

Introduction

This Parks and Recreation Impact Fee Rate Study has been prepared to update the City of Poulsbo's park impact fee methodology for park and recreation facilities in accordance with RCW 82.02.050–.090 and applicable Growth Management Act requirements. The purpose of the study is to calculate the proportionate share of park system improvement costs attributable to new development and to provide the technical basis for establishing an impact fee schedule that is legally defensible, proportionate, and consistent with adopted City policy.

The study relies on the City's adopted Comprehensive Plan and Capital Facilities Plan, including the planned level of service (PLOS) for park facilities. The analysis applies the adopted level of service and does not evaluate, modify, or correct existing deficiencies in the park system, consistent with statutory limitations on the use of impact fees.

This study describes the methodology and formula used to calculate the park impact fee, including the assumptions, variables, and data sources used in the analysis. The methodology identifies future park facility needs associated with projected population growth, applies appropriate adjustments for park facilities and capacity provided through other mechanisms, estimates the cost of land acquisition and park development, and accounts for anticipated public funding contributions to ensure that impact fees represent only a portion of total capital costs and do not exceed the proportionate share attributable to new development.

The resulting fee structure allocates costs proportionately based on development type and unit size in order to reflect differences in anticipated impacts. The study also identifies policy considerations associated with accessory dwelling units and potential exemptions. Final impact fee rates, exemptions, credits, phase-in schedules, and effective dates are legislative policy decisions subject to City Council adoption.

This Rate Study is prepared to support an update to the City's Park Impact Fee ordinance, as codified in Poulsbo Municipal Code (PMC) Chapter 3.84. Proposed amendments to PMC 3.84 are included as Attachment A to this Study.

Impact Fees versus other Developer Contributions

Impact fees are charges paid by new developments to reimburse local governments for a portion of the capital cost of public facilities that are needed to serve new development and the people who occupy or otherwise use that development. Throughout this study, the term "developer" is used as a shorthand expression to describe any party obligated to pay impact fees, including builders, property owners, or developers.

Local governments impose impact fees for several purposes:

1. To generate revenue to help fund a portion of the capital cost of new public facilities required to serve growth;
2. To implement the public policy that new development should pay its proportionate share of the cost of facilities needed to serve that development, rather than shifting those costs entirely to existing residents and taxpayers; and
3. To help ensure that adequate public facilities are provided in a timely manner to support planned growth.

Impact fees authorized under RCW 82.02 are limited to funding system improvements that are reasonably related to and necessitated by new development. Impact fees may not be used to address existing deficiencies, to fund operations or maintenance, or to replace other public funding sources.

The impact fees described in this study are distinct from, and do not include, replace, or duplicate, other forms of developer contributions or exactions that may be required or authorized under separate legal authority. Such contributions may include, but are not limited to, mitigation or voluntary payments authorized under the State Environmental Policy Act (SEPA) (RCW 43.21C); system development charges or connection fees for water and sewer utilities authorized under RCW 35.92, RCW 56.16, or RCW 57.08; local improvement districts or other special assessment districts; linkage fees; voluntary development agreements; or land donations or fees paid in lieu of land.

Consistent with recent legislative direction and evolving practice in Washington, park impact fees are structured to improve proportionality by recognizing differences in development type and unit scale. Impact fees are intended to function as one component of a broader park funding strategy, alongside public revenues such as taxes, grants, and other funding sources, to ensure that new development is not charged more than its proportionate share of total park system costs.

Developer Options

A developer who is responsible for paying park impact fees has several options regarding the calculation, payment, and administration of impact fees, as provided in the City of Poulsbo Park Impact Fee Ordinance (PMC Chapter 3.84):

- *Payment of Impact Fees.* Pay the applicable park impact fee in accordance with the fee schedule and timing provisions set forth in PMC 3.84.080 and 090.
- *Independent Fee Calculation or Adjustment Request.* Submit data, studies, or other technical information demonstrating that the impacts of the proposed development on park facilities are less than those assumed in the City's adopted fee schedule, pursuant to PMC 3.84.130. Any such request must be supported by credible analysis sufficient to demonstrate a reduced impact on park system capacity.
- *Appeal of Impact Fee Determination.* Appeal the City's impact fee calculation or administrative determination in accordance with the appeal procedures and timelines set forth in PMC 3.84.150.
- *Refund for Non-Construction or Project Cancellation.* Request a refund of paid impact fees if the development does not proceed and no impacts are created, consistent with the refund provisions of PMC 3.84.170.
- *Refund for Failure to Expend Fees.* Request a refund if the City fails to expend collected impact fees within the timeframe required by PMC 3.84.170 and RCW 82.02, provided that the statutory criteria for a refund are met.

