



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** John Ristow

**SUBJECT: FISCAL YEAR 2018-2019  
TRAFFIC IMPACT FEE REPORT**

**DATE:** November 18, 2019

Approved

Date

11/26/19

## **RECOMMENDATION**

Accept the 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 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 City Council-adopted 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 Fiscal Year 2018-2019 (FY19) Annual Report covers the period from July 1, 2018 to June 30, 2019.

The City has four separate traffic impact fees (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 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 TIF to support 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 as revised in May 2009 (see SJMC sec. 14.29.020.F); measures 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 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 eleven 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/North San Jose 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 TIF. Other funding sources include regional funding and fees collected from developments outside of the Plan Area that are 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).<sup>1</sup>

The City of San Jose 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 follows<sup>2</sup>:

- (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.*

---

<sup>1</sup> Unless otherwise specified, all references are to the California Government Code.

<sup>2</sup> 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 report<sup>3</sup> 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 considered<sup>4</sup>.

---

<sup>3</sup> California Government Code Section 66001(d)(1).

<sup>4</sup> California Government Code Section 66006(b)(2).

## **CONCLUSION**

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

## **EVALUATION AND FOLLOW-UP**

This item will be reported annually to the City Council. The next report (Fiscal Year 2019-2020) will be presented to Council in fall 2020.

## **CLIMATE SMART SAN JOSE**

The recommendation in this memorandum has no effect on Climate Smart San José energy, water, or mobility goals. This memorandum is an annual report 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. This memorandum does not address specific policy or projects contained within previously adopted traffic impact fee programs.

## **PUBLIC OUTREACH**

This report was made available to the public on November 22, 2019, 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 10, 2019.

## **COORDINATION**

This report has been coordinated with the City Attorney's Office, the City Manager's Budget 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  
Director of Transportation

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

Attachments

**NORTH SAN JOSE TRAFFIC IMPACT FEE**  
**October 15, 2019**

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 address 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 address 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 Fees<sup>1</sup>

Fee Period (Starting FY, Ending FY)	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)
FY05-06, FY06-07	\$11,138	\$10.44	\$6,994	\$5,596	N/A	N/A
FY07-08, FY08-09	\$11,885	\$11.14	\$7,463	\$5,971	N/A	N/A
FY09-10, FY10-11	\$12,683	\$11.89	\$7,964	\$6,372	\$16.65	\$3,600
FY11-12, FY12-13	\$13,533	\$12.69	\$8,498	\$6,800	\$17.66	\$3,819
FY13-14, FY14-15	\$14,441	\$13.54	\$9,068	\$7,256	\$18.74	\$4,052
FY15-16, FY16-17	\$15,410	\$14.44	\$9,677	\$7,742	\$19.88	\$4,299
FY17-18, FY18-19	\$16,444	\$15.41	\$10,326	\$8,262	\$21.09	\$4,560
FY19-20, FY20-21	\$17,547	\$16.45	\$11,019	\$8,816	\$22.38	\$4,838

#### 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 \$940 million (in 2019 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 Valley Transportation Authority Measure B.

<sup>1</sup> 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.



