



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/16/2024

DATE: April 11, 2024
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Adopt a Resolution Rescinding Resolution Nos. 2024-003, 2024-004, and 2024-005 Regarding the Transportation Impact Fee

RECOMMENDATION:

Adopt a Resolution rescinding Resolution Nos. 2024-003, 2024-004, and 2024-005 Regarding the Transportation Impact Fee, leaving the Town's previously adopted Traffic Impact Mitigation Fees in effect pending further review.

REMARKS:

On January 16, 2024, the Town Council adopted resolutions relating to an updated transportation impact fee (TIF), which was intended to replace the Town's prior traffic impact mitigation fee. These resolutions included Resolution 2024-003 (adopting the nexus study for the 2023 Update to the Transportation Impact Fee), Resolution 2024-004 (formally updating the Transportation Impact Fee and amending the 2023-2024 Master Fee Schedule to include the updated fee), and Resolution 2024-005 (amending the Town's Traffic Impact Policy).

In addition, the Town Council also introduced a proposed new ordinance that would have amended Town Code Section 15, Article VII, entitled "Traffic Impact Mitigation Fees," to instead provide for the Town's imposition of the proposed updated "Transportation Impact Fee," as contemplated in the three resolutions.

Public comment on the January agenda item raised a question regarding the methodology used in the nexus study in support of the updated fee. Staff is gathering information regarding the methodology used. In the meantime, the proposed ordinance has not yet been brought back to the Council for a second reading and final adoption, and the Town's existing Code provisions relating to its Traffic Impact Mitigation Fees have remained in effect. The Resolutions updating the fee, nonetheless, took effect on March 15, 2024. Since this date, any new transportation impact fees collected have been set aside and have not been allocated to capital projects.

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Parks and Public Works Director, and Finance Director

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REMARKS (continued):

On March 19, 2024, the Town Council discussed the possible suspension of the TIF and deferred action until April 2, 2024. On April 2, 2024, the Town Council discussed several options for potentially modifying the nexus study that was used to determine the fee. The Council provided direction to explore a couple of the options and return to Town Council with the results. The Council did not consider suspension or rescission at the early April meeting.

Also on April 2, 2024, the Town Council adopted a Resolution approving the Comprehensive Fee Schedule for Fiscal Year 2024/25. The updated fee schedule retains the former Traffic Impact Mitigation Fees (rather than the updated Transportation Impact Fee reflected in the three Resolutions).

To avoid confusion, staff recommends that the Council rescind the Resolutions that established the updated Transportation Impact Fee, to be reconsidered after Town staff returns to the Council with the additional analysis and options. (Attachment 1).

ALTERNATIVES:

Alternatively, the Council may prefer to suspend rather than fully rescind the Resolutions regarding the TIF (Attachment 2) or retain the new fee. If Council decides to retain the new fee, it will still need to adopt the related Ordinance that was introduced last January, and the 2024/25 fee schedule would need to be amended by future Council action.

If a Council Member would like to consider one of these alternatives, this agenda item will need to remove this item from the Consent Calendar. If the Council approves the Consent Calendar without removing this item, the Council would be rescinding the three resolutions as contemplated in the draft resolution included as Attachment 1.

NEXT STEPS:

If the January 16th resolutions are rescinded or suspended, the former traffic impact fee will come back into effect immediately. Again, the Comprehensive Fee Schedule for Fiscal Year 2024/25 as approved by the Council on April 2 already contemplates this.

COORDINATION:

This report was coordinated with the Department of Parks and Public Works, Town Attorney, and outside legal counsel.

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FISCAL IMPACT:

As recommended, this action would result in a return to the former traffic impact fee.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution Rescinding Resolution Nos. 2024-003, 2024-004, and 2024-005
2. Resolution Suspending Resolution Nos. 2024-003, 2024-004, and 2024-005