Authority for Impact Fees

The City of Poulsbo is authorized to impose impact fees pursuant to RCW 82.02.050–.090. Impact fees may be imposed on new development to fund a proportionate share of the cost of public facilities needed to serve growth, provided that such fees:

- Are used only for system improvements reasonably related to new development;
- Do not exceed the cost of the system improvements attributable to new development;
- Do not fund existing deficiencies;
- Are based on a balance of public and private funding sources; and
- Provide appropriate credits to avoid double-charging.

This Parks and Recreation Impact Fee Rate Study has been prepared to satisfy these statutory requirements and to provide the technical basis for the City's park impact fee program. The study applies the City's adopted plans and service standards, identifies capital facilities needed to serve new growth, and allocates costs in a manner intended to ensure that impact fees are proportionate, defensible, and consistent with state law.

RCW and WAC Compliance

This Parks and Recreation Impact Fee Rate Study has been prepared consistent with RCW 82.02.060 and WAC 365-196-850. The impact fee methodology explicitly incorporates the following statutory and regulatory requirements:

- a) Identification of the cost of park system improvements needed to provide capacity to serve new development;
- b) Adjustments for anticipated public funding sources, including taxes, grants, and other revenues that contribute to park acquisition and development;
- c) Consideration of credits, adjustments, or alternative calculations to ensure that development is not charged more than its proportionate share of system improvement costs;

- d) Recognition of existing park facilities and capacity serving the community; and
- e) Acknowledgement that existing park facilities and capacity were financed through public revenues rather than impact fees.

The resulting impact fees are intended to be proportionate to the impacts of new development and are structured so that they do not exceed the cost of providing park system capacity necessary to serve growth, consistent with the requirements of RCW 82.02 and applicable Growth Management Act provisions.

Planned Level of Service (PLOS)

The PLOS for parks of 13.73 acres of parkland per 1,000 population is an adopted policy of the City of Poulsbo Comprehensive Plan and is documented in the City’s Capital Facilities Plan (CFP). The CFP translates the adopted level of service into projected park acreage needs associated with anticipated population growth over the planning period and identifies park system improvements necessary to maintain the adopted service standard as growth occurs

This Parks and Recreation Impact Fee Rate Study applies the adopted PLOS as established by the Comprehensive Plan and CFP. The study does not evaluate the adequacy of the adopted level of service, propose changes to park service standards, or modify the City’s park policies. Rather, the adopted PLOS is used as the basis for determining the park system capacity required to serve new development.

Impact fees calculated under this study are intended solely to fund park system improvements needed to provide capacity for new development consistent with the adopted level of service. The impact fee methodology does not address, correct, or fund existing park deficiencies, and existing park facilities are assumed to have been provided through prior public investment, consistent with the limitations of RCW 82.02.

Park Impact Fee Factors and Formula

The City’s Park Impact Fee is calculated using a step-by-step methodology that applies the City’s adopted PLOS and allocates the cost of park system improvements needed to serve projected growth in a proportionate manner. The calculation is based on the following factors:

- *2044 Park Need:* The total acreage of parkland required to serve projected population growth through 2044, based on the adopted PLOS.
- *2044 Park Need Costs:* The total cost of acquiring and developing the parkland necessary to meet the 2044 Park Need, calculated using average parkland acquisition and development costs.
- *2044 Park Need Costs to Be Paid by New Development:* The portion of total park need costs attributable to new development, after accounting for anticipated City and other public funding sources.
- *Base Park Impact Fee by Housing Type:* The portion of park system costs are attributable to new development divided by the number of expected new single-family and multi-family dwelling units, resulting in a base park impact fee by housing type.
- *Park Impact Fee by Unit Size:* Adjustment of the base park impact fee by square footage to reflect differences in unit size and proportional impacts.

