

# Transportation Impact Fee Program

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Town Council Meeting  
May 2, 2023

# Agenda

- 1 Background
- 2 Project List
- 3 Projected Development
- 4 Fee Calculation
- 5 Discussion and Feedback

## TRAFFIC IMPACT FEES

- 1987 - AB 1600 – California Mitigation Fee Act is promulgated and Codified in California Government Code Section 66000 – 66008.
- 1991 – Town of Los Gatos adopts first Traffic Impact Fee
- 2014 – Year of most recent Los Gatos Nexus Study to set Traffic Impact Fee Rates (Resolutions 2014-017 and 2014-059)
- 2020 / 2021 – Town Amends to Traffic Impact Policy to include VMT as metric for conducting transportation analyses for CEQA and establishes standards to comply with SB 743 (Resolution 2020-45); Council directs staff to update Traffic Impact Fees to reflect use of VMT.
- 2021 – State adopts AB 602 which requires: a) completion of a Nexus Study to support the fee adoption; b) Updating the Nexus Study every 8 years; c) calculate the fees based on square footage of the proposed development.

*Traffic Impact Fees are fees imposed on specific development projects to offset the cost of new or additional public facilities needed to serve the development.*

# BACKGROUND

## Scope of Current Study

### Update Traffic Impact Program To:

- Update Fees to Reflect Current Project Needs and Development Impacts
- Consider Implementation of VMT Fee
- Comply with Current California Codes To:
  - ✓ Complete Impact Fee Nexus Study
  - ✓ Calculate Fees Based on Square Footage

### A Word about Language

Traffic Impact Program (TIP): Describes the Overall Program and Associated Council Policy. The TIP includes Two Components:

Transportation  
Improvement  
Fee (TIF)

Expands  
Transportation  
Infrastructure

Vehicle Miles  
Traveled  
Reduction  
Fee (VMT)

Decreases  
Demand for  
Driving

# PROJECT LIST - SUMMARY

	Transportation Improvement Fee Project Costs (2022\$)	VMT Reducing Projects (2022\$)	Total (2022\$)
Total Project Costs	\$151,132,533	\$40,523,441	\$191,655,974
Estimated Funding from Other Source (e.g., grants)	\$124,228,307	\$24,721,584	\$148,949,891
<b>Unfunded Cost Allocated to TIP</b>	<b>\$26,904,227</b>	<b>\$15,801,857</b>	<b>\$42,706,083</b>

## PROJECTED DEVELOPMENT

- Determined Using Projected Development per General Plan
- Calculate the Traffic Demand of Each Land Use (from Institute for Transportation Engineers Data) and Convert Increased Demand into Dwelling Unit Equivalent Rates
- Single Family Residential Demand is Set at 1.0; Other Land Uses Scale Up or Down from Residential.
- DUE Rates are Applied to the Projected Development Amounts to Determine Total DUE's that would pay into the Fee Program. Total DUE = 2,021

Land Use	Dwelling Unit Equivalent Rates (DUE)
Single-Family (per dwelling unit)	1.00
Multi-Family (per dwelling unit)	0.71
Retail (per 1,000 square feet)	1.40
Office (per 1,000 square feet)	1.23
Industrial (per 1,000 square feet)	0.58

## FEE CALCULATION

	Transportation Improvements Fee	VMT Fee
Unfunded Cost Allocated to TIP (from Project List)	\$26,904,227	\$15,801,857
Less Existing Mitigation Fee Fund Balance (as of Fall 2022; will be updated prior to final fee adoption)	<u>(\$1,319,656)</u>	<u>(\$775,084)</u>
Total Unfunded Cost Used in Calculations	\$25,584,570	\$15,026,773
Net DUE's (from General Plan Land Use and Trip Generation Estimates)	2,021	2,021
<b>Cost per DUE (Maximum Fee)</b>	<b>\$ 12,661</b>	<b>\$7,437</b>

## FEE CALCULATION – PER LAND USE

Land Use / Unit Basis of Fee	DUE Rate	VMT Fee	Transportation Improvement Fee	Total Maximum Fee Per Unit
Single-Family / per Dwelling Unit	1.00	\$7,437	\$12,661	\$20,098
Multi-Family / per Dwelling Unit	0.71	\$5,315	\$9,050	\$14,365
Retail / per 1,000 square feet	1.40	\$10,374	\$17,663	\$28,037
Office / per 1,000 square feet	1.23	\$9,141	\$15,564	\$24,706
Industrial / per 1,000 square feet	0.58	\$4,288	\$7,300	\$11,588

Note: Residential Fee is converted to per square foot based on average unit size of 1,671 square feet for single family unit and 884 square feet per unit for multi-family. See memo Table 5.



