



COUNCIL AGENDA: 12/19/17

FILE: 17-466

ITEM: 2.17

Memorandum

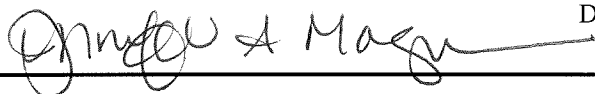
TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jim Ortbal

**SUBJECT: FY17 TRAFFIC IMPACT
FEE REPORT**

DATE: November 27, 2017

Approved



Date

12-6-17

RECOMMENDATION

Accept this annual and five-year report prepared in accordance with the Mitigation Fee Act (Government Code section 66000 *et seq.*) on the status of the City's four traffic impact fee programs: North San Jose, Evergreen-East Hills, US-101/Oakland/Mabury, and Interstate 280/Winchester Boulevard.

OUTCOME

Accepting this memo with the attached Traffic Impact Fee (TIF) Reports of required information will allow the City of San José to continue to use the various TIF funds to fully or partially fund transportation improvements in accordance with the four development policies: North San Jose Area Development Policy, Evergreen-East-Hills Development Policy, US-101/Oakland/Mabury Transportation Development Policy, and Interstate 280/Winchester Boulevard Transportation Development Policy.

BACKGROUND

The Mitigation Fee Act requires public agencies to account for and make specific findings regarding mitigation fees collected by an agency as a condition of development approval. The law also requires that the local or lead agency review and make available to the public an annual report and a five-year report that accounts for the mitigation fees held by the agency. The Mitigation Fee Act authorizes local agencies to combine the annual and five-year report, so the information in this report satisfies both requirements. The FY17 Annual Report covers the period from July 1, 2016 to June 30, 2017.

The City has four separate TIF that are charged to new developments under the following policies and the companion ordinances that establish the TIF: the North San Jose Area Development Policy, the Evergreen-East Hills Development Policy, the US-

101/Oakland/Mabury Transportation Development Policy, and the recently adopted Interstate 280/Winchester Boulevard Transportation Development Policy. All of these policies rely to varying degrees on funding from different sources, including new development, and federal, state, regional, and local sources. The following is a summary of each TIF:

North San Jose TIF: In 2005, the City adopted the North San Jose Area Development Policy (NSJ ADP), which established a traffic impact fee to fund a mitigation program that supports the development of the North San Jose area by alleviating automobile congestion due to new development and enhancing multi-modal transportation options.

The NSJ ADP and TIF (see San Jose Municipal Code (SJMC) Chapter 14.29) authorize the City to charge the TIF to individual developments in order to partially fund traffic improvements that are necessary to mitigate the traffic impacts of development in the NSJ ADP area. The mitigation measures funded by the NSJ TIF are specified in the June 2005 North San Jose Traffic Impact Fee Plan and as revised in May 2009 (see SJMC sec. 14.29.020.F) include intersection improvements, new streets, extension and/or widening of existing streets, as well as regional improvements to Santa Clara County expressways and State highway facilities. The plan also includes multimodal improvements in order to implement the City's North San Jose Deficiency Plan and comply with the VTA's Congestion Management Program as required by Government Code section 65089.3. Included in the Deficiency Plan are enhanced bus services, shuttle services, light rail improvements, new grid streets, and continuous bicycle connections on major streets and trails.

Evergreen-East Hills TIF: The Evergreen-East Hills Traffic Impact Fee (EEH TIF) provides funding for the transportation improvements necessary to mitigate the traffic impacts of new development under the Evergreen-East Hills Development Policy (EEH DP). The EEH DP allows a limited increase in development within the Evergreen-East Hills area boundaries. The EEH DP promotes long-term vitality of the region by linking together this limited new development with supporting transportation infrastructure, and the policy establishes a traffic impact fee to fund those improvements. The mitigation measures funded by the TIF are specified in the November 2008 EEH TIP Analysis (see SJMC sec. 14.33.020.E). They include improvement of eight signalized intersections, installation of new traffic signals or signal modifications at eleven (11) intersections, and freeway improvements along southbound US-101 between I-280 and Yerba Buena Road.

US-101/Oakland/Mabury TIF: The purpose of the US-101/Oakland/Mabury Traffic Impact Fee is to partially fund transportation improvements necessary to mitigate the traffic impacts from new development under the US-101/Oakland/Mabury Transportation Development Policy. The improvements supported by the TIF are specified in the July 2007 US-101/Oakland & US-101/Mabury Road Interchanges Traffic Impact Fee Analysis (See SJMC sec. 14.30.020.H), which will partially fund (1) the improvement of the US-101 Oakland Road interchange by upgrading the facility to maximize capacity; and (2) the construction of the new US-101 interchange at Mabury Road, which has been identified in the City's General Plan as a needed freeway gateway to alleviate congestion at the US-101/Oakland Road interchange. These

transportation improvements will provide adequate access to the US-101 freeway for new development and the future Berryessa BART station.

Interstate 280/Winchester Boulevard TIF: The Interstate 280/Winchester Boulevard Traffic Impact Fee partially funds a northbound I-280 off-ramp at Winchester Boulevard, as specified in the September 2016 Interstate 280/Winchester Boulevard Traffic Impact Fee Plan (see SJMC section 14.34.020.B). New development in the Plan Area that generates demand for the off-ramp is required to pay the traffic impact fee. Other funding sources include regional funding and fees collected from developments outside of the Plan Area that would be required to mitigate their traffic impacts at the interchange. The VTA and Caltrans are the lead agencies implementing the project.

