



Traffic & Construction Impact Mitigation Fees

Construction Activity Impact Fee

- Offsets the cost of road maintenance caused by construction traffic
- Adjusted in 2010 to current rate of \$1.00/sq ft
- Recommended new rate \$1.12 per square foot of new development (adjust annually)



Traffic Impact Mitigation Fee

Background

- Based on expected growth expressed as ADT & capital projects
- Captures allocated cost of cumulative traffic impacts Town-wide from new development
- Current rate is \$600 for first ten trips, with additional trips at \$60 or \$120 per trip depending on use



Traffic Mitigation Fee

Update of 2010 Consultant Study

- Reviewed job and population growth assumptions
- Updated list and cost of transportation projects required to accommodate GP Build-Out
- Adjusted calculations to reflect current Traffic Impact Mitigation Fund balance
- Developed Options for Fee Adjustment



Traffic Mitigation Fee

Transportation Mitigation Fee Calculation

Mitigation Impact Fee Eligible Costs (see Appendix A)	22,799,000
Less Existing Mitigation Fee Fund Balance	(2,137,492)
Net improvement fee cost basis	<u>\$ 20,661,508</u>
Avg. Daily Vehicle trips to be added	24,191
Transportation mitigation fee per net new avg. daily trip	\$ 854.10

Source: City staff estimates for eligible improvement costs, and growth estimates from FCS Update March 2014.



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Option 1 – Adjust to Market

- Increase per trip cost from current \$600 to newly calculated \$854/trip
- 42.4% increase consistent with historical construction cost increase of 43.5% for period from 1994 to 2013
- Retains discount for new trips over 10
- Lowest cost impact of options considered
- Aligns with prior Council direction



Option 2 – Flat Rate

- Eliminates discount provisions of prior rate structure
- All trips charged flat rate of \$854 per new trip
- Results in significant increase for most uses with exception of single family housing and small developments



Option 3 – Progressive Fee

- Charges full cost for first 10 trips
- Progressively higher cost per trip as number of new trips increase
- Impact on very large developments similar to Flat Rate option
- Small developments would be impacted least