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 NSJ TIF

North San Jose Traffic Impact Fees	FY08-FY14	FY15	FY16	FY17	FY18	FY19
Beginning Balance	\$ -	\$32,592,075	\$37,731,071	\$40,557,118	\$43,338,451	\$43,801,300
Developer Fees	35,175,288	5,047,761	5,175,685	2,558,591	5,720,264	1,126,947
Miscellaneous Revenue/Xfer In From Other Fu	35,170					
Interest Earnings	361,517	150,419	260,871	444,022	655,714	909,277
Expenditures						
- Montague Expressway	(2,681,557)					
- Highway 237 Bikeway	(298,344)					
- Trail: Guadalupe/Tasman Under-Crossing		(59,184)				
- Route 101/Zanker			(1,519,124)	(141,138)	(111,954)	(2,677,001)
- Route 880/Charcot			(213,900)	(273,104)	(354,144)	(295,980)
- Route 101/Trimbe/De La Cruz Interchange Improvements					(3,016,107)	(59,243)
Encumbrances - Prior Year				877,483	684,522	3,115,444
Encumbrance for Engineering Contract for Route 880/Charcot			(877,483)	(684,522)	(3,115,444)	(2,889,426)
<b>North San Jose Ending Balance</b>	<b>\$32,592,075</b>	<b>\$37,731,071</b>	<b>\$40,557,118</b>	<b>\$43,338,451</b>	<b>\$43,801,300</b>	<b>\$43,031,319</b>
Remaining Budgeted CIP Funds						
- Route 101/Zanker						5,750,999
- Route 880/Charcot						3,099,038
- Route 101/Trimbe/De La Cruz Interchange Improvements						6,630,345
Funds Budgeted as Part of Settlement Agreement in CIP						
- Montague Expressway Phase 2						12,000,000
<b>Remaining North San Jose TIF Program Funds</b>						<b>\$15,550,937</b>

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

Table 3 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 (FY 2008-FY 2019)	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*	\$4,449,217	N/A
Route 880/Charcot*	\$1,137,129	N/A
Route 101/Trimble/De La Cruz*	\$3,075,350	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 fund<sup>2</sup>:

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.

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

<sup>2</sup> 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).

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-FY19 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-FY19.

11. List of NSJ ADP public improvements:

Table 4 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).

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

Location (Type)	Cost (2005 \$)	Cost (2019 \$)
<b>North San Jose Major Roadway Improvements</b>		
Montague Expressway Widening*	\$18,000,000	\$35,200,000
Zanker Road to Skyport Drive Connection*	\$64,000,000	\$152,655,000
Charcot Avenue Extension*	\$32,000,000	\$54,955,800
Zanker Road Widening	\$49,000,000	\$77,990,266
US 101/Trimble Road Interchange*	\$27,000,000	\$50,885,000
Montague Expressway and Trimble Road	\$30,000,000	\$47,730,130
Montague Expressway and McCarthy Boulevard	\$68,000,000	\$108,231,390
Mabury Road Interchange*	\$43,000,000	\$96,681,500
North San Jose Grid Street System	\$55,000,000	\$87,540,094
<i>Subtotal North San Jose Major Roadway Improvements</i>	<b>\$386,000,000</b>	<b>\$711,869,180</b>
<b>North San Jose Intersection Improvements</b>		
North First Street and SR237 (South)	\$7,000,000	\$11,141,466
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	\$1,591,638
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	\$3,183,276
North First Street and Metro Drive	\$250,000	\$397,910
Zanker Road and Charcot Avenue	\$2,000,000	\$3,183,276
Junction Avenue and Charcot Avenue	\$1,000,000	\$1,591,638
Bering Drive and Brokaw Road	\$1,000,000	\$1,591,638
Trade Zone Boulevard and Montague Expressway	\$2,175,000	<i>Complete</i>
<i>Subtotal North San Jose Intersection Improvements</i>	<b>\$18,925,000</b>	<b>\$22,680,842</b>
<b>Other Intersections Outside of North San Jose</b>		
Lundy Avenue and Berryessa Road	\$500,000	\$795,819
Oakland Road and US 101 (North/South)*	\$20,250,000	\$56,991,200
Capitol Expressway and Capitol Avenue	\$250,000	<i>Complete</i>
San Tomas Expressway and Stevens Creek Boulevard	\$1,300,000	\$2,069,130
San Tomas Expressway and Moorpark Avenue	\$500,000	\$795,819
Thirteenth Street and Hedding Street	\$700,000	\$1,114,146
King Road and McKee Road	\$2,025,000	\$3,223,067
Lundy Avenue and Trade Zone Boulevard	\$500,000	\$795,819
Capitol Avenue and Cropley Avenue	\$500,000	\$795,819
Capitol Avenue and Berryessa Road	\$250,000	\$397,910
Couplet Conversions/Traffic Calming	\$25,000,000	\$39,790,953
<i>Subtotal Intersections Outside of North San Jose</i>	<b>\$51,775,000</b>	<b>\$106,769,681</b>
<b>Offsetting Action from CMA Immediate Implementation Action List</b>		
<i>Bicycle, Pedestrian, TDM and Transit Actions (Bus, LRT Improvements)</i>	<b>\$62,300,000</b>	<b>\$99,159,052</b>
<b>TOTAL COST</b>	<b>\$519,000,000</b>	<b>\$940,478,755</b>
<b>Other Contributions (City of San Jose, Federal, State, and Regional)</b>	<b>(\$59,000,000)</b>	<b>(\$90,577,977)</b>
<b>Potential Santa Clara County 2016 Measure B Contributions</b>	<b>\$ -</b>	<b>(\$377,280,000)</b>
<b>NET TOTAL to be funded by the NSJ TIF**</b>	<b>\$460,000,000</b>	<b>\$472,620,778</b>
<b>NOTES</b>		
<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>* - Reflects 2018 project cost engineering progress, more accurate estimates of improvements, and CCI attributed to all projects</i>		
<i>** - Fee amounts increase according to periodic updates. This increase reflects 2019 projected need</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 October 15, 2019