## EXISTING VERSUS PROPOSED FEES

Project	Calculated Fees to be Paid Under Existing Fee Program <sup>1</sup>	Proposed Fee
Accessory Dwelling Unit	\$0	\$0
New Single-Family Residence (hypothetical) (3,000 SF)	\$9,581.60	\$36,090
Multi-family Residential Project (16940 Roberts Rd, 3 condominiums – 1,820, 1,797, and 1,806 SF)	\$23,394.36	\$88,069.52
Redevelopment (16212 Los Gatos Blvd), existing commercial building, 2,312 SF) with proposed retail/office at 6,185 SF	\$251,720	\$91,315
Retail (15600-15650 Los Gatos Blvd, Whole Foods) 40,190 SF Retail	\$2,129,936	\$1,126,807

Note: Existing fee is \$1,015 per Average Daily Trip for all land use categories.

# DISCUSSION ITEMS

## **What should the new rate be?**

- Option 1: Use Calculated Fee
- Option 2: Reduce the VMT Fee Component
- Option 3: Reduce the Transportation Improvement Fee Component
- Option 4: Reduce rates for certain land use types only

## **Which Credits / Exemptions Should Staff Consider?**

- For all ADU's?
- For Deed Restricted Affordable Housing?
- Others?

## **Expectations for Outreach**

- Regulated Community?
- Chamber of Commerce?
- Others?

# TRANSPORTATION FEE POLICY OPTIONS

Keep in mind:

1. Council may adopt fees at any level up to the maximum fee presented tonight
2. Council may adopt different fee levels for each land use (e.g., 100% of proposed fees for commercial and 75% of proposed fees for residential)
3. Reducing VMT Fee reduces mitigation effectiveness
4. Reducing either fee implies need for additional alternative funding sources to deliver project list

Option	Pro	Con
Adopt both fee components at proposed fee levels	Maximizes funding for Town capital projects	Higher fees than many jurisdictions
Adopt VMT fee component at reduced fee level	Reduces fee burden on development	Lower fee revenue, less VMT mitigation effectiveness
Adopt Transportation Improvement fee component at reduced fee level	Reduces fee burden on development	Lower fee revenue

# QUESTIONS?

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# DETAILED PROJECT LIST

Project Name	Category	Fee Program Component	Total Project Cost (\$2022)	Estimated Funding from Other Sources	Unfunded Cost Allocated to TIF Calculation
State Route 17 Corridor Congestion Relief Project	Safety and Capacity Improvements	TI	\$110,820,000	\$99,738,000	\$11,082,000
Shannon Rd Widening and Safety Improvements	Safety and Capacity Improvements	TI	\$4,371,513	\$1,471,513	\$2,900,000
Union Avenue Widening and Sidewalks	Complete Streets (Carryover)	TI	\$4,226,672	\$3,170,004	\$1,056,668
Traffic Signal Modernization Program	Traffic Signal	TI	\$20,452,114	\$12,452,114	\$8,000,000
Highway 17 Bicycle & Pedestrian Overcrossing	BPMP Priority Projects	VMT	\$25,288,625	\$18,966,469	\$6,322,156
Kennedy Sidewalk & Bike Lanes	BPMP Priority Projects	VMT	\$1,402,065	\$138,740	\$1,263,325
Sidewalk Gap Filling Projects	Other BPMP Projects - New Facilities	VMT	\$600,000	0	\$600,000
New and Expanded Bicycle and Pedestrian Facilities (Non-Priority Projects)	Other BPMP Projects - New Facilities	VMT	\$2,000,000	0	\$2,000,000
Los Gatos Almaden Road Complete Streets Improvements	Complete Streets (Carryover)	TI	\$4,226,672	\$3,170,004	\$1,056,668
Los Gatos Boulevard Multimodal Widening	Complete Streets (Carryover)	TI	\$5,635,562	\$4,226,672	\$1,408,891
Parking Program Implementation	Lighting and Signage	TI	\$400,000	0	\$400,000
Bicycle and Pedestrian Improvements Program -Safety Improvements	Other BPMP Projects - Bicyclist and Pedestrian Safety	TI	\$1,000,000	0	\$1,000,000
Priority Projects from Bicycle and Pedestrian Master Plan	BPMP Priority Projects	VMT	\$11,232,751	\$5,616,375	\$5,616,375
		<b>TOTALS</b>	<b>\$191,655,974</b>	<b>\$148,949,891</b>	<b>\$42,706,083</b>