Based on these factors, the park impact fee is calculated using the following formula:

1. 2044 Park Need × Cost of Parkland Acquisition and Development Cost = Total Park Need Costs
2. 2044 Total Park Need Costs – Anticipated City and Other Revenue Sources = 2044 Park Need Costs Attributable to New Development
3. 2044 Park Need Costs Attributable to New Development ÷ Number of Expected New Dwelling Units = Base Park Impact Fee
4. Base Park Impact Fee Adjusted by Unit Size = Final Park Impact Fee

This methodology ensures that park impact fees are proportionate to the impacts of new development, consistent with the City’s adopted plans, and compliant with RCW 82.02.

2044 Park Need

The 2044 Park Need is based on the number of housing units allocated to the City of Poulsbo by the Washington State Department of Commerce as part of the City's 2024 Comprehensive Plan Update. These allocations establish the City's assumed residential growth over the planning horizon and provide the basis for projecting future population growth.

The Housing Needs Assessment included in Appendix A.1 of the Comprehensive Plan (Tables 46 and 47) identifies Poulsbo's allocated housing growth through 2044 as 560 single-family dwelling units and 1,417 multi-family dwelling units.

Projected population growth associated with these housing units is calculated using the average household sizes adopted for the City of Poulsbo:

Single-Family: 560 units × 2.41 persons per household = 1,350 persons

Multi-Family: 1,417 units × 2.07 persons per household = 2,933 persons

The total projected population growth associated with allocated housing units is therefore 4,283 persons.

The gross park acreage needed to serve this population growth is calculated by applying the City's adopted PLOS of 13.73 acres of parkland per 1,000 population, as documented in the Comprehensive Plan and Capital Facilities Plan (Exhibit CFP-18):

(4,283 × 13.73)/1,000 = 58.80 acres

The gross park acreage need is then adjusted to account for park and open space capacity provided through other mechanisms identified in the Capital Facilities Plan, including NKSD field availability and State Route 305 wetland mitigation open space acreage (Exhibit CFP-20). These facilities provide usable park or open space capacity and are therefore credited against the total park acreage need to avoid double-counting.

After applying these adjustments totaling 30.98 acres, the net adjusted 2044 Park Need attributable to new development is 27.82 acres.

Adjustment for Private Neighborhood Parks and Open Space

In evaluating future park land needs, the City considered the role of privately owned neighborhood parks and open space areas that are developed as part of residential projects. While these facilities are not open to the general public and do not function as part of the City's public park system, they do provide recreational opportunities and open space amenities that directly serve residents within the immediate development.

Because these private facilities help meet a portion of localized neighborhood park and open space demand, the City applied a 15% reduction to the projected acreage need for Neighborhood Parks and Open Space categories. This adjustment reflects the contribution these private amenities make toward serving growth at the neighborhood level, while recognizing that they do not replace the need for publicly accessible community-wide facilities such as Community or Regional Parks.

Following application of the 15% reduction to these two categories, total projected park land need was recalculated to reflect this adjusted demand. This approach ensures that the impact fee analysis accounts for the functional contribution of private recreational areas without overstating the City's future public park land acquisition obligations.

After applying these adjustments, the net adjusted 2044 Park Need attributable to new development is 25.96 acres.

2044 Park Need Costs

The cost of meeting the 2044 Park Need reflects the capital costs required to acquire and develop park facilities necessary to maintain the City's adopted PLOS as growth occurs. Consistent with standard impact fee practice in Washington, total park need costs are comprised of two components: parkland acquisition and parkland development.

Cost of Parkland Acquisition

The average cost of parkland acquisition per acre is based on the 2025 average assessed value of vacant or potentially available land within the City of Poulsbo. Parcels were selected using Kitsap County Assessor data and screened to reflect the types of properties reasonably expected to be acquired for future park use, consistent with the City's Capital Facilities Plan and 20-year park acquisition planning assumptions.

Parcels included in the analysis met the following criteria:

- Vacant and undeveloped parcels between 1 and 3 acres in size; and
- Vacant or largely undeveloped parcels 3 acres or larger containing no more than one single-family residence.

Parcels were excluded from the analysis if they:

- Are classified under a current use tax exemption;
- Have an approved or pending preliminary subdivision, planned residential development, site plan review, or binding site plan approval; or
- Are located in non-residential zoning districts, as the City's planned park acquisition areas identified in the Capital Facilities Plan are primarily located within residential zones.

