined with the local funding in the capital transportation construction budget for 2017 and programmed local funds for multimodal transportation infrastructure needed to accommodate new growth and development between 2018-2023. *[Note: State and federal grant funding, as well as non-City or non-transportation funding from private interests or other agencies, is not included in transportation infrastructure costs for TIF calculations.]* The total amount of local transportation funding is then divided by the amount of transportation capacity assigned to new development and by the number of p.m. peak hour vehicle trips projected for the 12-year timeframe *[Determined by 2006 TIF Study]*. The resulting 2018 base rate is **\$2,017** per p.m. peak hour vehicle trip, which is a 5.6% decrease (-\$121/trip) from 2017.

Bellingham's TIF rate has been very stable for the past 12 years (Figure 1) due to the City's success in securing State and federal grant funding for transportation projects. This minimizes the amount of local transportation funding used for capital projects, which then helps to keep the TIF rate low. Bellingham's TIF rate is the second lowest in the urban centers in Whatcom County (Figure 2) and is in the bottom quarter of how much 66 other cities in western Washington charge for TIF base rates (Figure 3). The amount of TIF revenue collected on an annual basis varies with the amount of development occurring, as does the percent that TIF revenue represents in annual citywide construction costs, but it is typically in the 15%-20% range (Figure 4.).

On October 12, 2017, the Bellingham Public Works Department sent a courtesy letter notifying the Building Industry Association of Whatcom County (BIAWC) and the Whatcom County Association of Realtors of the anticipated decrease to the TIF charges for 2018 and copied the City Council and the Mayor. Pending Council's adoption of the 2018 TIF Ordinance, notices announcing the increase to 2018 TIF charges have also been posted in the Permit Center since October 13, 2017. Once adopted by Ordinance, the 2018 TIF base rate of \$2,017 per pm peak hour vehicle trip would become effective on Monday, January 1, 2018.

Staff Recommendation: Move to approve the attached Ordinance adopting a Transportation Impact Fee base rate of **\$2,017** per pm peak hour vehicle trip for 2018 and revising the TIF rate schedule (Exhibit A) accordingly in BMC 19.06.040.

Calculation of 2018 TIF Base Rate

Total 2012-2016 Actual Capital [1]	\$31,572,841	Growth %	Growth	12-Year	2018 Cost	2017 Cost	Change	Change
2017 Revised Capital Budget Funds [2]	\$8,200,000	Capacity	Proportion	Vehicle	Per Vehicle	Per Vehicle	From	From
TIF Eligible Local Funds 2018-2023 TIP [3]	\$15,937,000	Used	Share	Trips	Trip	Trip	2017 TIF	2017 TIF
TIF Eligible Project Funding [4]	\$53,073,841	x 50.2%	\$26,643,068	13,209 =	\$2,017	\$2,138	(-121)	(-5.6%)
		[5]	[6]	[7]	[8]		[9]	[10]
NOTES								
[1] Receipts of actual local capital expenditures 2012 through 2016								
[2] 2017 Revised budget local funding for 2016 construction projects (Includes TBD 1/2 Non-Motorized)								
[3] Total local TIF eligible capital expenditures programmed in 2018-2023 TIP (Includes local match for fed/State/EDI grants)								
[4] Total local TIF eligible capital expenditures for 2018 TIF calculation								
[5] 2006 TIF Study established that 50.2% of 20-year capacity consumed by new growth								
[6] Total proportional fair share cost allocated to new growth based on capacity consumed								
[7] 2006 TIF Study total pm peak trips allocated to 12 one-year slices of 20-year growth								
[8] 2018 proportional cost of one pm peak vehicle trip								
[9] Net cost change in TIF base rate from 2017 to 2018								
[10] Percent change of 2018 TIF relative to 2017 TIF								

