



TECHNICAL COMMITTEE REPORT

To: Planning Commission

From: Technical Committee

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File Numbers: LAND-2016-01062; SEPA-2016-01036

Project Name: Transportation Facilities Plan Amendment

Applicant: City of Redmond

Reasons the Proposal should be Adopted (or Denied): The Technical Committee recommends approving the amendment that would remove three transportation projects from the Transportation Master Plan's unfunded Buildout Plan and add them to the 18-Year Transportation Facilities Plan (TFP) for the following reasons:

- 1) The TFP is intended to include all transportation system improvements with identified funding, and the three proposed additions are system improvements for which a funding source has recently been identified;
- 2) Adding the projects to the TFP will ensure that the capacity they add to the transportation system will contribute to the City's concurrency system supply, and;
- 3) The addition of the projects will allow the developers who are required to build them to claim credit against their transportation impact fees, thus avoiding double payment of both project costs and impact fees.

I. APPLICANT PROPOSAL

The applicant proposes to amend the Transportation Master Plan to remove the following three system improvements from the Unfunded Buildout Plan and add them to the 18-Year Transportation Facilities Plan (TFP): 1) westbound right turn lane on Redmond Way, 2) 152nd Ave NE reconstruction and streetscape NE 20th St to NE 24th St, and 3) 148th Ave NE northbound through lane.

II. RECOMMENDATION

The Technical Committee recommends approval of the proposed amendments to the Transportation Facilities Plan, which is a component of Redmond's Transportation Master Plan (TMP) and the Comprehensive Plan.

The balance of the report describes the Technical Committee's analysis, findings and conclusions. Exhibit A shows the Technical Committee recommended amendments.

III. BACKGROUND, FACTORS CONSIDERED AND ALTERNATIVES

A. BACKGROUND AND REASON FOR THE PROPOSAL

The 18-Year Transportation Facilities Plan (TFP) is part of the TMP and is the financially-constrained list of transportation system improvements the City expects to deliver over the course of the plan's 18-year horizon. The TMP is in turn is a component of the Comprehensive Plan. Another capital project list contained in TMP is the Unfunded Buildout Plan, which includes all the necessary but unfunded transportation projects the City intends to deliver in the long term.

All projects in the TFP are "system improvements," or improvements that benefit the transportation network at large. The TFP is supported by a variety of revenue sources, primarily transportation impact fees, General Fund dollars, business taxes, and what are referred to as developer contributions, which are the costs borne by developers to construct system improvement projects minus any applicable impact fee credits. The Unfunded Buildout Plan contains some system improvements as well as "project improvements," which are improvements that benefit a particular development, for example by providing access to the site.

The TFP serves several important purposes. In addition to its role as a planning tool, the TFP is the basis of transportation impact fee rates and the City's concurrency system. The state-mandated concurrency system requires that transportation system capacity keep pace with growth. Under Redmond's multimodal plan-based concurrency, completed TFP projects contribute to the City's supply of capacity. If this supply were to run out, Redmond would be required to charge developers additional fees as mitigation or halt the issuance of building permits. Finally, developers are required to construct TFP and Unfunded Buildout Plan projects if they build in locations where those projects are planned but developers are only eligible to receive credits against their transportation impact fees if projects are in the TFP.

The last major update to the TFP was in 2013. At that time the following three system improvement projects were omitted due to lack of projected revenue. Instead they were added to the Unfunded Buildout Plan.

- **Redmond Way Right Turn Lane, 166th Ave NE to 164th Ave NE (\$4.6M).** Part of Couplet Conversion design, necessary to accommodate vehicular circulation Downtown following the couplet's conversion to two-way operations
- **152nd Ave NE Main Street Improvements, NE 20th St/Bel-Red Rd to NE 24th St (\$19.9M).** Major multimodal and safety improvement including cycle track. Completes Overlake's central retail street
- **148th Ave NE Northbound through lane, Bel-Red Rd to NE 22nd St/Alhazen St (\$10M).** Originally a Bellevue-Redmond Overlake Transportation Study project. Required under the development agreement for the Limited Edition property in Overlake Village.

Since the adoption of the current TFP in 2013, development projects have been initiated in Downtown Redmond (Redmond Triangle) and Overlake Village (Limited Edition) that would be required to construct the transportation improvements listed above. Therefore funding has been identified in the form of developer contributions, which are the costs borne by developers to construct system improvement projects minus any applicable impact fee credits. Because the projects are now both funded and considered system improvements the most appropriate location for them is the Transportation Facilities Plan.