As required by law, each of the traffic impact fees is segregated from the General Fund and accounted for in special revenue funds, which earn interest. These funds, including interest, must be held for the purpose of financing the improvements for which the fees are collected (Section 66001).¹

ANALYSIS

The Mitigation Fee Act regulates how public agencies may establish, collect, maintain, and spend impact fees imposed on developers for the purpose of defraying costs of public facilities that are necessary to mitigate the impacts of the new development. The Act requires periodic public reporting of the accounts for each fee and requires certain findings be made by the City. As authorized by the Mitigation Fee Act, both the annual and five-year reports have been combined in this report.

The annual reporting requirements for each fiscal year are as follows²:

- (A) A brief description of the type of fee in the account or fund.*
- (B) The amount of the fee.*
- (C) The beginning and ending account balance of the account or fund.*
- (D) The amount of the fees collected and the interest earned.*
- (E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that was funded with fees.*
- (F) An identification of an approximate date by which the construction of the public improvements will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.*

¹ Unless otherwise specified, all references are to the California Government Code.

² California Government Code Section 66006(b)(1).

- (G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.*
- (H) The amount of refunds made pursuant to subdivision (e) of Section 66001 and any allocations pursuant to subdivision (f) of Section 66001.*

Additionally, the five-year report³ requires the inclusion of the following additional findings by the Council with respect to that portion of the account or fund remaining unexpended (whether committed or uncommitted):

- (A) Identify the purpose to which the fee is to be put.*
- (B) Demonstrate a reasonable relationship between the fee and the purpose for which it is charged.*
- (C) Identify all sources and amounts of funding anticipated to complete financing in incomplete improvements identified in paragraph (2) of subdivision (a).*
- (D) Designate the approximate dates on which the funding referred to in subparagraph (C) is expected to be deposited into the appropriate account or fund.*

Attachments A through D address the reporting requirements for each of the four traffic impact fee accounts maintained by the City. The separate attachments include information for each different TIF account and satisfy the requirements for both the Annual Report and Five-Year Report.

For each TIF fund, the City is required to make available to the public the annual report within 180 days after the last day of each fiscal year, and is also required to make the information public no later than 15 days prior to the Council meeting at which it will be considered⁴.

EVALUATION AND FOLLOW-UP

This item will be reported annually to the City Council. The next report (FY18) will be presented to Council in Fall 2018.

PUBLIC OUTREACH

The staff report was posted on the City's website on December 4, 2017 and made available in printed copy at the City Clerk's Office. The staff report will also be available on the City of San José's Council agenda website page, prior to the City Council meeting scheduled for December 19, 2017.

³ California Government Code Section 66001(d)(1).

⁴ California Government Code Section 66006(b)(2).

COORDINATION

This report has been coordinated with the City Attorney's Office, the Department of Public Works, the Department of Planning, Building and Code Enforcement, and the City Manager's Budget Office.

COMMISSION RECOMMENDATION/INPUT

No commission recommendation or input is associated with this action.

FISCAL/POLICY ALIGNMENT

Accepting the report of required information will allow the City of San José to use the various TIF funds to partially fund transportation improvements in the four policy areas where they are collected.

CEQA

Not a project, File No. PP17-009 - Staff Reports, Assessments, Annual Reports, and Informational Memos that involve no approvals of any City action.

/s/
JIM ORTBAL
Director of Transportation

For questions, please contact or Jessica Zenk, Division Manager, at (408) 535-3543.

Attachments

NORTH SAN JOSE TRAFFIC IMPACT FEE
June 30, 2017

1. Type and purpose of fee in fund:

The North San Jose Traffic Impact Fee is assessed on new development within the boundaries of the North San Jose Area Development Policy (NSJ ADP) pursuant to Chapter 14.29 of the San Jose Municipal Code. The purpose of the fee is to partially fund transportation improvements that are necessary to mitigate cumulative traffic impacts resulting from new development in the Policy area. The transportation improvements are specified in the NSJ ADP and the June 2005 North San Jose Traffic Impact Fee Plan (as revised in May 2009), and are listed in Table 4 herein.

2. Relationship between fee and purpose for which it is charged:

The traffic impact fee is assessed on all new development within the boundaries of the NSJ ADP pursuant to Chapter 14.29 of the San Jose Municipal Code. The relationship between the fee and the purpose for which it is charged is detailed in the 2005 NSJ ADP and the June 2005 North San Jose Traffic Impact Fee Plan (as revised in May 2009). The fee that is charged to new development in the Policy area partially funds transportation improvements that are necessary to mitigate the cumulative traffic impacts resulting from that new development.

3. Amount of fee:

The fee amounts from the effective date of the traffic impact fee, including periodic increases, are specified in Table 1 below.

Table 1
Traffic Impact Fees¹

Year	Trip Fee (per PM Peak Hour Trip)²	Industrial Fee (per sq. ft.)	Residential Fee Single- family (per unit)	Residential Fee Multi- family (per unit)	Large-scale Commercial Fee (per sq. ft.)	Hotel Fee (per room)
FY06 and FY07	\$11,138	\$10.44	\$6,994	\$5,596	N/A	N/A
FY08 and FY09	\$11,885	\$11.14	\$7,463	\$5,971	N/A	N/A
FY10 and FY11	\$12,683	\$11.89	\$7,964	\$6,372	\$16.65	\$3,600
FY12 and FY13	\$13,533	\$12.69	\$8,498	\$6,800	\$17.66	\$3,819
FY14 and FY15	\$14,441	\$13.54	\$9,068	\$7,256	\$18.74	\$4,052
FY16 and FY17	\$15,410	\$14.44	\$9,677	\$7,742	\$19.88	\$4,299

4. Sources of funding:

The sources of funding for all of the improvements are outlined in the 2005 NSJ ADP and the June 2005 North San Jose Traffic Impact Fee Plan (as revised in May 2009). The cost of transportation improvements necessitated by North San Jose development totals approximately \$519 million (in 2005 dollars). A portion of the cost is planned to be funded by the City of San Jose and other funding sources (federal, state, and regional), with the remainder being funded by the NSJ TIF. Those regional funds are likely to include funding from the 2016 Santa Clara County Measure B, pending the outcome of current litigation of the tax measure.

