

MEMORANDUM

Date:	June 10, 2021	TG:	1.21101.00
To:	Steve Banham, PE, City of Lynden Heidi Gudde, AICP, City of Lynden		
From:	Brent Turley, PE Patrick Lynch, AICP		
Subject:	2021 Lynden Transportation Impact Fee Update DRAFT		

The purpose of this memorandum is to document the 2021 City of Lynden Transportation Impact Fee (TIF) Update analysis and findings. The City requested that the TIF calculations be revised to reflect the updated project list, updated project costs, and changes related to the Pepin Creek Subarea. First, a brief background on the previous TIF analysis is provided. Next, the TIF update methodology is explained along with the updated TIF rate structure.

Background on Lynden TIF Calculations

The follow provides background on the Lynden TIF Calculations last updated in December 2016.

The Growth Management Act (GMA) allows agencies to develop and implement a TIF program to help fund some of the costs of transportation facilities needed to accommodate growth. GMA requires that TIFs are:

- Related to improvements to serve new developments, not existing deficiencies;
- Assessed proportional to the impacts of new developments;
- Allocated for improvements that reasonably benefit new development; and
- Spent on facilities adopted in the Capital Facilities Plan (CFP).

TIFs can only be used to help fund improvements that are needed to serve new growth. The projects can include recently completed projects to the extent that they serve future growth and did not solely resolve existing deficiencies. Costs of projects that add capacity to the transportation system can be included in the TIF program. The cost of the projects to resolve existing capacity deficiencies cannot be included. Cost can partially be included for projects that improve the active transportation system because they are assumed to provide better opportunities for non-motorized trips, shifting trips away from vehicle modes, which can somewhat increase transportation system capacity. Costs for the annual maintenance and operations program or general administration would also not be included in the TIF program since they are not directly addressing capacity growth needs. Table 1 outlines the general guidelines for assessing TIF eligibility percentages.

In order to arrive at TIF cost-per-trip rates for the City of Lynden, the list of projects and programs were categorized as being eligible for inclusion in the TIF. The City's travel forecasting model was used to define the proportion of growth-related traffic that was generated within Lynden versus growth in regional through traffic. Based on other potential funding and the relationship of local Lynden versus through traffic, the maximum share of the costs that could be allocated to the TIF program was calculated. These TIF eligible project costs were used to develop the TIF rate structure.

Table 1. General Guidelines for Assessing TIF Eligibility Percentage

Project Type	Percent of Project Cost TIF Eligible (Range of %)	Notes
Safety and Capacity	60-80%	These projects address future capacity by adding travel lanes, signals, or roundabouts, and can be primarily funded by TIF.
Corridor Upgrades	10-20%	These projects generally address reconstructing roads to meet City road standards, and can include bicycle and/or pedestrian components. By adding dedicated space for non-motorized travel the roadway can experience less friction and can allow the roadway accommodate a higher number of roadway users.
Multimodal Connections	80-100%	These projects are primarily new roadways that incorporate non-motorized facilities, which will subsequently serve future users.
Active Transportation	0-20%	These projects include the addition of bicycle and pedestrian facilities to the current cross-section and may include multi-use pathways adjacent to the roadway. Bicycle and pedestrian projects have a relatively small impact on roadway capacity and the TIF proportion should represent that. Trail projects can be included because these users would alternatively be using the roadway system.
Citywide Programs	0%	Not Eligible for TIF
Other Agency Costs	0%	Not Eligible for TIF (most cases)

Source: Transpo Group, 2021

Figure 1 shows how the travel demand model was used to segment forecasted traffic into four components. On one axis the model divides travel forecasts into existing traffic versus growth traffic. The other axis divides the forecast traffic into those trips that have an origin and/or destination within the City. As shown in Figure 1, the City will only charge the TIF for growth trips with at least an origin or destination (or both) within the City.

	Origin or Destination Within the City	No Origin or Destination Within the City
Existing Traffic	Not Charged	Not Charged
Growth Traffic	Impact Fee	Not Charged (Regional Share)

Figure 1 – Components of Forecast Volumes

The December 2016 TIF Update created a single city-wide TIF fee based on total eligible TIF costs and total anticipated growth trips in the city. The TIF fee was set at \$2,111.

Updated TIF Methodology

The 2021 updated TIF analysis focused on several items:

- Updated project list and project costs
- Updated growth trips based on revised land use in the Pepin Creek Subarea
- Updated TIF to include a citywide rate and a Pepin Creek overlay rate (see Figure 2 for map of overlay area)