FIGURE 1. Comparison of Bellingham TIF Base Rate Over 12 years

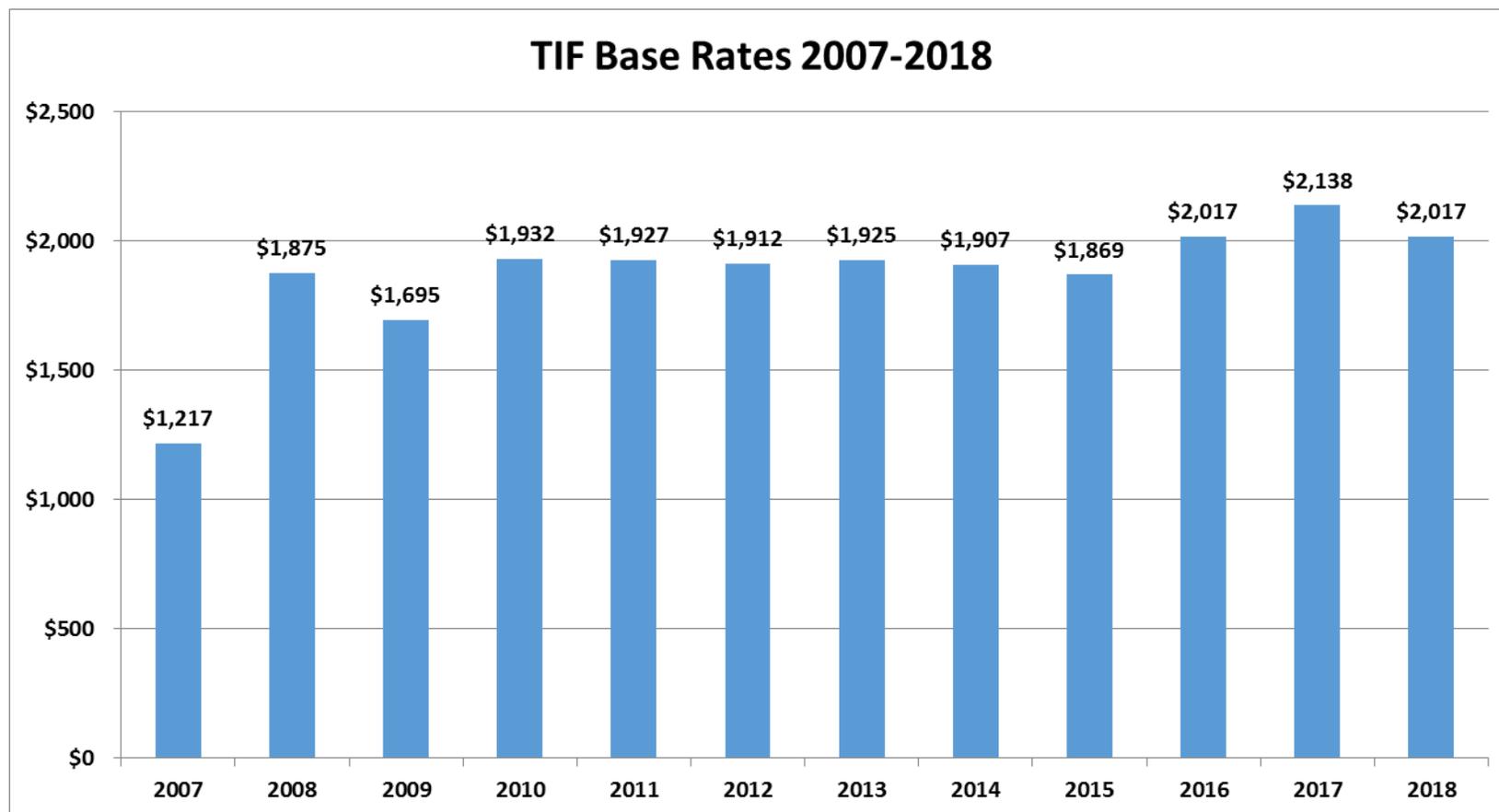
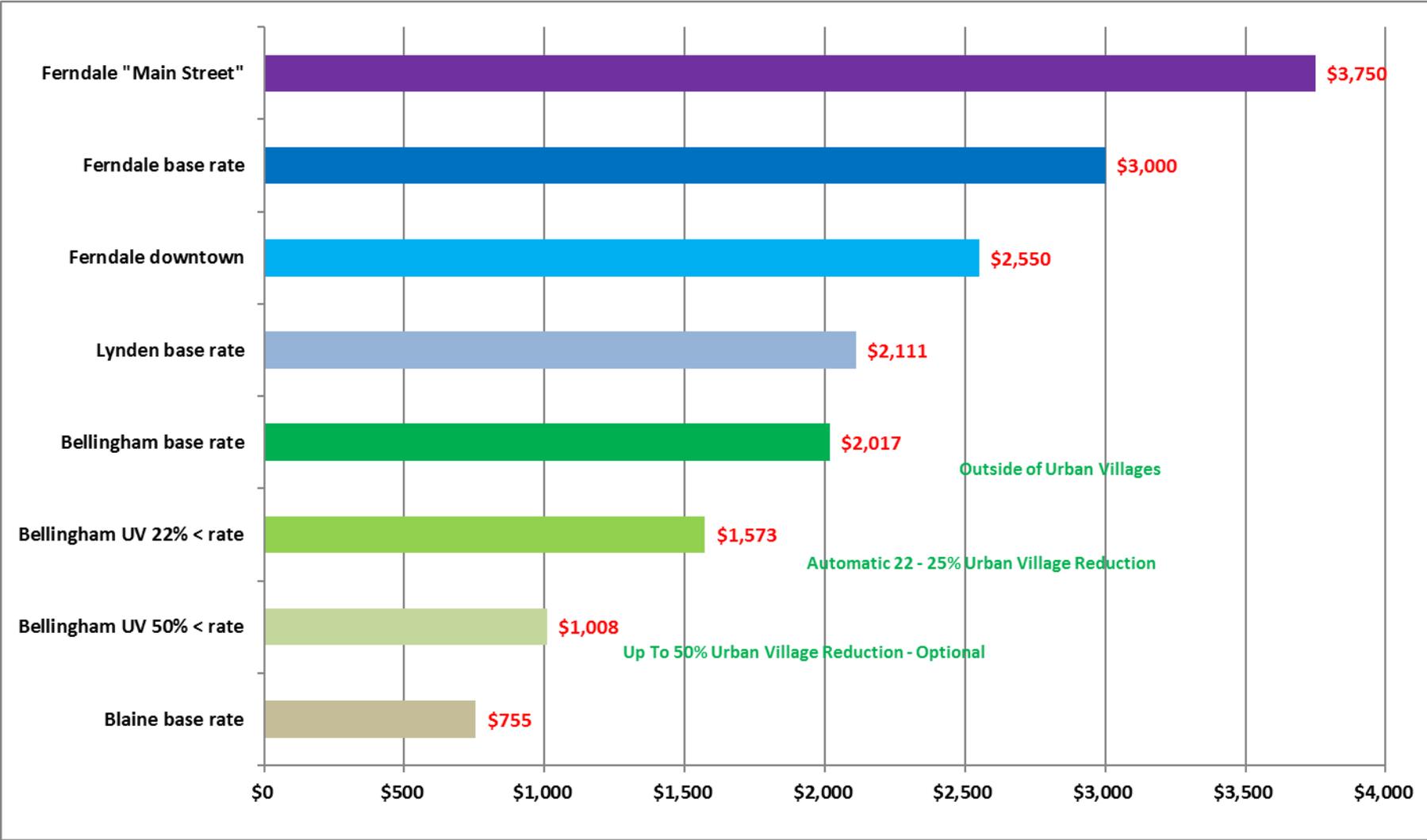