5. Beginning and ending fund balances.

The beginning and ending fund balances are indicated in Table 2 below.

6. Fees collected and interest earned:

Fees collected and interest earned by the fund are indicated in Table 2 below.

¹ The impact fee is increased by 3.3% annually compounded on July 1 of every odd-numbered year (SJMC sec. 14.29.040.B). Additionally, individual development projects may be credited for vehicle trips for existing development on their property in accordance with the requirements of the Policy.

² The fee amount listed is multiplied by the expected number of PM peak hour trips generated by the proposed development. PM peak hour trips are defined as vehicle trips, both in-bound and out-bound, occurring during a one hour period during the PM peak (4 PM to 6 PM), generated by a particular development or project.

Table 2
Account Summary for the NSJ TIF

North San Jose Traffic Impact Fees	FY08-FY12	FY13	FY14	FY15	FY16	FY17
Beginning Balance	\$ -	\$ 17,425,258	\$ 26,612,464	\$ 32,592,075	\$ 37,731,071	\$ 40,557,118
Developer Fees	18,616,232	9,568,168	6,990,888	5,047,761	5,175,685	2,558,591
Miscellaneous Revenue (Transfer in from other funds)	35,170					
Interest Earnings	172,658	53,685	135,174	150,419	260,871	444,022
Expenditures						
- Montague Expressway Widening	(1,115,484)	(419,622)	(1,146,451)			
- Highway 237 Bikeway*	(283,319)	(15,025)				
- Trail: Guadalupe/Tasman Under-Crossing*				(59,184)		
- Route 101/Zanker (Zanker to Skyport Connection)					(1,519,124)	(141,138)
- Route 880/Charcot (Charcot Avenue Extension)					(213,900)	(273,104)
Encumbrances - Prior Year						877,483
Encumbrance for Engineering Contract for Route 880/Charcot					(877,483)	(684,522)
North San Jose Ending Balance	\$ 17,425,258	\$ 26,612,464	\$ 32,592,075	\$ 37,731,071	\$ 40,557,118	\$ 43,338,451
Remaining Budgeted CIP Funds						
- Route 101/Zanker (Zanker to Skyport Connection)						489,862
- Route 880/Charcot (Charcot Avenue Extension)						253,858
Funds Budgeted as Part of Settlement Agreement in CIP						
- Montague Expressway Widening Phase 2						12,000,000
Earmarked Funds						
- US-101/Trimble Interchange Improvements						9,402,000
Remaining North San Jose TIF Program Funds						\$ 21,192,731

*These projects are part of the North San Jose ADP Bicycle, Pedestrian, TDM, and Transit Actions List

7. Public improvements on which fees were expended, amount of expenditure, and percentage of cost funded by fees:

Table 3 below lists completed and in-progress public improvements, the amount of traffic fees that have been expended on each project, and the percentage of the total cost of each improvement that was funded with traffic impact fees. Those improvements that do not have traffic fee expenditures were funded by other funding sources.

Table 3
Project Expenditures Summary

Public Improvement	TIF Expenditures (FY08-FY17)	Percentage of Improvement Cost funded by TIF
Highway 237 Bikeway	\$298,344	50%
Guadalupe Trail/Tasman Drive Under-crossing	\$59,184	10%
Montague Expressway*	\$2,681,557	N/A
Route 101/Zanker*	\$1,660,262	N/A
Route 880/Charcot*	\$487,004	N/A
Montague Expressway/Old Oakland Road**	\$0	0%
Zanker Road/Tasman Drive**	\$0	0%
Capitol Expressway/Capitol Avenue**	\$0	0%

* Project has not been completed; hence, no data is available for "percentage of improvement cost".

** Project was completed using other sources of funding than TIF funds.

8. Approximate date by which construction of the public improvements will commence, and approximate date by which the funding for incomplete improvements will be deposited into the appropriate account or fund³:

The date of construction is dependent upon a determination by the local agency that there are sufficient funds from all sources to complete the specified public improvement. Other than the completed projects listed in Table 3 above, sufficient funds have not been collected, either from traffic fees or other sources, to complete financing and construction of the North San Jose Transportation Improvements.

All of the public improvements specified in the June 2005 North San Jose Traffic Impact Fee Plan with May 2009 revision and listed in Table 4 herein are required to address area-wide traffic impacts resulting from new development within the boundaries of the North San Jose Area Development Policy. Because the traffic impact fees do not provide full funding of all of the required improvements, other funding sources, such as federal, state, regional, and City funding, are also required. It is not certain when the funds from these other sources will be available and to which specific improvements they will apply. However, the City of San Jose expects significant funding from the 2016 Santa Clara County Measure B to contribute to regional and active transportation improvements in the North San Jose ADP, pending the outcome of current litigation of the tax measure.

The public improvements are prioritized to support traffic impacts from new development as they are needed within the Plan area and by when full funding of an improvement becomes available through the various funding programs. The Envision 2040 General Plan and the Policy are intended to provide improvements needed to support new development through Year 2035, so complete funding and the design and construction of improvements are expected to occur no later than five years after the conclusion of the term of the current General Plan and NSJ ADP, to wit: 2040.