# COMPARISON OF PROPOSED FEE TO OTHER COMMUNITIES

City or Jurisdiction & Update Year	Single-Family (\$ per Dwelling Unit, unless indicated)	Multi-Family (\$ per Dwelling Unit, unless indicated)	Office (\$ per 1,000 square feet (KSF))	General Retail (unless indicated) (\$ per KSF)
Los Gatos (Current)	\$9,571	\$6,841	\$11,000	\$10,045
Los Gatos (Proposed TIP)	\$20,098	\$14,365	\$24,706	\$28,037
Menlo Park (2022)	\$18,845.593	\$6,351.83	\$21,880	\$12,760
San Mateo (2022)	\$6,867.99	\$3,468.58	\$8,366.76	\$27,735.48
San Carlos (2022)	\$7,243	\$4,097	\$8,413	\$27,874
Los Altos (2022)	\$6,774.20	\$4,159	\$9,993.93	\$12,408.73
Redwood City (2022)	Non-Downtown: \$1,617 Downtown: \$1,212	Non-Downtown: \$992 Downtown: \$744	Non-Downtown: \$2,380 Downtown: \$1,790	Non-Downtown: \$940 Downtown: \$2,960
Palo Alto (2022)	Citywide: \$9,266 per net new PM peak hour trip Charleston/Arastradero district: \$460/KSF commercial or \$1,599 per DUE			
East Palo Alto (2022)	\$2,869.83	\$2,024.79	\$8,360	\$8,360
Mountain View (2022)	\$5,364	\$3,004	\$5,720	\$5,720
Cupertino (2022)	\$6,797	\$4,215	\$19,150	\$10,940
Gilroy (2022)	"Low-Density" \$13,012	"High-Density" \$10,548	Low Traffic Commercial: \$14,397 High Traffic Commercial: \$29,082	
Morgan Hill (2022)	\$3,585	>1,200SF: \$2,222 <1,200 SF: \$1,399	\$3,585 / Peak Hour Traffic	
City of Santa Clara (2022)	\$1,391.16	\$618.30	\$1,610	Retail elements >50KSF: \$5,350
Sunnyvale (2023)	Special planning zone: Lawrence Station Area Plan \$1,472/Residential Unit, applying after 2,323 residential units have been built or approved in the plan area.			

# Why

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## How TIP supports the plans and policies we care about

### Plans for Safety and Reduced Congestion

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- Mobility Element of General Plan
  - MOB-1: Reduce VMT and manage vehicle congestion through a complete streets network
  - MOB-2: Provide continuous, safe, and efficient bicycle and pedestrian facilities
  - MOB-4: ...transportation network with infrastructure and design features that allow safe and convenient travel for all users
- Bike Pedestrian Master Plan
  - Highway 17 Bicycle and Pedestrian Overcrossing
- Local Roadway Safety Plan
- Council Strategic Priorities 2013-2025
  - Traffic/Transportation
- Capital Improvement Program
  - Traffic Signal Modernization

### Fee Program Policy Objectives

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- Defensibility: meet all statutory requirements and be able to withstand scrutiny with respect to methods, analysis, and data inputs.
- Consistency: should be consistent with the General Plan in terms of expected growth in land use, assumed transportation infrastructure projects, and findings on the aggregated VMT impacts.
- VMT Mitigation: Town wanted to use fee program as one tool in environmental clearance process for new development
- Funding Efficiency: Town has ambitious program of planned projects of widely varying types- mostly bike/ped and safety but also traffic signal system and highway capacity (SR-17)
- Maintain reasonable administrative burden