FIGURE 2. Comparison of 2018 Transportation Impact Fee Base Rates in Whatcom Region

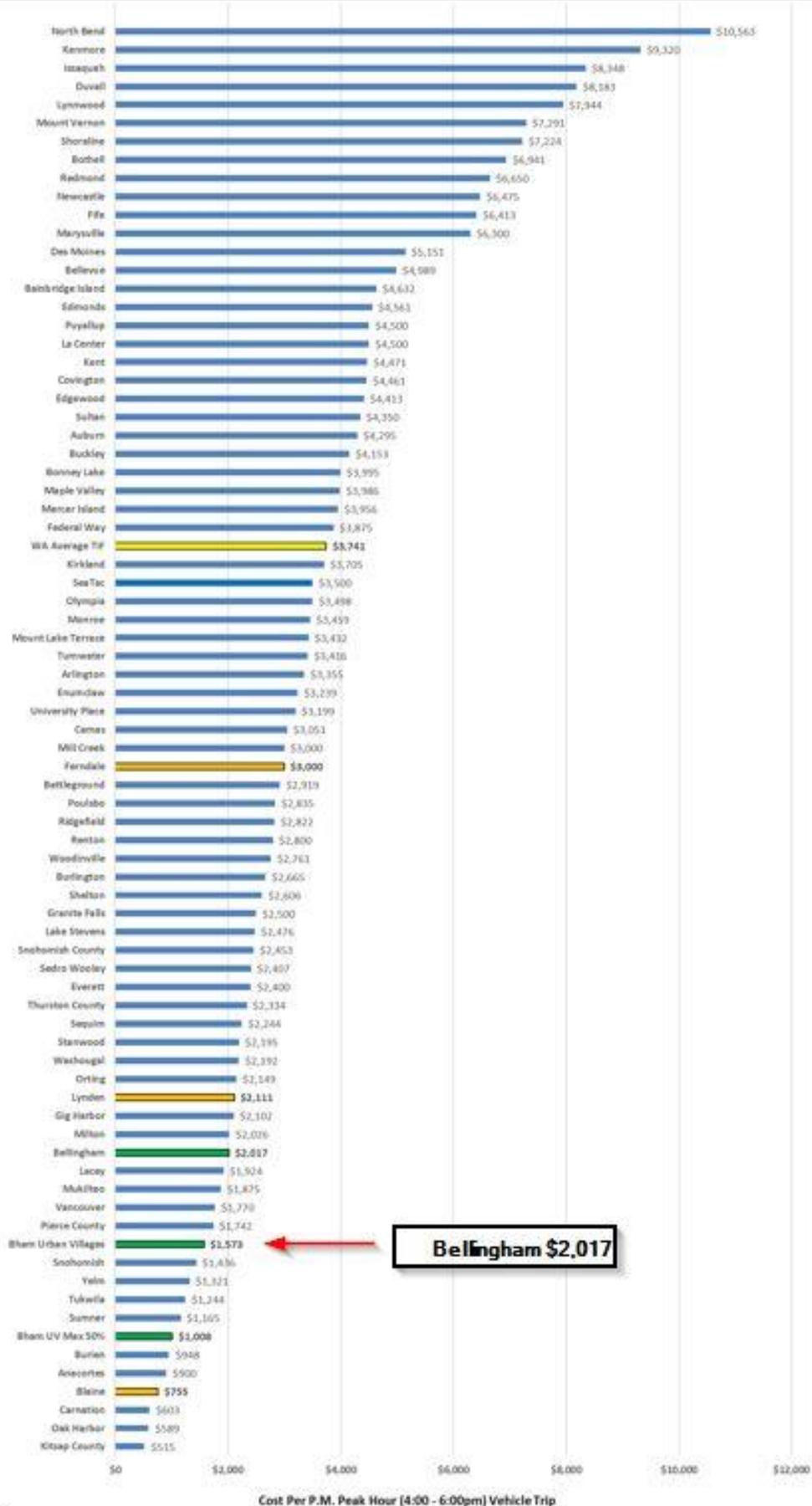


UV = Urban Villages (Downtown, Fairhaven, Barkley, Old Town, Samish, Fountain, & Waterfront District-Downtown Area)

**Comparison of 2017-2018 TIF Base Rates in 72* Cities and 4 Counties in Western Washington
With Whatcom County Cities and Bellingham's Urban Village TIF Reductions Highlighted for Emphasis**

[*City of Sammamish, WA \$14,707 TIF base rate excluded from graphic due to size - see TIF rate table on next page]

Data compiled October 2017 by Chris Comeau, AICP-CTP, Transportation Planner, Bellingham Public Works ccomeau@rob.org or (360) 778-7946



This Graph online at Transportation Impact Fee web page

FIGURE 4. Percent of Annual Construction Cost Covered by TIF Revenue

Year	TIF Revenue Collected	Local Funds Construction Cost	Percent
2005	\$907,063	\$5,104,174	17.8%
2006	\$592,093	\$7,215,130	8.2%
2007	\$872,615	\$7,313,021	11.9%
2008	\$656,620	\$6,220,278	10.6%
2009	\$637,812	\$4,506,032	14.2%
2010	\$716,458	\$3,944,000	18.2%
2011	\$572,788	\$5,867,989	9.8%
2012	\$912,904	\$6,982,837	13.1%
2013	\$1,449,562	\$6,712,146	21.6%
2014	\$1,143,542	\$5,993,424	19.0%
2015	\$941,022	\$7,940,181	11.9%
2016	\$873,171	\$4,025,253	21.7%
2017*	\$825,000	\$5,564,000	14.8%
*Estimate: \$683,197 as of 9/30/2017			