9. Interfund transfers and loans:

No interfund transfers or loans were made during the fiscal years FY08-FY17 utilizing these funds.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during the fiscal years FY08-FY17.

11. List of NSJ ADP public improvements:

Table 4 below lists the improvements that will be funded in part by the NSJ TIF with the associated costs of each of the transportation improvement projects pursuant to the 2005 NSJ ADP and the June 2005 North San Jose Traffic Impact Fee Plan (as revised in May 2009).

³ As such, this section satisfies reporting requirements of the annual report as indicated in California Government Code Section 66006(b)(1)(F) as well as the five-year report as required in Government Code Section 66001(d)(1)(D).

Table 4
North San Jose Traffic Impact Fee Improvements and Cost Summary

Location (Type)	Cost (2005 Dollars)
North San Jose Major Roadway Improvements	
Montague Expressway Widening	\$18,000,000
Zanker Road to Skyport Drive Connection	\$64,000,000
Charcot Avenue Extension	\$32,000,000
Zanker Road Widening	\$49,000,000
US 101/Trimble Road Interchange	\$27,000,000
Montague Expressway and Trimble Road	\$30,000,000
Montague Expressway and McCarthy Boulevard	\$68,000,000
Mabury Road Interchange	\$43,000,000
North San Jose Grid Street System	\$55,000,000
<i>Subtotal North San Jose Major Roadway Improvements</i>	\$386,000,000
North San Jose Intersection Improvements	
North First Street and SR237 (South)	\$7,000,000
Zanker Road and Montague Expressway	<i>See Note a</i>
River Oaks Parkway and Montague Expressway	<i>See Note b</i>
Trimble Road and Montague Expressway	<i>See Note c</i>
McCarthy Boulevard & Montague Expressway	<i>See Note d</i>
Old Oakland Road and Montague Expressway	\$500,000
North First Street and Trimble Road	\$1,000,000
Zanker Road and Trimble Road	<i>See Note a</i>
Zanker Road and Brokaw Road	<i>See Note a</i>
Zanker Road and Tasman Drive	\$2,000,000
North First Street and Charcot Avenue	\$2,000,000
North First Street and Metro Drive	\$250,000
Zanker Road and Charcot Avenue	\$2,000,000
Junction Avenue and Charcot Avenue	\$1,000,000
Bering Drive and Brokaw Road	\$1,000,000
Trade Zone Boulevard and Montague Expressway	\$2,175,000
<i>Subtotal North San Jose Intersection Improvements</i>	\$18,925,000
Other Intersections Outside of North San Jose	
Lundy Avenue and Berryessa Road	\$500,000
Oakland Road and US 101 (North/South)	\$20,250,000
Capitol Expressway and Capitol Avenue	\$250,000
San Tomas Expressway and Stevens Creek Boulevard	\$1,300,000
San Tomas Expressway and Moorpark Avenue	\$500,000
Thirteenth Street and Hedding Street	\$700,000
King Road and McKee Road	\$2,025,000
Lundy Avenue and Trade Zone Boulevard	\$500,000
Capitol Avenue and Cropley Avenue	\$500,000
Capitol Avenue and Berryessa Road	\$250,000
Couplet Conversions/Traffic Calming	\$25,000,000
<i>Subtotal Intersections Outside of North San Jose</i>	\$51,775,000
Offsetting Action from CMA Immediate Implementation Action List	
<i>Bicycle, Pedestrian, TDM and Transit Actions (Bus and LRT Station Improvements)</i>	\$62,300,000
TOTAL COST	\$519,000,000
Other Contributions (City of San Jose, Federal, State, and Regional)	(\$59,000,000)
TOTAL to be funded by the NSJ TIF (Total Cost less Other Contributions)	\$460,000,000
NOTES	
<i>a - Included as part of the Zanker Road Widening cost</i>	
<i>b - Included as part of the Montague Expressway Widening cost</i>	
<i>c - Included as part of the Montague Expressway and Trimble Road Project</i>	
<i>d - Included as part of the Montague Expressway and McCarthy Boulevard Improvements</i>	
<i>Source: North San Jose Area Development Policy (2005), Table 6, and North San Jose Traffic Impact Fee Plan, February 2005 (Revised April 2009), Table 3</i>	

EVERGREEN-EAST HILLS TRAFFIC IMPACT FEE**June 30, 2017****1. Type and purpose of fee in fund:**

The Evergreen-East Hills Traffic Impact Fee (EEH TIF) is a fee charged to new development within the boundaries of the Evergreen-East Hills Development Policy area pursuant to Chapter 14.33 of the San Jose Municipal Code. The purpose of the fee is to fully fund transportation improvements specified in the Evergreen-East Hills Development Policy¹ (EEH DP). The improvements include changes to eight intersections, installation of new traffic signals or signal modifications at eleven (11) intersections, and freeway improvements along southbound US-101 between I-280 and Yerba Buena Road. The improvements are listed in Table 3 herein.

2. Relationship between fee and purpose for which it is charged:

The traffic impact fee is charged to all new development within the boundaries of the EEH DP pursuant to Chapter 14.33 of the San Jose Municipal Code. The relationship between the fee and the purpose for which it is assessed is detailed in the Evergreen-East Hills Development Policy (2008). The fee that is charged to new development in the Policy area fully funds transportation improvements that are necessary to address traffic impacts resulting from new development under the Policy.