Fee Options Comparison

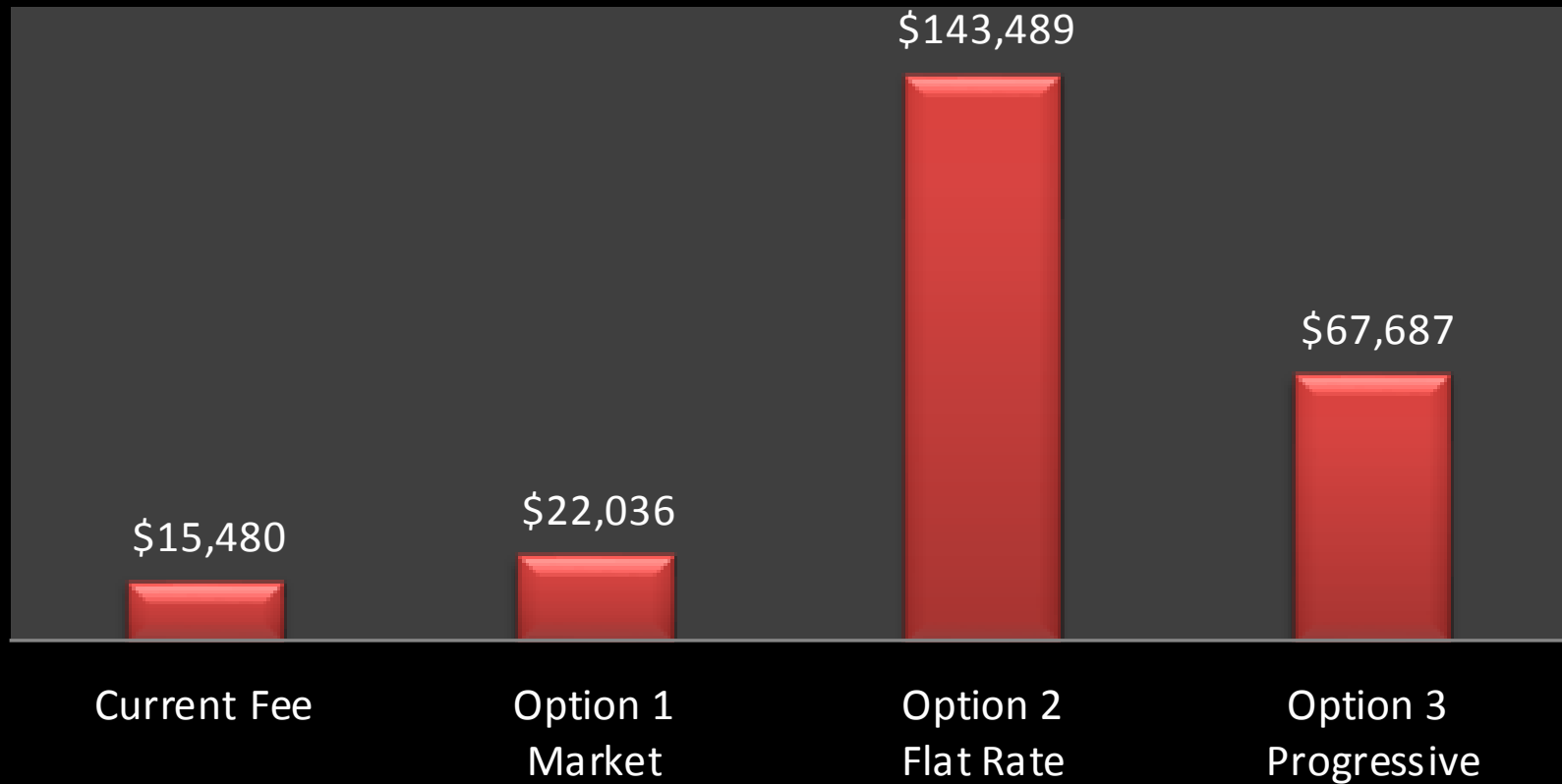
Single Family Residential



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Fee Options Comparison

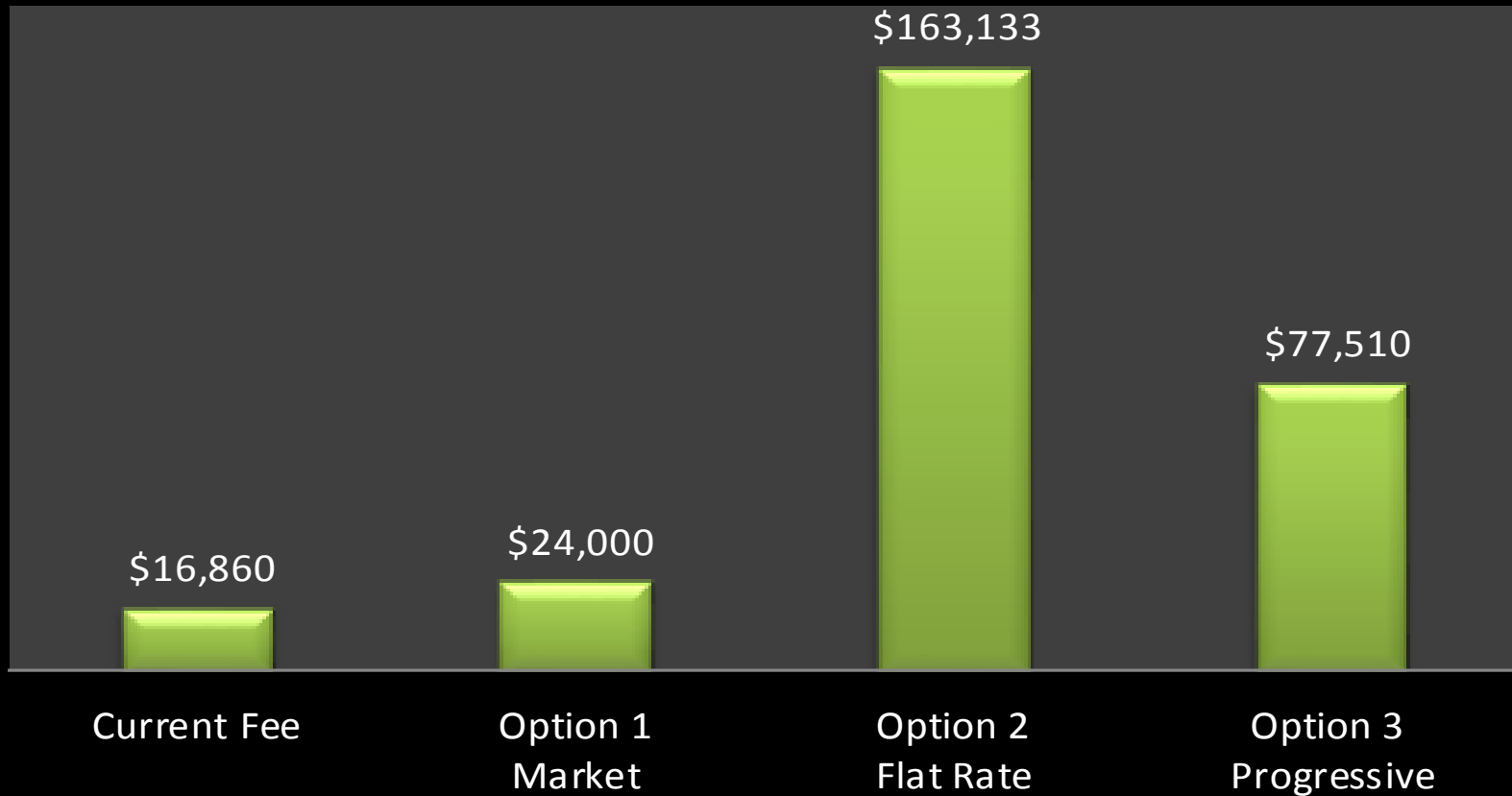
New sit-down restaurant (4500 sqft)



