



**TOWN OF LOS GATOS  
COUNCIL POLICY COMMITTEE REPORT**

MEETING DATE: 10/22/2019

ITEM NO: 2

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DATE: October 15, 2019  
TO: Council Policy Committee  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Discuss and Provide Direction on the Application of the Traffic Impact Policy and Associated Fees.

**RECOMMENDATION:**

Discuss and provide direction on the application of the Traffic Impact Policy and associated fees.

**BACKGROUND:**

The Traffic Impact Mitigation fee was revised by Council in 2014. Since then, the Policy Committee has reviewed the Traffic Impact Policy on two occasions (11/17/16 and 2/16/17) and recommended changes to the Town Council. In both cases the changes were adopted by the Town Council to provide a more streamlined and cost-effective process for changes of use in existing commercial spaces.

The modifications recommended in November 2016 reflect changes to how the Policy is applied in the C-2 zoning district/downtown, essentially applying the shopping center rate to downtown. This allows for a change of use without the assessment of the traffic impact fee unless new square footage is added. It is important to note that new square footage in downtown and shopping centers outside of downtown is still assessed a traffic impact fee.

The modifications adopted by the Council on March 21, 2017 were related to how traffic impact fees are applied to properties that have been vacant for longer than five years.

These changes have provided a streamlined and less expensive opportunity for businesses and property owners, and have provided the Town the opportunity to continue to attract new

**PREPARED BY:** Monica Renn  
Economic Vitality Manager

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

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businesses that may have historically chosen a neighboring jurisdiction because of the high traffic impact fee assessed for a change of use.

BACKGROUND (Continued):

Traffic impact fees are based on a study that identified the Town's traffic improvement needs related to growth and the expected cost per vehicle trip necessary to mitigate the growth. The vehicle trips associated with individual uses are most often identified through data provided by the Institute of Traffic Engineers (ITE). The Town's current Traffic Impact Policy is provided for the Policy Committee's reference (Attachment 1).

DISCUSSION:

As staff continues to work with business and property owners, there have been a few instances where businesses have moved on from considering Los Gatos as a potential new location because they are interested in a standalone building outside of the C-2/downtown. The fees have deterred such businesses from opening in Los Gatos. Mainly, the interest is with standalone buildings north of Highway 9 in the C-1 area often referred to as "downtown north" (N. Santa Cruz Avenue from Highway 9 to Blossom Hill Road).

Given that the Town Council has a strategic priority that encourages community vitality and supports streamlining efforts for business processes, staff is bringing this question to the Policy Committee for its consideration. Staff understands that traffic continues to be a serious concern for many stakeholders, as well as creating an inviting environment for new businesses. As these conversations with stakeholders take place, a few options have risen to the top for the Policy Committee to discuss:

1. Consider adding "downtown north" to the interpretation of downtown, extending the area of the "shopping center" rate to Blossom Hill Road, either on N. Santa Cruz Avenue solely, or N. Santa Cruz Avenue and University Avenue.
2. Modify the Traffic Impact Policy to be applied Town-wide to new square footage only, thus a change of use without additional square footage being added in any space would not require traffic impact fees to be paid.
3. Make no change to the Traffic Impact Policy or the current application of "shopping center."

Considerations one and two above would only apply for a change in use. Where structure square footage is expanded or new structures are added, the additional square footage would still be required to pay the traffic impact fee at the ITE rate for the proposed use, for the new square footage only.

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CONCLUSION:

As the Town continues to promote Community Vitality and business process streamlining, there may be a desire to modify how Traffic Impact Fees are assessed on the change of use in commercial buildings. Three options are provided in the discussion section of this report; however, the Policy Committee may have additional thoughts or options to add to the discussion. Staff looks forward to the Committee's direction on this topic.

COORDINATION:

This report was prepared in coordination with the Town Manager's Office, Community Development Department, and Parks and Public Works Department.

FISCAL IMPACT:

Action on this item does not affect the proposed budget however may decrease potential fees collected. A reduction in fees may reduce the Town's ability to mitigate traffic impacts from intensification of use.

ENVIRONMENTAL ASSESSMENT:

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

Attachment:

1. Traffic Impact Policy