City staff utilized GIS to identify parcels meeting these criteria, calculate total acreage, and determine the combined assessed value of eligible parcels. The resulting analysis produced an average 2025 assessed value of \$139,107 per acre for parkland acquisition within the City limits of Poulsbo.

This approach reflects a reasonable and locally grounded estimate of land acquisition costs and is consistent with methodologies used in other recently adopted Washington park impact fee studies.

Cost of Parkland Development

The cost of parkland development varies depending on park type, size, location, and amenities. To estimate development costs in a manner appropriate for impact fee purposes, the City calculated average development costs per acre for the primary park types and facilities identified in the Comprehensive Plan and Capital Facilities Plan.

Development cost estimates are based on:

- The City's most recent park construction projects;
- Typical amenities associated with each park type;
- Site preparation and infrastructure needs; and
- Informal benchmarking with other Washington jurisdictions.

Average development costs per acre by park type are summarized below:

- Neighborhood Parks: \$882,000 per acre (23.3% of need)
(playground, picnic areas, lawn/sitting areas, barbeques, trails, viewing areas)
- Community Parks: \$1,500,000 per acre (35.2% of need)
(playgrounds, athletic fields, picnic shelters, trails/paths, dog runs, community gardens, viewing areas)
- Regional Parks: \$2,030,697 per acre (6.9% of need)
(multi-purpose fields, playgrounds, picnic shelters, trails, lawn/sitting areas, viewing areas)
- Open Space Parks: \$100,000 per acre (21.4% of need)
(trails, viewing areas, viewing platforms, arboretum features)
- Trails: \$35,000 per acre (13.2% of need)
(grading and gravel path development)

To reflect the City's projected mix of future park needs, a blended average cost per acre was calculated using each park type's share of total projected acreage need. Under this method, the cost per acre for each park category was

multiplied by its corresponding percentage of total need. The resulting values were then summed to produce a single blended cost per acre.

This approach ensures that park types representing a larger share of future demand, such as Community Parks, have a proportionately greater influence on the overall average cost, while park types with smaller projected needs contribute proportionally less. The resulting blended cost per acre reflects the anticipated distribution of future park development and provides a proportionate basis for calculating park impact fees.

	<i>Cost Per Acre</i>	<i>Share of Total Park Need</i>	<i>Weighted Cost</i>
<i>Neighborhood Park</i>	<i>\$882,000</i>	<i>0.23</i>	<i>\$205,885</i>
<i>Community Park</i>	<i>\$1,500,000</i>	<i>0.35</i>	<i>\$527,664</i>
<i>Regional Park</i>	<i>\$2,030,697</i>	<i>0.07</i>	<i>\$140,992</i>
<i>Open Space Park</i>	<i>\$100,000</i>	<i>0.21</i>	<i>\$21,361</i>
<i>Trails - Acreage</i>	<i>\$35,000</i>	<i>0.13</i>	<i>\$4,611</i>
<i>Total</i>			<i>\$900,512</i>

Total Park Need Cost

The average cost to acquire and develop parkland is calculated by combining the average land acquisition cost and the average parkland development cost:

- Average Land Acquisition Cost: \$139,107 per acre
- Average Parkland Development Cost: \$900,512 per acre

Total Average Cost per Acre: \$1,046,196

This average per-acre cost is applied to the net adjusted 2044 Park Need of 25.96 acres to determine the total cost of park system improvements needed to serve projected growth:

- Parkland Acquisition: \$139,107 × 25.96 acres = \$3,611,064
- Parkland Development: \$909,512 × 25.96 acres = \$23,376,303

Total Park Need Cost to Meet 2044 Park Demand: \$26,987,367

These costs represent the total capital investment required to provide park system capacity for new development and form the basis for calculating the proportionate share attributable to growth.

2044 Park Need Costs to be Paid by New Development

The total 2044 Park Need Cost of \$26,987,367 represents the full capital cost required to acquire and develop park facilities necessary to maintain the City’s adopted planned level of service as growth occurs. Consistent with RCW 82.02, this cost must be shared between new development and the broader community, as impact fees may fund only a proportionate share of system improvement costs attributable to growth and may not serve as the sole funding source for park capital improvements.