3. Amount of fee:

The fee amounts from the effective date of the traffic impact fee, including periodic increases, are specified in Table 1 below.

Table 1
Traffic Impact Fees²

Year	Residential Fee (per unit)	Commercial/Office Fee (per sq. ft.)
2009	\$13,214	\$11.49
2010	\$13,214	\$11.49
2011	\$13,431	\$11.68
2012	\$13,804	\$12.00
2013	\$14,037	\$12.21
2014	\$14,262	\$12.40
2015	\$14,786	\$12.86
2016	\$15,148	\$13.17
2017	\$15,605	\$13.57

¹ Evergreen-East Hills Development Policy (Adopted December 16, 2008)

² The impact fee is increased annually on January 1 per the Engineering News-Record Construction Cost Index for the San Francisco Bay Area, published by the McGraw Hill (SJMC sec. 14.33.040.B). Additionally, individual development projects may be credited for vehicle trips for existing development on their property in accordance with the requirements of the Policy.

4. Sources of funding:

The EEH TIF is the sole source of funding for all of the improvements outlined below in Table 3, in accordance with the EEH DP.

5. Beginning and ending fund balances:

The beginning and ending fund balances are indicated in Table 2 below.

6. Fees collected and interest earned:

Fees collected and interest earned by the fund are indicated in Table 2 below.

Table 2 Account Summary for the EEH TIF						
Evergreen-East Hills Traffic Impact Fees	FY09-FY12	FY13	FY14	FY15	FY16	FY17
Beginning Balance	\$ -	\$ 861,722	\$ 2,395,467	\$ 2,989,806	\$ 3,311,348	\$ 3,649,590
Developer Fees	861,062	1,532,358	585,472	311,468	314,742	349,420
Interest Earnings	660	1,387	8,868	10,074	23,500	39,455
Expenditures						
Encumbrances - Current Year						
Ending Balance	\$ 861,722	\$ 2,395,467	\$ 2,989,806	\$ 3,311,348	\$ 3,649,590	\$ 4,038,465

7. Public Improvements on which fees were expended, amount of expenditure, and percentage of cost funded by fees:

There were no expenditures in FY10-FY17.

8. Approximate date by which construction of the public improvements will commence, and approximate date by which the funding for incomplete improvements will be deposited into the appropriate account or fund³:

The date of construction is dependent upon a determination by the local agency that there are sufficient funds from all sources to complete the specified public improvement. All EEH TIFs shall be collected until the improvements specified in the Evergreen-East Hills Traffic Impact Fee Analysis are fully funded and constructed. In the event that public funds are advanced to accelerate the construction of the improvements specified in the EEH DP, the EEH TIFs shall be collected until all advanced City funding is fully reimbursed to the City (SJMC sec. 14.33.060).

The amount of development and its timing will be determined by the economy, markets, and the decisions made by private sector property owners and developers. The timing of funding for incomplete transportation improvements to be deposited into the appropriate fund is dependent on development activity and the availability of funding from other sources, such as the City of San Jose, regional authorities, and grants.

³ As such, this section satisfies reporting requirements of the annual report as indicated in California Government Code Section 66006(b)(1)(F) as well as the five-year report as required in Government Code Section 66001(d)(1)(D).

To date, sufficient funding has not been collected to fully fund the improvements. Construction of some of the improvements will commence in FY18 or within five years thereafter. The Envision 2040 General Plan and the Policy are intended to provide improvements needed to support new development through Year 2035. As such, the full funding deposited into the appropriate accounts and the completion of improvements are expected no later than five years after the conclusion of the term of the current General Plan and EEH DP, to wit: 2040.

9. Interfund transfers and loans:

No interfund transfers or loans were made during the fiscal years FY10-FY17 utilizing these funds.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during the fiscal years FY10-FY17.

11. List of EEH DP public improvements:

Table 3 (on next page) lists the improvements that will be funded in part by the EEH TIF with the associated costs of each of the transportation improvement projects.

Table 3
Evergreen-East Hills Traffic Impact Fee Improvements and Cost Summary

	Cost (2008 Dollars)
Local Roadway/Intersection Improvements	
Capitol Expressway and Quimby Road*	\$1,000,000
Capitol Expressway and Aborn Road*	\$1,250,000
Capitol Expressway and Silver Creek Road*	\$1,250,000
White Road and Quimby Road	\$500,000
White Road and Aborn Road	\$500,000
San Felipe Road and Yerba Buena Road (South)	\$1,269,000
Nieman Boulevard and Aborn Road	\$385,000
Nieman Boulevard and Yerba Buena Road	\$800,000
New Traffic Signals/Signal Modifications ¹	\$4,950,000
<i>Ruby Avenue and Norwood Avenue</i>	
<i>I-680 Ramps (N) and Jackson Avenue</i>	
<i>Ruby Avenue and Tully Road-Murillo Avenue</i>	
<i>Story Road and Clayton Road</i>	
<i>Marten Avenue and Mt. Rushmore Drive</i>	
<i>Marten Avenue and Flint Avenue</i>	
<i>Quimby Road and Scottsdale Drive</i>	
<i>Niema Boulevard and Daniel Maloney Drive</i>	
<i>Story Road and Lancelot Lane</i>	
<i>Ocala Avenue and Hillmont Avenue</i>	
<i>Ocala Avenue and Adrian Way</i>	
Subtotal Local Roadway/Intersection Improvements	\$11,904,000
US 101, between I-280 and Yerba Buena Road	
US 101 Corridor Improvements (\$81,700,000 Total Cost ²)	\$1,307,200
Subtotal US-101 between I-280 and Yerba Buena Rd	\$1,307,200
TOTALS	\$13,211,200
NOTES	
* Denotes Congestion Management Program (CMP) Intersection.	
¹ Does not include the cost of three new traffic signals (Tully Road and Almond Drive, Quimby Road and Arcadia Property, and Capitol Expressway and Arcadia Property) required for site access because the benefit is not area wide. New traffic signals that provide site access will be funded by the developer of the adjacent site.	
² Evergreen new development traffic is equal to 1.6% of freeway capacity. Therefore, cost responsibility is 1.6% of the total cost of corridor improvements.	
Source: Evergreen East Hills Development Policy, Traffic Impact Fee Analysis, November 2008	

