



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

**SUBJECT: FY18 TRAFFIC IMPACT
FEE REPORT**

DATE: November 26, 2018

Approved

D. D. S. L.

Date

11/26/18

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 FY18 Annual Report covers the period from July 1, 2017 to June 30, 2018.

The City has four separate traffic impact fees 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 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 provides funding for the transportation improvements necessary to mitigate the traffic impacts of new development under the Evergreen-East Hills Development Policy. The Evergreen-East Hills Development Policy allows a limited increase in development within the Evergreen-East Hills area boundaries. The Evergreen-East Hills Development Policy promotes long-term vitality of the region by linking together this limited new development with supporting transportation infrastructure, and establishes a TIF to fund those improvements. The mitigation measures funded by the TIF are specified in the November 2008 Evergreen-East Hills Traffic Impact Fee Analysis (see SJMC sec. 14.33.020.E). They include improvement of eight signalized intersections, installation of new traffic signals or signal modifications at 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 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

The City of San José expects significant funding from local and state sources to contribute to the TIF identified transportation improvements – for example, Santa Clara County’s 2016 Measure B. This will enable the City to combine TIF and other funds to significantly advance design and delivery for many transportation projects in the near term. In addition, the City of San Jose will continue to prioritize implementation of improvements based on future development and associated opportunities.

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.*

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

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

- (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.*
- (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 (FY19) will be presented to Council in fall 2019.

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

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

PUBLIC OUTREACH

This report was made available to the public on November 26, 2018, in hard copy in the City Clerk's office, and on the City of San José's website, prior to the City Council meeting scheduled for December 11, 2018.

COORDINATION

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

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/
JOHN RISTOW
Acting Director of Transportation

For questions, please contact Jessica Zenk, Interim Deputy Director, at (408) 535-3543.

Attachments

NORTH SAN JOSE TRAFFIC IMPACT FEE
June 30, 2018

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)	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
FY18 and FY19	\$16,444	\$15.41	\$10,326	\$8,262	\$21.09	\$4,560

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 \$925 million (in 2018 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.

Table 2
Account Summary for the NSJ TIF

North San Jose Traffic Impact Fees	FY08-FY13	FY14	FY15	FY16	FY17	FY18
Beginning Balance	\$ -	\$26,612,464	\$32,592,075	\$37,731,071	\$40,557,118	\$43,338,451
Developer Fees	28,184,400	6,990,888	5,047,761	5,175,685	2,558,591	5,720,264
Miscellaneous Revenue/Xfer In From Other Funds	35,170					
Interest Earnings	226,343	135,174	150,419	260,871	444,022	655,714
Expenditures						
- Montague Expressway	(1,535,106)	(1,146,451)				
- Highway 237 Bikeway	(298,344)					
- Trail: Guadalupe/Tasman Under-Crossing			(59,184)			
- Route 101/Zanker				(1,519,124)	(141,138)	(111,954)
- Route 880/Charcot				(213,900)	(273,104)	(354,144)
- Route 101/Trimble/De La Cruz Interchange Improvements						(3,016,107)
Encumbrances - Prior Year					877,483	684,522
Encumbrance for Engineering Contract for Route 880/Charcot				(877,483)	(684,522)	(3,115,444)
North San Jose Ending Balance	\$26,612,464	\$32,592,075	\$37,731,071	\$40,557,118	\$43,338,451	\$43,801,300
Remaining Budgeted CIP Funds						
- Route 101/Zanker						2,977,783
- Route 880/Charcot						1,419,407
- Route 101/Trimble/De La Cruz Interchange Improvements						6,510,893
Funds Budgeted as Part of Settlement Agreement in CIP						
- Montague Expressway Phase 2						12,000,000
Remaining North San Jose TIF Program Funds						\$20,893,217

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-FY18)	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*	\$1,772,217	N/A
Route 880/Charcot*	\$841,149	N/A
Route 101/Trimble/De La Cruz*	\$3,016,107	N/A
Montague Expressway/Old Oakland Road**	\$0	0%
Zanker Road/Tasman Drive**	\$0	0%
Capitol Expressway/Capitol Avenue**	\$0	0%

- Note, all expenditures do not include encumbered but not spent funds.

* 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 fund²:

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 Section G 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-FY18 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-FY18.

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).