To ensure compliance with statutory requirements and to avoid charging new development more than its proportionate share, the City applies an adjustment factor to reflect anticipated public funding contributions toward future park acquisition and development. This adjustment is based on the City’s evaluation of historically available and reasonably anticipated funding sources over the 2044 planning horizon.

Predicted Public Funding Sources

The City anticipates contributing approximately \$8.5 million in public funding toward park capital improvements between 2025 and 2044. These funds are expected to be derived from a combination of general revenues, grants, and community contributions, as summarized below:

- City General Fund Allocation: \$5.5 million (approximately \$275,000 per year over 20 years)
- Estimated State and Federal Grants: \$2.0 million
- Community Donations of Labor and Supplies: \$1.0 million

Total Estimated Public Funding (2025–2044): \$8.5 million

2044 Park Need Cost - Total Estimated Public Funding: \$18,487,367

These funding sources represent contributions from the broader community and are appropriately credited to reduce the share of park system costs attributable to new development.

Adjustment Factor and Cost Attributable to New Development

Based on anticipated public funding of \$8.5 million, the City expects to fund approximately 31.5% of the total 2044 Park Need Cost through non-impact fee sources. The remaining \$18,487,367 represents the portion of park system costs attributable to new development and eligible for recovery through park impact fees.

Allocation to New Residential Development

The cost attributable to new development is allocated across the projected number of new residential units anticipated to be constructed between 2025 and 2044:

- Single-Family Units: 560
- Multi-Family Units: 1,417

Total New Residential Units: 1,977

Dividing the park system costs attributable to new development by the expected number of new residential units results in a base park impact fee of \$9,578 ($\$18,487,367/1,977$) per dwelling unit prior to adjustment by housing type and unit size.

Determine Average Square Footage per Housing Type

Recent legislative changes and evolving practice in Washington emphasize the importance of ensuring that impact fees are proportionate to the impacts of development. In response, the City adjusts the park impact fee based on residential unit size, recognizing that smaller dwelling units generally accommodate fewer residents and generate proportionally lower demand for park facilities than larger units.

To implement this proportionality principle, the City establishes a base park impact fee using average unit sizes for new residential construction, and then adjusts the fee upward or downward based on the square footage of the proposed dwelling unit. This approach allows the impact fee structure to better reflect differences in anticipated park usage while remaining consistent with RCW 82.02 requirements.

Average square footage assumptions for new residential development were derived from a review of City of Poulsbo residential building permits issued between 2021 and 2025 for new single-family and multi-family construction. The resulting averages are as follows:

- *Average Square Footage – New Single-Family Units: 2,490 square feet*
- *Average Square Footage – New Multi-Family Units: 970 square feet*

These average unit sizes serve as the baseline for calculating the base park impact fee by housing type. The final park impact fee is then adjusted proportionately to account for variations in unit size, ensuring that smaller units are assessed a lower fee and larger units are assessed as a higher fee relative to the base amount.

Park Impact Fee Calculation by Housing Type, by Square Footage

The base park impact fee rates are established using representative unit sizes derived from recent residential construction activity in the City of Poulsbo. These base rates serve as the midpoint from which park impact fees are adjusted upward or downward based on residential unit size to improve proportionality.

The base park impact fee for single-family detached residential development is \$9,578, which corresponds to a 2,500 square foot dwelling unit.

The base park impact fee for multi-family residential development is \$4,360, which corresponds to a 1,000 square foot dwelling unit. This base multi-family fee reflects the smaller average unit size and proportionate scale of multi-family units relative to single-family units.

From these respective base rates, park impact fees are adjusted by square footage to reflect the proportional increase or decrease in anticipated park impacts associated with unit size.