US-101/OAKLAND/MABURY TRAFFIC IMPACT FEE

June 30, 2017

1. Type and purpose of fee in fund:

The US-101/Oakland/Mabury Traffic Impact Fee (TIF) is charged to new developments in order to provide funding for improvements outlined in the US-101/Oakland/Mabury Transportation Development Policy¹ (TDP) pursuant to Chapter 14.30 of the San Jose Municipal Code. These improvements are intended to mitigate traffic congestion associated with anticipated new development in the area, and to provide adequate access to the US-101 freeway for new development and the future Berryessa BART station. The TIF was established to partially fund (1) the improvement of the US-101/Oakland Road interchange by upgrading the facility to maximize capacity; and (2) the construction of the new US-101 interchange at Mabury Road, which has been identified in the City's General Plan as a needed freeway access point to alleviate congestion at the US-101/Oakland Road interchange and intersections in the proximity. The improvements are specified in the US-101/Oakland/Mabury TDP and are listed in Table 3 herein.

2. Relationship between fee and purpose for which it is charged:

The traffic impact fee is charged to all new developments in the proximity of the US-101/Oakland/Mabury TDP interchanges pursuant to Chapter 14.30 of the San Jose Municipal Code. The TIF is charged to new development near the US-101/Oakland Road interchange and the planned US-101/Mabury Road interchange, where the project-specific traffic analysis indicates that the new development generates interchange vehicle trips. The relationship between the fee and the purpose for which it is charged is detailed in the US-101/Oakland/Mabury TDP (2007, as revised).

3. Amount of fee:

The fee amounts from the effective date of the traffic impact fee, including periodic increases, are specified in Table 1 below.

¹ Adopted December 18, 2007, and as revised from time to time.

Table 1
Traffic Impact Fees²

Calendar Year	Trip Fee (per PM Peak Hour Trip)³
2008	\$30,000
2009	\$30,000
2010	\$31,201
2011	\$31,713
2012	\$32,595
2013	\$33,143
2014	\$33,675
2015	\$34,913
2016	\$35,767
2017	\$36,847

4. Sources of funding:

The sources of funding for all of the improvements are outlined in the 2007 US-101/Oakland/Mabury TDP (as amended). The estimated cost of improvements at the US-101 interchanges at Oakland Road and Mabury Road totals \$80 million. A portion of the cost is planned to be funded by the City of San Jose and regional sources totaling \$44 million, with the remaining \$36 million being funded by the US-101/Oakland/Mabury TIF (all amounts given in 2014 dollars).

The Traffic Impact Fee Program requires new development that generates demands for the Policy Interchange Intersections to make fair share financial contributions as determined by the Nexus Study⁴ prepared as a part of this TIF program. The City administers the TIFs it collects and conducts appropriate studies, design, environmental clearance, and construction of the improvements as funds become available from payment of the impact fee by new development and other funding sources identified above.

5. Beginning and ending fund balances:

The beginning and ending fund balances are indicated in Table 2 below.

6. Fees collected and interest earned:

Fees collected and interest earned by the fund are indicated in Table 2 below.

² The impact fee is increased annually on January 1 per the Engineering News-Record Construction Cost Index for the San Francisco Bay Area, published by the McGraw Hill (SJMC sec. 14.30.040.C).

³ The fee amount listed is multiplied by the expected number of PM peak hour trips generated by the proposed development. PM peak hour trips are defined as vehicle trips, both in-bound and out-bound, occurring during a one hour period during the PM peak (4 PM to 6 PM), generated by a particular development or project. The TDP also allocates 115 PM peak hour vehicular trips generated by future industrial development to be exempt from the Traffic Impact Fee Program.

⁴ US-101/Oakland Road & US-101/Mabury Road Interchanges Traffic Impact Fee Analysis, July 2007, by the Department of Transportation, City of San José.

Table 2
Account Summary for the US-101/Oakland/Mabury TIF

US-101/Oakland/Mabury Traffic Impact Fees	FY10-FY12	FY13	FY14	FY15	FY16	FY17
Beginning Balance	\$ -	\$ 920,538	\$ 3,242,237	\$ 4,675,539	\$ 5,167,225	\$ 7,946,467
Developer Fees	916,920	2,316,918	1,415,206	471,450	2,729,955	3,025,015
Interest Earnings	3,618	4,781	18,097	20,235	49,287	105,903
Expenditures						
Encumbrances - Current Year						
Ending Balance	\$ 920,538	\$ 3,242,237	\$ 4,675,539	\$ 5,167,225	\$ 7,946,467	\$ 11,077,385
Farmarked Funds						
- Route 101/Mabury Road Project Development						240,000
- Route 101/Old Oakland Road Improvements						4,100,000
Remaining TIF Program Funds						\$ 6,737,385

7. Public Improvements on which fees were expended, amount of expenditure, and percentage of cost funded by fees:

There were no expenditures in FY10-FY17.