² 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 \$)	Cost (2018 \$)
North San Jose Major Roadway Improvements		
Montague Expressway Widening*	\$18,000,000	\$35,200,000
Zanker Road to Skyport Drive Connection*	\$64,000,000	\$150,000,000
Charcot Avenue Extension*	\$32,000,000	\$54,000,000
Zanker Road Widening	\$49,000,000	\$76,633,847
US 101/Trimble Road Interchange*	\$27,000,000	\$50,000,000
Montague Expressway and Trimble Road	\$30,000,000	\$46,918,682
Montague Expressway and McCarthy Boulevard	\$68,000,000	\$106,349,012
Mabury Road Interchange*	\$43,000,000	\$95,000,000
North San Jose Grid Street System	\$55,000,000	\$86,017,583
<i>Subtotal North San Jose Major Roadway Improvements</i>	\$386,000,000	\$700,119,124
North San Jose Intersection Improvements		
North First Street and SR237 (South)	\$7,000,000	\$10,947,692
Zanker Road and Montague Expressway	<i>See Note a</i>	<i>See Note a</i>
River Oaks Parkway and Montague Expressway	<i>See Note b</i>	<i>See Note b</i>
Trimble Road and Montague Expressway	<i>See Note c</i>	<i>See Note c</i>
McCarthy Boulevard & Montague Expressway	<i>See Note d</i>	<i>See Note d</i>
Old Oakland Road and Montague Expressway	\$500,000	<i>Complete</i>
North First Street and Trimble Road	\$1,000,000	\$1,563,956
Zanker Road and Trimble Road	<i>See Note a</i>	<i>See Note a</i>
Zanker Road and Brokaw Road	<i>See Note a</i>	<i>See Note a</i>
Zanker Road and Tasman Drive	\$2,000,000	<i>Complete</i>
North First Street and Charcot Avenue	\$2,000,000	\$3,127,912
North First Street and Metro Drive	\$250,000	\$390,989
Zanker Road and Charcot Avenue	\$2,000,000	\$3,127,912
Junction Avenue and Charcot Avenue	\$1,000,000	\$1,563,956
Bering Drive and Brokaw Road	\$1,000,000	\$1,563,956
Trade Zone Boulevard and Montague Expressway	\$2,175,000	<i>Complete</i>
<i>Subtotal North San Jose Intersection Improvements</i>	\$18,925,000	\$22,286,374
Other Intersections Outside of North San Jose		
Lundy Avenue and Berryessa Road	\$500,000	\$781,978
Oakland Road and US 101 (North/South)*	\$20,250,000	\$56,000,000
Capitol Expressway and Capitol Avenue	\$250,000	<i>Complete</i>
San Tomas Expressway and Stevens Creek Boulevard	\$1,300,000	\$2,033,143
San Tomas Expressway and Moorpark Avenue	\$500,000	\$781,978
Thirteenth Street and Hedding Street	\$700,000	\$1,094,769
King Road and McKee Road	\$2,025,000	\$3,167,011
Lundy Avenue and Trade Zone Boulevard	\$500,000	\$781,978
Capitol Avenue and Cropley Avenue	\$500,000	\$781,978
Capitol Avenue and Berryessa Road	\$250,000	\$390,989.02
Couplet Conversions/Traffic Calming	\$25,000,000	\$39,098,902
<i>Subtotal Intersections Outside of North San Jose</i>	\$51,775,000	\$104,912,726
Offsetting Action from CMA Immediate Implementation Action List		
<i>Bicycle, Pedestrian, TDM and Transit Actions (Bus, LRT Improvements)</i>	\$62,300,000	\$97,434,463
TOTAL COST	\$519,000,000	\$924,752,686
Other Contributions (City of San Jose, Federal, State, and Regional)	(\$59,000,000)	(\$87,348,408)
Potential Santa Clara County 2016 Measure B Contributions**	\$ -	(\$377,280,000)
NET TOTAL to be funded by the NSJ TIF	\$460,000,000	\$460,124,279
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 Improvements</i>		
<i>d - Included as part of the Montague Expressway and McCarthy Boulevard Improvements</i>		
<i>* - 2018 project costs reflect engineering progress and more accurate estimates of improvements</i>		
<i>** - Santa Clara County 2016 Measure B funds are pending litigation and competitive application process</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, 2018

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 4 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.

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

Table 1
Traffic Impact Fees²

Calendar 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
2018	\$16,033	\$13.94

4. Sources of funding:

The EEH TIF is the sole source of funding for all of the improvements outlined below in Table 4, 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 Traffic Impact Fees	FY09-FY13	FY14	FY15	FY16	FY17	FY18
Beginning Balance	\$ -	\$ 2,395,467	\$ 2,989,806	\$ 3,311,348	\$ 3,649,590	\$ 4,038,465
Developer Fees	2,393,420	585,472	311,468	314,742	349,420	114,600
Interest Earnings	2,047	8,868	10,074	23,500	39,455	57,979
Expenditures						
Encumbrances - Current Year						
Evergreen Ending Balance	\$ 2,395,467	\$ 2,989,806	\$ 3,311,348	\$ 3,649,590	\$ 4,038,465	\$ 4,211,044

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

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.

Table 3 below lists completed improvements that were funded by other funding sources. There were no TIF expenditures in FY10-FY18.

Table 3
Project Expenditures Summary

Public Improvement	TIF Expenditures (FY08-FY18)	Percentage of Improvement Cost funded by TIF
Capitol Expressway and Quimby Road*	\$0	0
Ocala Avenue and Adrian Way*	\$0	0
US 101 Corridor Improvements*	\$0	0

** 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. 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.

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-FY18 utilizing these funds.

10. Refunds and allocations:

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).

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during the fiscal years FY10-FY18.