Table 1: Single-Family Detached Residential	
Unit Size	Park Impact Fee
999 square feet or less	\$ 3,130
1,000-1,499 square feet or less	\$ 4,360
1,500-1,999 square feet	\$ 6,090
2,000-2,499 square feet	\$ 7,840
2,500 – 2,999 square feet	\$ 9,578
3,000 square feet or more	\$ 11,320
<i>Note: Accessory dwelling units (ADUs) associated with single-family detached units are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	
Multi-Family Residential	
Unit Size	Park Impact Fee
499 square feet or less	\$ 1,400
500-999 square feet	\$ 2,620
1,000-1,499 square feet	\$ 4,360
1,500-1,999 square feet	\$ 6,100
2,000-2,499 square feet	\$ 7,850
2,500 square feet or more	\$ 9,590
<i>Note: Accessory dwelling units (ADUs) associated with multi-family residential development are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	

Park impact fees are calculated proportionately based on the square footage of the residential unit relative to the applicable base unit size, ensuring that smaller units are assessed a lower fee and larger units are assessed a higher fee in a manner consistent with RCW 82.02.

Phased Approach (Option 1)

The park impact fee schedules shown in Table 1 establish the full, proportionate cost of providing park system capacity needed to serve new residential development, with fees scaled by unit size for both single-family detached and multi-family residential development. These tables reflect the maximum impact fee amounts supported by the technical analysis in this rate study.

While the fee schedules represent the full calculated cost, staff is recommending a phased implementation approach, as shown in Table 2, Phased Implementation Schedule for Base Park Impact Fees (2027-2031). Under this approach, the City would begin implementation in January of 2027 at a lower base rate and incrementally increase the base impact fee each year until the full calculated rates are reached in 2031. As illustrated in Table 2, the base park impact fee for single-family detached residential development would begin at \$2,596 in 2027 and increase annually to \$9,578 by 2031, while the base park impact fee for multi-family residential development would begin at \$1,912 in 2027 and increase annually to \$4,360 by 2031.

Table 2: Phased Implementation Schedule for Base Park Impact Fees (January 2027-2031)	2027	2028	2029	2030	2031
<i>Single-Family Base Park Impact Fee</i>	\$ 2,596	\$ 4,611	\$ 6,267	\$ 7,922	\$ 9,578 + CPI
<i>Multi-Family Base Park Impact Fee</i>	\$ 1,912	\$ 2,524	\$ 3,136	\$ 3,748	\$ 4,360 + CPI

As the base park impact fee increases annually pursuant to the phased implementation schedule, the unit-size-based fees shown in these tables will be recalculated each year to reflect the updated base rate in effect at the time of

permit issuance. The proportional relationships among unit size categories will remain the same, but the dollar amounts will adjust upward as the base park impact fee increases.

Table 3 illustrates the structure and proportional scaling of the park impact fees by unit size, using 2026 as the reference year. Future-year park impact fees will follow the same structure, with fees adjusted annually to correspond to the applicable base park impact fee adopted by the City Council.

The square-footage-based fee schedules shown in Table 3 would continue to apply throughout the phase-in period, with the applicable unit-size adjustments calculated from the phased base rates in effect for each year. Accessory dwelling units (ADUs) will continue to be assessed at 50% of the impact fee applicable to the principal dwelling unit, regardless of the year in which the permit is issued.

Table 3: Single-Family Detached Residential – January 2027	
Unit Size	Park Impact Fee
999 square feet or less	\$ 850
1,000-1,499 square feet or less	\$ 1,180
1,500–1,999 square feet	\$ 1,650
2,000–2,499 square feet	\$ 2,120
2,500 – 2,999 square feet	\$ 2,596
3,000 square feet or more	\$ 3,070
<i>Note: Accessory dwelling units (ADUs) associated with single-family detached units are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	
Multi-Family Residential – January 2027	
Unit Size	Park Impact Fee
499 square feet or less	\$ 610
500–999 square feet	\$ 1,150
1,000–1,499 square feet	\$ 1,912
1,500–1,999 square feet	\$ 2,680
2,000-2,499 square feet	\$ 3,440
2,500 square feet or more	\$ 4,210
<i>Note: Accessory dwelling units (ADUs) associated with multi-family residential development are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	

Staff recommend this phased approach to reduce rate shock, provide predictability for development projects currently in the pipeline, and allow the housing and development market time to adjust to the updated fee structure. Phasing also helps mitigate the potential impact of sudden fee increases on smaller projects, infill development, and missing-middle housing types, while still ensuring that the City moves toward full cost recovery over time.

The phased implementation schedule shown in Table 2 is a policy decision and does not modify the underlying impact fee methodology, planned level of service, or proportionality analysis described elsewhere in this study. By 2031, the full park impact fee amounts shown in Table 1 would be in effect.