B. FACTORS CONSIDERED

Staff considered several factors in the process of developing the recommended amendments as summarized below.

- **Planning consistency and compliance with the state Growth Management Act (GMA).** The GMA requires that local jurisdictions maintain resource-constrained capital plans; the TFP is Redmond's resource-constrained transportation capital plan. Now that these three transportation system improvements are funded it is proper to list them in the TFP.
- **Concurrency system integrity.** These three projects must be listed in the TFP in order to contribute to the City's supply of transportation system capacity per state Growth Management Act requirement. Failing to include them in the TFP would understate the capacity of the local transportation system and potentially lead to concurrency failures in the future.
- **Fairness.** The developers who are planning projects at the locations of these planned improvements would be required to construct the improvements whether or not they are listed in the TFP because they are currently in the Unfunded Buildout Plan. Including the improvements in the TFP will allow the developers to recoup a portion of their costs as credits against their impact fees. Since transportation impact fee rates would increase as a result of the projects' addition to the TFP this effectively spreads some of the cost across the development community.

- **Impact fees.** State law requires that transportation impact fees be based on transportation facility plans. Annually, the City Council has the opportunity to update the City’s impact fees to reflect a change to the project list of capital plans like the Transportation Facilities Plan, changes to those projects’ cost estimates, or to index the fees to account for inflation. The impact fees are contained within the Redmond Municipal Code. As described below, staff estimates that moving these projects to the TFP provides the basis for a 16% increase in transportation impact fees which is estimated to result in \$4 million in additional impact fees by 2030 and is approximately the amount of the estimated credits to be granted to the two developers in recognition of. The developers would be responsible for all direct construction costs (~\$35M).

C. ALTERNATIVES

- **No change.** The TFP is the appropriate plan for funded system improvements; not updating it with the proposed projects could be interpreted as a failure to by the City to uphold its responsibility under GMA to maintain “at least a six-year plan that will finance...capital facilities...” The Redmond Triangle is expected to seek building permits before the end of the year, and the City Council approved the Limited Edition development agreement in April 2016.

Second, this alternative would result in an understatement of local transportation system capacity as measured by Redmond’s plan-based concurrency system.

Third, it would result in the developers paying approximately \$4M in impact fees—which are intended to mitigate the transportation impacts of a development—in addition to the full construction cost of the system improvements. This could be interpreted as a double payment. Impact fee rates would remain where they are (not counting future annual indexing). The City would have the option of reimbursing developers for some or all of their impact fees by reallocating funds from other sources, for example through a transfer from the General Fund or existing CIP projects.

- **Partial update.** Amending the TMP to add any combination of one or more of these projects would mean that the City’s resource-constrained transportation capital plan would be partially maintained. The concurrency system would account for some of the capacity provided by the projects, and depending on which projects were included one or both of the developers would be entitled to claim credits against some or all of their impact fees. Impact fee rates would increase somewhat, but less than the no-action alternative.

IV. COMPLIANCE WITH CRITERIA FOR COMPREHENSIVE PLAN AND ZONING CODE AMENDMENTS

Redmond Comprehensive Plan Policies PI-16 direct the City to take several considerations, as applicable, into account as part of decisions on proposed amendments to the Comprehensive Plan.

Items 1 through 6 apply to all proposed amendments. The following is an analysis of how this proposal complies with the requirements for amendments.

1. Consistency with Growth Management Act (GMA), State of Washington Department of Commerce Procedural Criteria, VISION 2040 or its successor, and the King County Countywide Planning Policies.

The amendment is responsive to the GMA requirement to maintain a revenue-constrained capital plan (RCW 36.70A.070) and a transportation concurrency program (RCW 36.70A.070/WAC 365-196-840).

More broadly, the proposal follows the guidance of GMA, Commerce, VISION 2040 and the King County Countywide Planning Policies to support economic growth and job creation by keeping our concurrency system active and up-to-date (avoiding possibility of concurrency test failures) and fairly distributing the cost of transportation improvements across the development community and community as a whole.

2. Consistency with the Redmond Comprehensive Plan.

The amendment is particularly responsive to the following Redmond Comprehensive Plan policies:

- TR-27: “Use a plan-based approach as the basis for Redmond’s transportation concurrency management system. Ensure...that the funding of...projects...occur[s] in proportion to the needs of the city and the pace of growth”
- EV-15: “Identify, construct, and maintain infrastructure and utility systems and facilities that support economic vitality”
- EV-17: “Utilize tax and fee systems that are fair, equitable, and stable...”