### 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 fund transportation improvements specified in the Evergreen-East Hills Development Policy (EEH DP), adopted December 16, 2008. 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 Evergreen-East Hills Development Policy details the relationship between the fee and its assessed purpose (2008). The fee that is charged to new development in the Policy area 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 Fees<sup>1</sup>

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
2019	\$16,357	\$14.22

<sup>1</sup> 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. 14.33.040.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 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	FY08-FY14	FY15	FY16	FY17	FY18	FY19
Beginning Balance	\$ -	\$ 2,989,806	\$ 3,311,348	\$ 3,649,590	\$ 4,038,465	\$ 4,211,044
Developer Fees	2,978,892	311,468	314,742	349,420	114,600	367,190
Interest Earnings	10,915	10,074	23,500	39,455	57,979	90,382
Expenditures						
Encumbrances - Current Year						
<b>Evergreen Ending Balance</b>	<b>\$ 2,989,806</b>	<b>\$ 3,311,348</b>	<b>\$ 3,649,590</b>	<b>\$ 4,038,465</b>	<b>\$ 4,211,044</b>	<b>\$ 4,668,616</b>

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

Table 3 below lists completed improvements that were funded by other funding sources. There were no TIF expenditures in FY10-FY19.

**Table 3**  
Project Expenditures Summary

Public Improvement	TIF Expenditures (FY08-FY19)	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 fund<sup>2</sup>:

<sup>2</sup> 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 date of construction depends on a determination by the local agency that confirms existing 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 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 for deposits into the appropriate fund depends 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 has been completed, while others will commence in FY20 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-FY19 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-FY19.

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**

	<b>Cost (2008 Dollars)</b>	<b>Cost (2019 Dollars)</b>
<b>Local Roadway/Intersection Improvements</b>		
Capitol Expressway and Quimby Road*	\$1,000,000	<i>Complete</i>
Capitol Expressway and Aborn Road*	\$1,250,000	\$1,609,276
Capitol Expressway and Silver Creek Road*	\$1,250,000	\$1,609,276
White Road and Quimby Road	\$500,000	\$643,710
White Road and Aborn Road	\$500,000	\$643,710
San Felipe Road and Yerba Buena Road (South)	\$1,269,000	\$1,633,737
Nieman Boulevard and Aborn Road	\$385,000	\$495,657
Nieman Boulevard and Yerba Buena Road	\$800,000	\$1,029,937
New Traffic Signals/Signal Modifications <sup>1</sup>	\$4,950,000	\$5,793,393
<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>
<b>Subtotal Local Roadway/Intersection Improvements</b>	<b>\$11,904,000</b>	<b>\$13,458,696</b>
<b>US 101, between I-280 and Yerba Buena Road</b>		
US 101 Corridor Improvements (\$81,700,000 Total Cost <sup>2</sup> )	\$1,307,200	
<b>Subtotal US-101 between I-280 and Yerba Buena Rd</b>	<b>\$1,307,200</b>	<b>Complete</b>
<b>TOTALS</b>	<b>\$13,211,200</b>	<b>\$13,458,696</b>
<b>NOTES</b>		
* Denotes Congestion Management Program (CMP) Intersection.		
<sup>1</sup> 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.		
<sup>2</sup> 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**  
**October 15, 2019**

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 Policy<sup>1</sup> (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 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).