Phased Approach (Option 2)

The park impact fee schedules shown in Table 1 establish the full, proportionate cost of providing park system capacity needed to serve new residential development, with fees scaled by unit size for both single-family detached and multi-family residential development. These tables reflect the maximum impact fee amounts supported by the technical analysis in this rate study.

While the fee schedules represent the full calculated cost, staff is recommending a phased implementation approach, as shown in Table 2, Phased Implementation Schedule for Base Park Impact Fees (2027–2029). Under this approach, the City would begin implementation in January 2027 at a lower base rate and incrementally increase the base park impact fee each year until the full calculated rates are reached in 2029. As illustrated in Table 2, the base park impact fee for single-family detached residential development would begin at \$4,059 in 2027 and increase annually to

\$9,578 by 2029, while the base park impact fee for multi-family residential development would begin at \$2,320 in 2027 and increase annually to \$4,360 by 2029.

	2027	2028	2029
<i>Single-Family Base Park Impact Fee</i>	\$ 4,059	\$ 6,819	\$ 9,578 + CPI
<i>Multi-Family Base Park Impact Fee</i>	\$ 2,320	\$ 3,340	\$ 4,360 + CPI

As the base park impact fee increases annually pursuant to the phased implementation schedule, the unit-size-based fees shown in these tables will be recalculated each year to reflect the updated base rate in effect at the time of permit issuance. The proportional relationships among unit size categories will remain the same, but the dollar amounts will adjust upward as the base park impact fee increases.

Table 3 illustrates the structure and proportional scaling of the park impact fees by unit size, using 2027 as the reference year. Future-year park impact fees will follow the same structure, with fees adjusted annually to correspond to the applicable base park impact fee adopted by the City Council.

The square-footage-based fee schedules shown in Table 3 would continue to apply throughout the phase-in period, with the applicable unit-size adjustments calculated from the phased base rates in effect for each year. Accessory dwelling units (ADUs) will continue to be assessed at 50% of the impact fee applicable to the principal dwelling unit, regardless of the year in which the permit is issued.

Unit Size	Park Impact Fee
999 square feet or less	\$ 1,330
1,000-1,499 square feet or less	\$ 1,840
1,500–1,999 square feet	\$ 2,580
2,000–2,499 square feet	\$ 3,330
2,500 – 2,999 square feet	\$ 4,059
3,000 square feet or more	\$ 4,800
<i>Note: Accessory dwelling units (ADUs) associated with single-family detached units are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	

Unit Size	Park Impact Fee
499 square feet or less	\$ 740
500–999 square feet	\$ 1,390
1,000–1,499 square feet	\$ 2,320
1,500–1,999 square feet	\$ 3,250
2,000-2,499 square feet	\$ 4,180
2,500 square feet or more	\$ 5,100
<i>Note: Accessory dwelling units (ADUs) associated with multi-family residential development are assessed at 50% of the impact fee applicable to the principal dwelling unit.</i>	

Staff recommend this phased approach to reduce rate shock, provide predictability for development projects currently in the pipeline, and allow the housing and development market time to adjust to the updated fee structure. Phasing also helps mitigate the potential impact of sudden fee increases on smaller projects, infill development, and missing-middle housing types, while still ensuring that the City moves toward full cost recovery over time.

The phased implementation schedule shown in Table 2 is a policy decision and does not modify the underlying impact fee methodology, planned level of service, or proportionality analysis described elsewhere in this study. By 2029, the full park impact fee amounts shown in Table 1 would be in effect.

Annual Fee Adjustment and Indexing

To preserve the proportionality and effectiveness of the City of Poulsbo's park impact fee program over time, the City may provide for an annual administrative adjustment to park impact fee rates to account for inflation and changes in park land acquisition and development costs. Without periodic adjustments, the real value of impact fees can erode, shifting a greater share of park system costs to existing residents and reducing the City's ability to maintain its adopted planned level of service as growth occurs. An annual adjustment, if authorized by the City Council, would be based on a recognized inflationary index, such as the Consumer Price Index, and would be applied administratively without modifying the underlying methodology, planned level of service, or policy framework established by this study. More substantive changes to park impact fees would continue to require a future rate study update and legislative action by the City Council.

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