8. Approximate date by which construction of the public improvements will commence, and approximate date by which the funding for incomplete improvements will be deposited into the appropriate account or fund⁵:

The date of construction is dependent upon a determination by the local agency that there are sufficient funds from all sources to complete the specified public improvement. To date, sufficient funding has not been collected to fully fund the interchange improvements.

The project proposes to construct a new interchange at U.S. 101 and Mabury Road to accomplish the following:

- Alleviate traffic congestion at the nearby U.S. 101/Oakland and U.S.101/McKee interchanges and improve local traffic circulation and freeway access in the area.
- Provide access from U.S. 101 to the Berryessa BART Station, currently under construction.

In August 2012, the City Council approved an engineering consultant agreement to begin development of the initial project documentation required by Caltrans to construct a new freeway interchange at the US-101 undercrossing of Mabury Road consistent with the Envision 2040 General Plan.

The proposed interchange is situated less than a mile from the adjacent Oakland Road and McKee Road interchanges and therefore does not meet Caltrans' minimum interchange spacing requirements. In accordance with Caltrans requirements, the City is developing the necessary traffic studies to analyze the effect of a new interchange at Mabury Road on mainline freeway operations. The results of this study are planned to be completed in early 2018 and serve as a basis for Caltrans' approval to proceed with further development of the interchange. In addition, the City is exploring opportunities for meaningful regional and local street improvements between Oakland Road and McKee Road interchanges that would mitigate traffic congestion

⁵ As such, this section satisfies reporting requirements of the annual report as indicated in California Government Code Section 66006(b)(1)(F) as well as the five-year report as required in Government Code Section 66001(d)(1)(D).

associated with anticipated new development in the area, and to provide adequate access to the US-101 freeway for new development and the future Berryessa BART station.

The Envision 2040 General Plan and the Policy are intended to provide improvements needed to support new development through Year 2035, so complete funding and the design and construction of improvements is expected to occur no later than five years after the conclusion of the term of the current General Plan and US-101/Oakland/Mabury TDP, to wit: 2040. In the event that public funds are advanced to accelerate the construction of the improvements specified in the July 2007 US-101/Oakland/Mabury TDP, the TIF shall be collected until all advanced City funding is fully reimbursed to the City (SJMC sec. 14.30.051).

9. Interfund transfers and loans:

No interfund transfers or loans were made during the fiscal years FY10-FY17 utilizing these funds.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during the fiscal years FY10-FY17.

11. List of US-101/Oakland/Mabury TDP public improvements:

Table 3 below lists the improvements that will be funded in part by the US-101/Oakland/Mabury TIF with the associated costs of each of the transportation improvement projects:

Table 3
US-101/Oakland/Mabury Traffic Impact Fee Improvements and Cost Summary

Improvements	Cost (2014 dollars)
US-101/Oakland Road Interchange	\$23,000,000
Widening of Oakland Road between Commercial Street and US-101 freeway, including the US-101 overcrossing to 8 lanes across, including dual left turn lanes for both northbound and southbound directions.	
Widening of US-101 on-ramps and off-ramps to accommodate additional turning lanes.	
Widening of eastbound Commercial Street to provide additional lanes.	
Signal modifications at intersections of the US-101/Oakland Road (N), the US- 101/Oakland Road (S), and the Oakland Road/Commercial Street.	
Intersection improvement at Berryessa Road and Commercial Street intersection for an additional westbound to northbound right turn lane.	
US-101/Mabury Road Interchange	\$57,000,000
Construction of a new northbound US-101 diagonal off-ramp and a new US-101 loop on- ramp on the southeast quadrant of the US-101/Mabury Road interchange.	
Construction of a new southbound US-101 diagonal off ramp and a new US-101 loop on- ramp on the southwest quadrant of the US-101/Mabury Road interchange.	
Installation of new traffic signals at the Mabury Road intersections with the northbound ramps and southbound ramps.	
TOTAL COST	\$80,000,000
Other Contributions (City of San Jose and Regional)	(\$44,000,000)
TOTAL to be funded by the US-101/Oakland/Mabury TIF (Total Cost less Other Contributions)	\$36,000,000
Source: US-101/Oakland/Mabury Transportation Development Policy (2015)	

ATTACHMENT D

INTERSTATE 280/WINCHESTER BOULEVARD TRAFFIC IMPACT FEE

June 30, 2017

1. Type and purpose of fee in fund:

The Interstate 280/Winchester Boulevard Traffic Impact Fee (TIF) is charged to new developments within the Interstate 280/Winchester Boulevard Transportation Development Policy (TDP) area boundaries pursuant to Chapter 14.34 of the San Jose Municipal Code and any development project that is projected to generate vehicle trips utilizing the planned improvement (SJMC 14.34.020.D). The TIF will provide partial funding for all design and construction related activities for the new northbound off-ramp from I-280 to Winchester Boulevard, as outlined in the Interstate 280/Winchester Boulevard TDP¹, in order to alleviate traffic congestion associated with anticipated intensification of development in the vicinity of the interchange, and to provide more direct access from I-280 northbound to West San Jose Urban Village areas and surrounding areas.

2. Relationship between fee and purpose for which it is charged:

The traffic impact fee is charged to all new development within the boundaries of the Interstate 280/Winchester Boulevard TDP area pursuant to Chapter 14.34 of the San Jose Municipal Code. The relationship between the fee and the purpose for which it is charged is detailed in the September 2016 Interstate 280/Winchester Boulevard TDP Nexus Study². The fee that is charged to new developments in the Policy area partially funds transportation improvements that are necessary to mitigate the traffic impacts resulting from that development.