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 4
Evergreen-East Hills Traffic Impact Fee Improvements and Cost Summary

	Cost (2008 Dollars)	Cost (2018 Dollars)
Local Roadway/Intersection Improvements		
Capitol Expressway and Quimby Road*	\$1,000,000	<i>Complete</i>
Capitol Expressway and Aborn Road*	\$1,250,000	\$1,577,365
Capitol Expressway and Silver Creek Road*	\$1,250,000	\$1,577,365
White Road and Quimby Road	\$500,000	\$630,946
White Road and Aborn Road	\$500,000	\$630,946
San Felipe Road and Yerba Buena Road (South)	\$1,269,000	\$1,601,341
Nieman Boulevard and Aborn Road	\$385,000	\$485,828
Nieman Boulevard and Yerba Buena Road	\$800,000	\$1,009,514
New Traffic Signals/Signal Modifications ¹	\$4,950,000	\$5,678,515
<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>		<i>Complete</i>
Subtotal Local Roadway/Intersection Improvements	\$11,904,000	\$13,191,821
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	Complete
TOTALS	\$13,211,200	\$13,191,821

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, 2018

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 4 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
2018	\$37,857

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 \$151 million. A portion of the cost is planned to be funded by the City of San Jose and regional sources totaling \$121 million, with the remaining \$40 million being funded by the US-101/Oakland/Mabury TIF (all amounts given in 2018 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 (SJM sec. 14.30.040.C).

³ 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

Mabury Traffic Impact Fees	FY10-FY13	FY14	FY15	FY16	FY17	FY18
Beginning Balance	\$ -	\$ 3,242,237	\$ 4,675,539	\$ 5,167,225	\$ 7,946,467	\$ 11,077,385
Developer Fees	3,233,838	1,415,206	471,450	2,729,955	3,025,015	6,096,980
Interest Earnings	8,399	18,097	20,235	49,287	105,903	167,903
Expenditures						
- Route 101/Mabury Road Project Development						(126,364)
Encumbrances - Current Year						
Mabury Ending Balance	\$ 3,242,237	\$ 4,675,539	\$ 5,167,225	\$ 7,946,467	\$ 11,077,385	\$ 17,215,903
Remaining Budgeted CIP Funds						
- Route 101/Mabury Road Project Development						353,636
- Route 101/Old Oakland Road Improvements						4,100,000
Remaining Mabury TIF Program Funds						\$12,762,268

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-FY18)	Percentage of Improvement Cost funded by TIF
Route 101/Mabury Road*	\$126,364	N/A

- Note, all expenditures do not include encumbered but not spent funds.

* 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 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.

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 project is currently in the Project Approval and Environmental Document stage. Subsequent phases (e.g., plan, specification and estimate (PS&E), property acquisition and construction) would follow as funding becomes available.

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).

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-FY18 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-FY18.

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

Table 4 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 4
US-101/Oakland/Mabury Traffic Impact Fee Improvements and Cost Summary

Improvements	Cost (2014 \$)	Cost (2018 \$)
US-101/Oakland Road Interchange*	\$23,000,000	\$56,000,000
Widening of Oakland Road between Commercial Street and US-101 freeway, including the US-101 over-crossing 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	\$95,000,000
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	\$151,000,000
Other Contributions (City of San Jose and Regional)	(\$44,000,000)	\$ -
Potential Santa Clara County 2016 Measure B Contributions**	\$ -	(\$120,800,000)
NET TOTAL to be funded by the US-101/Oakland/Mabury TIF	\$36,000,000	\$40,470,227

Source: US-101/Oakland/Mabury Transportation Development Policy (2015)

* - 2018 project costs reflect engineering progress and more accurate estimates of improvements

** - Santa Clara County 2016 Measure B funds are pending litigation and competitive application process that may result in different contribution levels

INTERSTATE 280/WINCHESTER BOULEVARD TRAFFIC IMPACT FEE**June 30, 2018****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 changed 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)
2016*	\$25,641
2017	\$25,641
2018	\$26,344

**Fee was adopted in late 2016 therefore 2016 and 2017 fee amounts were the same.*

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 is 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. 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 (2017 Dollars)

Funding Source	Amount
Traffic Impact Fee	\$43 million
Other Funding Sources ⁴	\$102 million
Total	\$145 million
Notes:	
1. Other funding sources include regional funding and other fees collected from development outside of the Plan Area that would be required to mitigate its traffic impacts at the interchange.	

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 TDP Traffic Impact Fees	FY16	FY17	FY18	TOTAL
Beginning Balance	\$ -	\$ -	\$ -	
Developer Fees			2,240,000	2,240,000
Interest Earnings			5,340	5,340
Expenditures				
Encumbrances - Current Year				
I-280 Winchester Ending Balance	\$ -	\$ -	\$ 2,245,340	\$ 2,245,340
Remaining Budgeted CIP Funds				
- I-280/Winchester Boulevard Interchange			2,242,000	2,242,000
Remaining I-280 Winchester TIF Program Funds			\$ 3,340	\$ 3,340

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.

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

There were no expenditures in FY18.

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 FY18.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during fiscal year FY18.

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.