

Analysis of Fees in Comparable Jurisdictions

A Note About VMT Fees

While no city or town in the Bay Area has adopted a Vehicle Miles Travelled (VMT) impact fee, the City of San Diego does have a VMT in lieu fee which they call their Active Transportation In Lieu Fee. Their fee is required for residential and non-residential development projects located in their Mobility Zone 4 and is currently \$1,400 per excess Vehicle Mile Traveled for residential and non-residential development projects. The City of San Diego also created an Active Transportation In Lieu Fee calculator and a user manual. Below is the background language provided in the manual.

In preparation for the implementation of SB 743, the City of San Diego developed the Mobility Choices Program, with an Active Transportation In Lieu Fee component, to provide an avenue for future development to mitigate associated VMT related impacts. The Active Transportation In Lieu Fee will assist the City to fund and construct multi-modal infrastructure that will help to reduce citywide VMT to levels that are consistent with the State's climate change goals, as implemented by SB 743 and SB 375, and also the City's local climate goals, as set forth in the City's Climate Action Plan. The Active Transportation In Lieu Fee only applies to development projects (projects) located within the Mobility Zone 43, since these are the areas that typically generate an average VMT above the significance thresholds recommended by OPR, and the threshold that the City will be using as well. Per the City's Transportation Study Manual, discretionary development projects within these areas will need to reduce their project VMT per Capita to 15% below the regional average (for residential and office projects) through the use of VMT-reducing strategies in order to have a less than significant transportation VMT impact on the environment.

Rather than investing VMT reducing infrastructure in Mobility Zone 4, where its VMT reduction potential is limited, the Mobility Choices regulations would require payment of a fee to mitigate transportation VMT impacts. The fee is based on the estimated cost to reduce a mile of VMT within areas of the City where there is greater return on investment for VMT reducing infrastructure (in the City's Mobility Zones 1, 2, and 3. The purpose of this fee is to 1) invest in active transportation and transit infrastructure within Mobility Zones 1, 2 and 3 where VMT reduction potential is highest and where the greatest return on investment in terms of VMT reductions can be achieved, and 2) allow projects within Mobility Zone 4 to more efficiently work towards a mitigation solution for VMT impacts. This fee is based on the planning level costs identified for the various VMT-reducing infrastructure and associated VMT reduction. This calculation resulted in the projected cost to reduce a single unit of VMT within Mobility Zones 1, 2, and 3, on average (Fee Cost). These calculations are established within the City of San Diego Active Transportation In Lieu Fee Program - Nexus Study.

Comparison of Fees

When adopting an updated fee, one consideration is the level of fees charged by nearby jurisdictions as well as the current transportation impact fees being collected in Los Gatos. Again, while no city or town in the Bay Area has adopted a VMT impact fee, Table 3-1 below shows the fees charged by several South Bay jurisdictions as well as the existing and proposed fee levels for Los Gatos.

Table 3-1. Fee Comparison with Other Jurisdictions

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 with VMT)	\$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	All remaining uses charged using \$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.			