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Fee Options Comparison

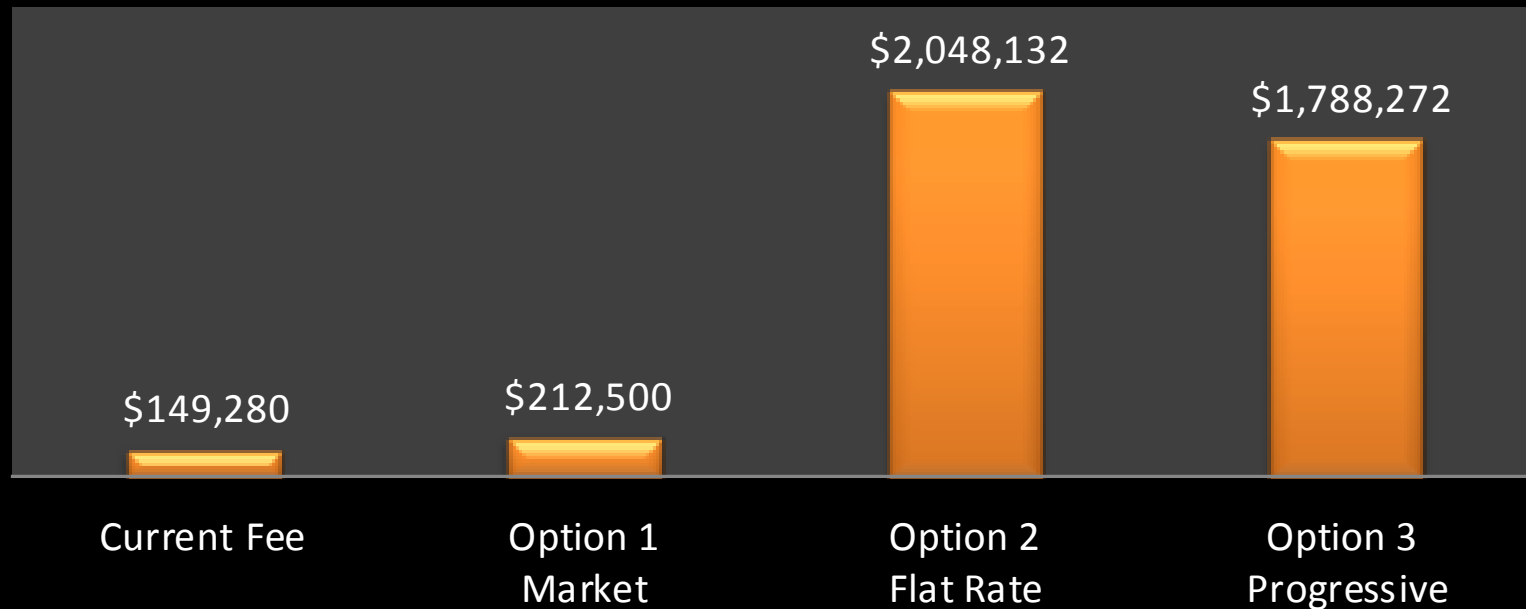
Daycare (3500 sqft)