In an effort to promote new industrial land use or intensification of existing industrial land uses, the TDP exempts some trips generated by future industrial growth from the TIF program. The mechanism for determining trip credits for new industrial developments that are exempt from the TIF program is detailed in Attachment E.

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.

---

<sup>1</sup> Adopted December 18, 2007, and as revised from time to time.

**Table 1**  
Traffic Impact Fees<sup>2</sup>

<b>Calendar Year</b>	<b>Trip Fee (per PM Peak Hour Trip)<sup>3</sup></b>
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
2019	\$38,623

#### 4. Sources of funding:

The sources of funding for all 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 \$152 million. A portion of the cost is planned to be funded by the City of San Jose and regional sources totaling \$116 million, with the remaining \$36 million being funded by the US-101/Oakland/Mabury TIF (all amounts given in 2019 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 Study<sup>4</sup> 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:

<sup>2</sup> 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).

<sup>3</sup> The TDP also allocates 115 PM peak hour vehicular trips generated by future industrial development to be exempt from the Traffic Impact Fee Program.

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

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

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

Mabury Traffic Impact Fees	FY08-FY14	FY15	FY16	FY17	FY18	FY19
Beginning Balance	\$ -	\$ 4,675,539	\$ 5,167,225	\$ 7,946,467	\$ 11,077,385	\$ 17,215,903
Developer Fees	4,649,044	471,450	2,729,955	3,025,015	6,096,980	3,350,566
Interest Earnings	26,496	20,235	49,287	105,903	167,903	374,991
Expenditures						
- Route 101/Mabury Road Project Developm					(126,364)	(38,037)
Encumbrances - Current Year						
<b>Mabury Ending Balance</b>	<b>\$ 4,675,539</b>	<b>\$ 5,167,225</b>	<b>\$ 7,946,467</b>	<b>\$ 11,077,385</b>	<b>\$ 17,215,903</b>	<b>\$ 20,903,423</b>
Remaining Budgeted CIP Funds						
- Route 101/Mabury Road Project Development						5,721,963
- Route 101/Old Oakland Road Improvements						4,100,000
<b>Remaining Mabury TIF Program Funds</b>						<b>\$11,081,460</b>

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-FY19)	Percentage of Improvement Cost funded by TIF
Route 101/Mabury Road*	\$164,401	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".

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 fund<sup>5</sup>:

The date of construction depends on a determination by the local agency that confirms existing 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

<sup>5</sup> 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).

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.

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-FY19 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-FY19.

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 (2019 \$)
<b>US-101/Oakland Road Interchange*</b>	\$23,000,000	\$56,991,200
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.		
<b>US-101/Mabury Road Interchange*</b>	\$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.		
<b>TOTAL COST</b>	<b>\$80,000,000</b>	<b>\$151,991,200</b>
<b>Other Contributions (City of San Jose and Regional)</b>	<b>(\$44,000,000)</b>	<b>\$ -</b>
<b>Potential Santa Clara County 2016 Measure B Contributions**</b>	<b>\$ -</b>	<b>(\$115,991,200)</b>
<b>NET TOTAL to be funded by the US-101/Oakland/Mabury TIF</b>	<b>\$36,000,000</b>	<b>\$36,000,000</b>
<i>Source: US-101/Oakland/Mabury Transportation Development Policy (2015)</i>		
<i>* - Project costs reflect engineering progress, more accurate estimates of improvements, and CCI escalation</i>		
<i>** - Santa Clara County 2016 Measure B funds are pending competitive application process that may result in different contribution levels</i>		

## INTERSTATE 280/WINCHESTER BOULEVARD TRAFFIC IMPACT FEE October 15, 2019

### 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 TDP<sup>1</sup>, 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 September 2016 Interstate 280/Winchester Boulevard TDP Nexus Study<sup>2</sup> details the relationship between the fee and the purpose for which it is charged. 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 Fee<sup>3</sup>

<b>Year</b>	<b>Trip Fee (per PM Peak Hour Trip)</b>
2016*	\$25,641
2017	\$25,641
2018	\$26,344
2019	\$38,623

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

<sup>1</sup> Adopted in September 2016.

