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# **Businesses benefit from break in city impact fees**

March 30, 2010

By Warren Kagarise

A city program to make Issaquah more appealing to businesses has aided the developers of Overlake Center, a Northwest Maple Street medical building, offices along East Sunset Way and more than a dozen construction and remodeling projects citywide.

In February, City Council members extended a fee rollback for businesses. The measure exempts businesses from paying the city transportation impact fee for the first 10,000 square feet of floor area.

The city earmarked \$1.58 million — money left over from the failed Southeast Bypass project — to offset the fee; about \$1.3 million remains available. The council extended the exemption until March 1, 2011.

Concerned about the effect of the transportation impact fee and the recession on businesses, the council rolled back the fee last year, until March 2010. Officials intended for the measure to be temporary. The weak economy and requests from the Issaquah Chamber of Commerce and the DownTown Issaquah Association prompted the council to act.

Officials said at least 17 projects have tapped into the fund since the exemption went into effect last February. City Economic Development Manager Dan Trimble said the effort helped make Issaquah more attractive to businesses.

The program assisted a diverse group of projects, including a pho restaurant, a preschool and a gymnastics center. The effort also aided the expansion of Alpine Animal Hospital.

The city shouldered the largest share — \$52,300 — for the construction of the HighMark Medical Center, 45,000 square feet of medical office space and a covered parking garage under construction at 1740 N.W. Maple St. The developer, HighMark Investments, paid \$161,336 in fees.

Issaquah School District officials also received a break on the rebuild of Issaquah High School. The city picked up \$14,600 in fees; the district paid \$147,587.

A development planned for the site where Skippers restaurant used to stand also benefited from the fee rollback. The city paid \$16,919 for the impact fees for Front Street Crossing; because of the planned size of the development, the developer paid nothing. Plans call for ground-floor retail and upstairs office space, but the recession has slowed plans to lease the complex.

Overlake Center — a complex along East Lake Sammamish Parkway Southeast anchored by Overlake Medical Center Issaquah and Bartell Drugs — received a break on three buildings for a combined \$85,888 in fees. The developer paid \$166,244 in transportation impact fees for a single structure. The other buildings did not exceed 10,000 square feet.

The office building under construction at 370 E. Sunset Way also benefited from the program. Workers demolished a three-unit apartment building to make way for the 3,610-square-foot office complex. The city paid the \$8,617 in fees for the project.

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DownTown Issaquah Association Executive Director Greg Spranger said the program had helped businesses ease into downtown storefronts, and attracted businesses citywide. He credited City Council members for extending the exemption into 2011.

"Anytime you can help in the mitigation of fees, that's huge," Spranger said.

The initial focus centered on encouraging development downtown when council members discussed the proposal in late 2008. The earlier concept reflected the effort by planners and downtown boosters to promote higher density development along historic Front Street. Moreover, officials wanted to cut the number of vacant downtown storefronts.

But city staffers worried about the special treatment for downtown businesses. Trimble said a downtown-specific rollback could have resulted in a legal challenge to the plan, so the exemption expanded to include the entire city.

"How do you say, 'Here's the boundary line?" Spranger asked.

The state Growth Management Act authorizes cities to charge impact fees in order for developers to shoulder the cost of adding infrastructure, such as roads. Developers pay the fees to build new projects; the money offsets the additional cost the city pays to provide services to the development. If a tenant changes the use for a building, he or she also pays impact fees.

Issaquah officials adopted transportation impact fees in 1997; officials last updated the fees in 2006.

Warren Kagarise: 392-6434, ext. 234, or wkagarise@isspress.com. Comment at www.issaquahpress.com.

Other Stories of Interest: <u>downtown Issaquah</u>, <u>DownTown Issaquah Association</u>, <u>Front Street Crossing</u>, HighMark Medical Center, impact fees, Issaquah City Council, Issaquah High School, Issaquah School District, <u>Overlake Center</u>

Written by Warren Kagarise · Filed Under Business, Business News

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