



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 12/03/2019

ITEM NO: 7

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DATE: November 25, 2019  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt a Resolution Approving the Council Policy Committee  
Recommendations for the Modification of the Traffic Impact Policy

**RECOMMENDATION:**

Adopt a resolution approving the Council Policy Committee recommendations for the modification of the Traffic Impact Policy (Attachment 1).

**BACKGROUND:**

The Traffic Impact Mitigation fee was established in 1991 and first 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 adopted in December 2016 reflect the application of the Policy 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 both the downtown and outside of downtown are still assessed a traffic impact fee.

The modifications adopted by the Council on March 21, 2017 affected the application of traffic impact fees to properties that have been vacant 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:** Matt Morley  
Parks and Public Works Director

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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BACKGROUND (Continued):

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

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 reference as Attachment 2.

On October 22, 2019 the Policy Committee reviewed the Traffic Impact Policy for the purpose of considering broader modifications to the Policy. The Policy Committee is recommending modifications such that the Policy applies Town-wide to new square footage only, thus a change of use without additional square footage being added in any space would not require payment of traffic impact fees. The Policy Committee also considered an option of a more limited expansion adjacent to the downtown to include the area between University and North Santa Cruz from Highway 9 to Blossom Hill Road but did not recommend this option. Proposed changes to the current Traffic Impact Policy are provided in redline format as Attachment 3.

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 potential businesses have cited the fees associated with a standalone building outside of the C-2/downtown as one of the reasons for not opening in Los Gatos.

Given that the Town Council has a strategic priority that encourages community vitality and supports streamlining efforts for business processes, staff brought 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.

In the proposed revision, a change of use, regardless of the intensification of use, would not be subject to Traffic Impact Fees. 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.

Changes to the Policy would likely reduce traffic impact fees. As these fees are intended to help offset the cost from the impact of the intensified use, addressing traffic impacts would fall to other sources of funds, likely the general fund. The Council may find that this is a fair tradeoff among priorities.

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DISCUSSION (continued):

During its review of this topic, the Policy Committee asked staff to follow up on two items. The first is the lost revenue from traffic impact fees in the C-2 Zone since the last change. In reviewing this request, there is no simple means for assembling that data – the process would be manual and labor intensive across multiple Departments. Given that additional workload, staff has not undertaken that effort.

The other item the Policy Committee asked for was how the traffic impact fees and Policy would function as the Town explores Vehicle Miles Travelled (VMT). This discussion will be the subject of a future Council presentation and discussion on its own. However, VMT is a regional look at traffic and does not inform local jurisdictions on the needs and function of local roads. Staff anticipates recommending a continued assessment of the impact of development on local road functionality through the retention of the Traffic Impact Policy.

CONCLUSION:

Staff recommends that the Town Council adopt a Resolution approving the Council Policy Committee recommendations for the modification of the Traffic Impact Policy (Attachment 1).

COORDINATION:

This report was prepared in coordination with the Economic Vitality Manager and the Community Development Department.

FISCAL IMPACT:

Action on this item does not affect the proposed budget; however, it may decrease potential fees collected. A reduction in fees may reduce the Town's ability to mitigate traffic impacts from the intensification of use. The reduction of fees may also encourage increased changes to more sustainable uses with a corresponding increase in sales tax revenue.

ENVIRONMENTAL ASSESSMENT:

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

Attachments:

1. Draft Resolution with proposed Traffic Impact Policy
2. Existing Traffic Impact Policy
3. Redlined Traffic Impact Policy Changes