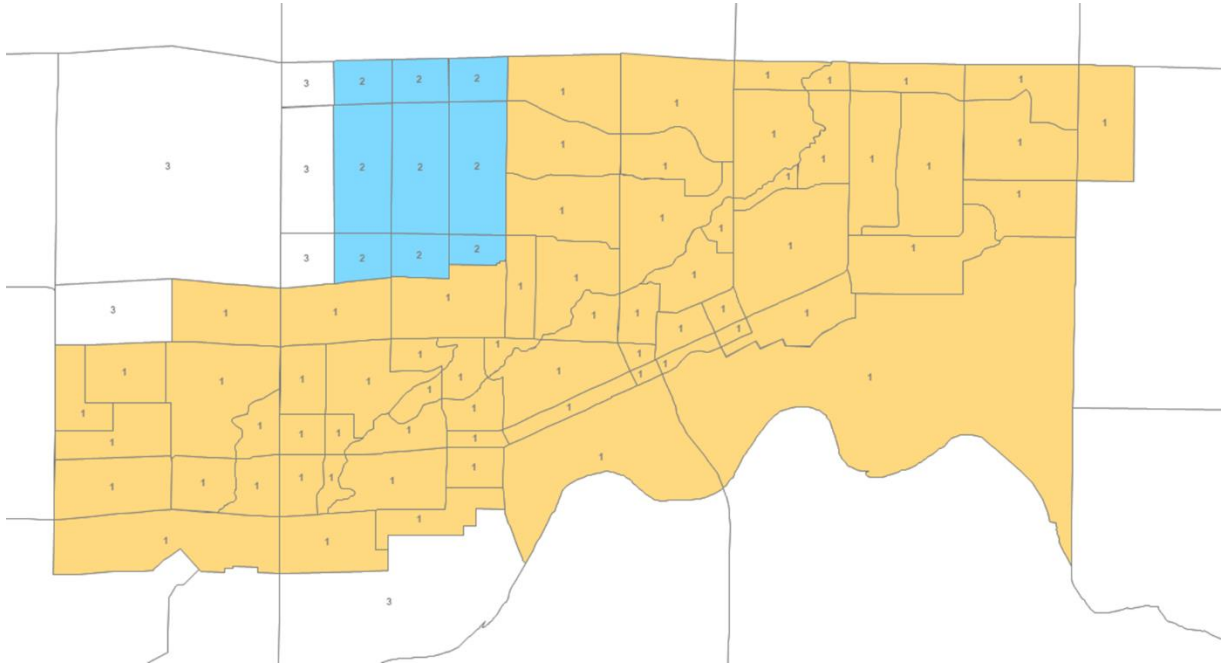


Figure 2 – Overlay Area (Blue)

Updated Project List and Project Costs

The 2021 Update of TIF included a review of the project list, including the removal of completed projects and the addition of new projects, mostly in the Pepin Creek Subarea. Project costs were reviewed and updated to 2021 dollars based direct project cost estimates or on WSDOT's History and Forecast of Construction Cost Index (<https://wsdot.wa.gov/Finance/forecasting.htm>). A table of the new projects and costs is included as an attachment.

Revised to Incorporate the Pepin Creek Subarea Plan Land Use

The revised TIF analysis used the latest Whatcom Council of Governments (WCOG) travel demand model. In December 2020, the WCOG staff developed a future model scenario to reflect the Pepin Creek land use and new street network. Trip tables from this future model scenario, and the existing year WCOG model, to determine total 20-year growth trips in the City and Pepin Creek Subarea.

Scenarios Considered in the Revised Analysis

Several scenarios were considered for how to allocate the TIF within the City of Lynden. The first scenario is the same as the current TIF methodology, where there is one citywide TIF that incorporates all the projects including the new Pepin Creek Projects. The second scenario assumed two TIF rates: one citywide TIF and one “Pepin Creek Overlay” TIF, where the overlay area pays 100 percent of the Pepin Creek projects. Outside the Pepin Creek area, new growth would only pay the citywide TIF. Inside the Pepin Creek area, new growth would pay both the citywide TIF and the Pepin Creek Overlay TIF. The third scenario is the same as the second scenario, but a small portion of the Pepin Creek project costs are shifted to the citywide TIF. This assumes that overall city receives a minor benefit from the Pepin Creek developments. This third scenario was chosen as the preferred scenario for the TIF update.

Final Results

Table 2 shows the final allocations of growth trips and TIF eligible project costs to the Citywide area and the Pepin Creek Overlay area. Based on these allocations, the TIF rate (cost-per-trip) for each area are then calculated. These reflect the maximum trip rates justified by this analysis, but adopted rates may be lower.

Table 2. Calculation of Transportation Impact Fee Rate (2021 Update)

	Growth Trips¹	Non-Pepin Creek TIF Project Costs²	Pepin Creek TIF Project Costs³	Total TIF Project Costs	Cost per Trip
Citywide	2635	\$6,501,200	\$1,237,150	\$7,738,350	\$2,936.76
Pepin Creek Overlay	603	\$0	\$11,134,350	\$11,134,350	\$18,464.93

1. Number of trips starting and/or ending in each area. The Citywide area includes all growth trips in both the City and the Pepin Creek Subarea. The Pepin Creek Overlay only includes growth trips in the Pepin Creek Subarea.
2. Reflects the TIF eligible project costs for all projects within the city, outside of the Pepin Creek Subarea
3. Reflects the TIF eligible project costs for the Pepin Creek Subarea. Some of these costs (10 percent) were allocated to Citywide growth because the new capacity would provide some minor benefit to non-Pepin Creek growth areas. The remaining costs were allocated to the Pepin Creek Overlay area.