3. Amount of fee:

The fee amount from the effective date of the traffic impact fee is specified in Table 1 below. Fees will be collected prior to issuance of building permits for any project.

Table 1
Traffic Impact Fee³

Year	Trip Fee (per PM Peak Hour Trip)⁴
2016	\$25,641
2017	\$25,641

¹ Adopted in September 2016.

² "Interstate 280/Winchester Boulevard Transportation Development Policy Nexus Study", September 2016, by the Department of Transportation, City of San José.

³ The impact fee was adopted in September 2016 using 2017 dollars as its cost basis; after 2017, it will be increased annually on January 1 by the change in the Engineering News-Record Construction Cost Index for the San Francisco Bay Area, published by the McGraw Hill (SJMC sec. 14.34.040.B). Additionally, individual development projects may be credited for vehicle trips for existing development on their property in accordance with the requirements of the Policy.

⁴ The fee amount listed is multiplied by the expected number of PM peak hour trips generated by the proposed development. PM peak hour trips are defined as vehicle trips, both in-bound and out-bound, occurring during a one hour period during the PM peak (4 PM to 6 PM), generated by a particular development or project.

4. Sources of funding:

The sources of funding for the I-280 northbound off-ramp at Winchester Boulevard are outlined in the Interchange 280/Winchester Boulevard TDP. The cost of the off-ramp is estimated to be \$145 million (in 2017 dollars). New development in the TDP Plan Area would contribute \$43 million (in 2017 dollars) via the Traffic Impact Fee program. The remaining \$102 million (in 2017 dollars) is anticipated to be funded from other sources including state or regional funds and some future development outside of the Plan Area.

The funding sources are shown in Table 2 below.

Table 2
Sources of Funding

Funding Source	Amount
Traffic Impact Fee	\$43 million
Other Funding Sources ⁴	\$102 million
Total	\$145 million

5. Beginning and ending fund balances:

The beginning and ending fund balances are indicated in Table 3 below.

6. Fees collected and interest earned:

Fees collected and interest earned by the fund are indicated in Table 3 below.

Table 3
Account Summary for the I-280 Winchester TDP TIF⁵

I-280/Winchester Traffic Impact Fees	FY16	FY17
Beginning Balance	\$ -	\$ -
Developer Fees		2,242,000*
Interest Earnings		
Expenditures		
Encumbrances - Current Year		
Ending Balance	\$ -	\$ 2,242,000

*The amount of this developer's contribution was agreed to prior to the adoption of the I-280/Winchester TDP per Council direction on March 8, 2016 (File No. PDC 14-040).

7. Public Improvements on which fees were expended, amount of expenditure, and percentage of cost funded by fees:

⁴ Other funding sources include regional funding and other fees collected from developments outside of the Plan Area that would be required to mitigate their traffic impacts at the interchange.

⁵ No TIFs have been paid to date because this new program was adopted by the Council in September 2016.

There were no expenditures in FY17.

8. Approximate date by which construction of the public improvements will commence, and approximate date by which the funding for incomplete improvements will be deposited into the appropriate account or fund⁶:

The date of construction is dependent upon a determination by the local agency that there are sufficient funds from all sources to complete the specified public improvement. To date, sufficient funding has not been collected to fully fund the project.

Currently, the VTA has entered into cooperative agreements with Caltrans and other local jurisdictions including San Jose to complete the appropriate studies for the planning, preliminary engineering/environmental, design, right-of-way, and construction phases for the I-280/Winchester Boulevard Improvements Project.

Implementation of this improvement is anticipated to occur within a ten-year timeframe (from September 2016). While development projects pay traffic impacts fees toward this improvement, the VTA is working with Caltrans to provide the necessary environmental clearance and project design. The Valley Transportation Plan 2040 (VTP 2040) provides a funding strategy that relies on federal, state, regional and local funding sources which will be supplemented by the fees adopted in conjunction with this policy in order to deliver a complete project. In the event that public funds are advanced to accelerate the construction of the improvements specified in the September 2016 Interstate 280/Winchester Boulevard TDP, the TIF shall be collected until all advanced City funding is fully reimbursed to the City (SJMC sec. 14.34.060).

9. Interfund transfers and loans:

No interfund transfers or loans were made during FY17.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during fiscal year FY17.

11. List of Interstate 280/Winchester Boulevard TDP public improvement:

Table 4 below lists the cost summary of the Interstate 280/Winchester Boulevard TDP improvement:

⁶ As such, this section satisfies reporting requirements of the annual report as indicated in California Government Code Section 66006(b)(1)(F) as well as the five-year report as required in Government Code Section 66001(d)(1)(D).

Table 4
Cost Summary for Interstate 280/Winchester TDP Improvement⁷

Cost Items		Cost (in 2017 dollars)
Construction Cost	Roadway Items	\$31.5 million
	Structure Items	\$71.8 million
	Subtotal	\$103 million
Right Of Way & Utility		\$7 million
Capital Outlay Support	Engineering	\$18.6 million
	Right Of Way Support	\$0.9 million
	Construction Support	\$15.5 million
	Subtotal	\$35 million
Total		\$145 million

Source: Interstate 280/Winchester Boulevard Transportation Development Policy, September 2016

⁷ Project cost is estimated based on the 2010 cost estimates and methodology obtained from Caltrans' 2010 Project Study Report (PSR) for Improvements at SR-17/I-280/I-880 Interchange, I-280/Winchester Boulevard Interchange, and I-880/Stevens Creek Boulevard Interchange, with escalations to 2017 dollars.