3. Potential general impacts to the natural environment, such as impacts to critical areas and other natural resources, including whether development will be directed away from environmentally critical areas and other natural resources.

None. Projects would be constructed in any case because they are in the Unfunded Buildout Plan and would be required as a condition of development.

4. Potential general impacts to the capacity of public facilities and services. For land use related amendments, whether public facilities and services can be provided cost-effectively and adequately at the proposed density/intensity.

None. Projects would be constructed in any case because they are in the Unfunded Buildout Plan and would be required as a condition of development.

5. Potential general economic impacts, such as impacts for business, residents, property owners, or City Government.

If the amendment is adopted, developers of the projects sites would be entitled to claim credits against their impact fees. See staff estimate of project costs and potential impact fee credits below:

<u>Limited Edition (Overlake Village)</u>	
Cost of 148th Ave NE and 152nd Ave NE projects	\$29,905,660
Estimated Impact Fees - would be credited	\$3,119,776
Difference (developer contribution)	\$26,785,884
<u>Redmond Triangle (Downtown)</u>	
Cost of Redmond Way turn lane	\$4,624,421
Estimated impact fees - would be credited	\$698,813
Difference (developer contribution)	\$3,925,608

Transportation impact fees would increase by 16% generally, offsetting the credits granted to the developers (~\$4M) over the TFP’s remaining years, and have the practical effect of distributing a small portion the project costs across the development community. The increase does not account for the annual indexing of transportation impact fees necessary to account for inflation. Council action on updates to transportation and other impact fees is scheduled to occur later this year as part of action on the 2017-2018 budget.

The proposal’s effect on the concurrency system has a financial dimension as well. An accurate and up-to-date concurrency system will lessen the chance of future developments failing their concurrency tests and being required to purchase mobility units or delay their projects.

- 6. For issues that have been considered within the last four annual updates, whether there has been a change in circumstances that makes the proposed amendment appropriate or whether the amendment is needed to remedy a mistake.**

The projects would have been included in the 2013 update of the Transportation Master Plan but were not for the lack of identified revenue. Since then there has been a change of circumstance: revenue has been identified in the form of developer contributions.

V. AUTHORITY AND ENVIRONMENTAL, PUBLIC AND AGENCY REVIEW

A. Amendment Process

Redmond Zoning Code (RZC) 21.76 requires that amendments to the Comprehensive Plan and Zoning Code be reviewed under the Type VI process. Under this process, the Planning Commission conducts a study session(s), an open record hearing(s) on the

proposed amendment, and makes a recommendation to the City Council. The City Council is the decision-making body for this process.

B. Subject Matter Jurisdiction

The Redmond Planning Commission and the Redmond City Council have subject matter jurisdiction to hear and decide whether to adopt the proposed amendment.

C. Washington State Environmental Policy Act (SEPA)

A SEPA checklist was prepared and a Determination of Non-Significance is anticipated to be issued for this non-project action on June 22, 2016.

D. 60-Day State Agency Review

State agencies will be sent 60-day notice of this proposed amendment on June 22, 2016.

E. Public Involvement

The public has opportunities to comment on the proposed amendment through the Planning Commission review process and public hearing which will be held on July 13, 2016. Public notice of the hearing will be published in the Seattle Times on June 22, 2016 (see Exhibit B). Notice of the Planning Commission hearing will be posted in City Hall and the Redmond Library. Notice of the hearing is given on the Planning Commission agendas and extended agendas. Notice was also provided to the OneRedmond Government Affairs Committee on May 24th, 2016. Staff will also provide an update to and take comment from the Business Tax and Fee Advisory Committee (BFTAC) at their next meeting in September 2016 prior to any potential Council action.

F. Appeals

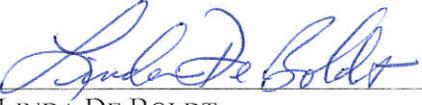
RZC 21.76 identifies Comprehensive Plan and Zoning Code amendments as a Type VI permit. Final action is by the City Council. The action of the City Council on a Type VI proposal may be appealed by filing a petition with the Growth Management Hearing Board pursuant to the requirements of the Board.

VI. LIST OF EXHIBITS

- Exhibit A: Recommended Amendments to the Transportation Facilities Plan and Unfunded Buildout Plan
Exhibit B: Public Hearing Notice

Conclusion in Support of Recommendation: The Technical Committee has found the proposal to be in compliance with the Redmond Zoning Code, Redmond Comprehensive Plan, Redmond Municipal Code, and State Environmental Policy Act (SEPA).


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