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Fee Options Comparison

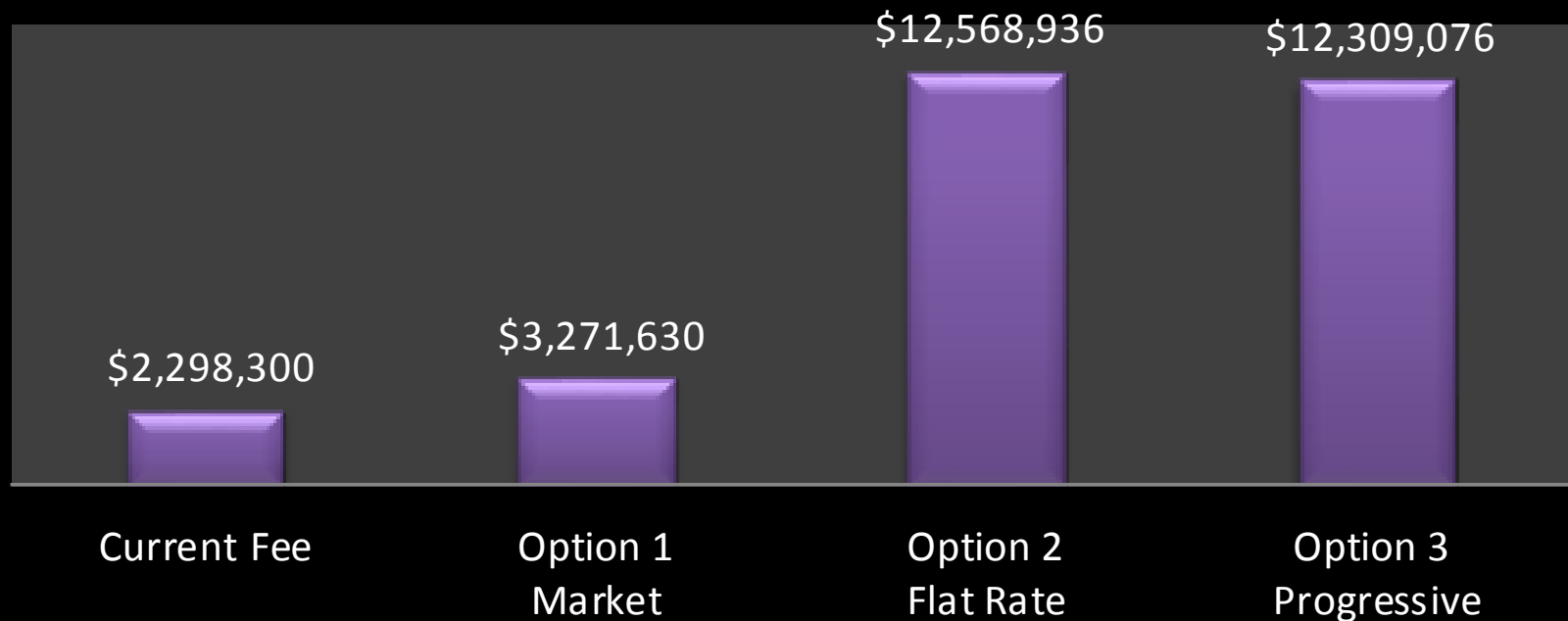
Albright Development (235,000 sqft increase in office commercial)



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Fee Options Comparison

Mixed Use Residential and Commercial (e.g., North 40 Project)



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Fee Comparison with other Cities

Traffic Impact Mitigation Fee Comparison					
Sample Project	Fremont	Santa Cruz	Scotts Valley	Morgan Hill	Gilroy
Albright (235,000 sqft)	\$ 1,169,000	\$ 1,443,750	\$ 2,560,000	\$ 2,592,990	\$ 2,758,500
Daycare (3500 sqft)	n/a	n/a	\$ 30,720	n/a	\$ 33,102
Restaurant (4500 sqft)	\$ 39,150	\$ 42,750	\$ 46,080	\$ 67,478	\$ 49,653
SF Residential	\$ 3,879	\$ 3,850	\$ 5,155	\$ 1,704	\$ 9,973

Sample Project	Current	Option 1	Option 2	Option 3
Albright (235,000 sqft)	\$ 149,280	\$ 212,500	\$ 2,048,132	\$ 1,788,272
Daycare (3500 sqft)	\$ 19,860	\$ 24,000	\$ 163,133	\$ 77,510
Restaurant (4500 sqft)	\$ 15,480	\$ 22,036	\$ 143,489	\$ 67,687
SF Residential	\$ 5,742	\$ 8,174	\$ 8,174	\$ 8,174



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Recommendations

- **Option 1- Market Rate Adjustment of Traffic Fee with no change to methodology (preserves discount over 10 trips)**
- **Consider further changes in conjunction with a more comprehensive review of development impact fees in FY 15/16**
- **Adjust Construction Impact Fees by 11.52% as provided for in Town Code**



Questions



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