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

<sup>3</sup> 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 (2019 Dollars)

Funding Source	Amount
Traffic Impact Fee	\$45.07 million
Other Funding Sources <sup>4</sup>	\$106.92 million
Total	\$151.99 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 TIF

I-280 Winchester TDP Traffic Impact Fees	FY08-FY14	FY15	FY16	FY17	FY18	FY19	TOTAL
Beginning Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,245,340	
Developer Fees					2,240,000		2,240,000
Interest Earnings					5,340	4,935	10,275
Expenditures						(2,000,000)	(2,000,000)
Encumbrances - Current Year							
I-280 Winchester Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ 2,245,340	\$ 250,275	\$ 250,275
Remaining Budgeted CIP Funds							
- I-280/Winchester Boulevard Interchange						245,000	245,000
Remaining I-280 Winchester TIF Program Funds						\$ 5,275	\$ 5,275

<sup>4</sup> 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.

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

There were no expenditures in FY19.

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 fund<sup>6</sup>:

The date of construction depends on a determination by the local agency that confirms existing 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 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 FY19.

10. Refunds and allocations:

No refunds or allocations pursuant to subdivisions (e) and (f) of Section 66001 were made during fiscal year FY19.

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:

---

<sup>6</sup> 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).

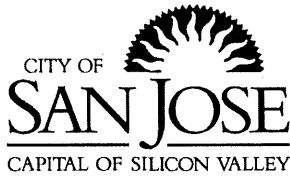


**Table 4**  
Cost Summary for Interstate 280/Winchester TDP Improvement<sup>7</sup>

Cost Items	Cost (in 2019 dollars)
Construction Cost	
Roadway Items	\$33.02 million
Structure Items	\$75.26 million
Subtotal	\$107.96 million
Right Of Way & Utility	\$7.34 million
Capital Outlay Support	
Engineering	\$19.5 million
Right Of Way Support	\$0.94 million
Construction Support	\$16.25 million
Subtotal	\$36.69 million
Total	\$151.99 million

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

<sup>7</sup> 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.



## Memorandum

**TO:** MICHAEL LIW  
Deputy Director of Public Works

**FROM:** JOHN RISTOW  
Deputy Director of  
Transportation

**SUBJECT: INDUSTRIAL TRIP CREDITS  
FOR US-101/OAKLAND/MABURY  
TRANSPORTATION  
DEVELOPMENT POLICY**

**DATE:** May 19, 2017

---

Approved

Date

---

**COUNCIL DISTRICT:** 3 and 4

This memo provides a mechanism for determining trip credits for new industrial developments that are exempt from the Traffic Impact Fee (TIF) program in the US 101/Oakland/Mabury Transportation Development Policy (TDP).

The TDP, adopted in 2007 and amended in 2009 and 2015, includes a TIF program that requires new development to make fair share contribution toward the construction cost of the interchange improvements as identified in the TDP. The fee, as determined by the Nexus Study in the TDP, is based on the number of new trips traversing through at least one of the five identified interchange intersections during the PM peak hour. In an effort to promote new industrial land use or intensification of existing industrial land uses in the area, the TDP allocates 115 PM peak hour trips at the interchange intersections to be trips generated by future industrial growth that are exempt from the TIF program. Qualified industrial development would receive trip credits from the 115-trip pool until the pool is exhausted.

### **ELIGIBILITY**

The following industrial land uses are eligible for industrial trip credits:

- Manufacturing and assembly (light, medium and heavy)
- Laboratory, processing
- Research and development
- Warehouse/distribution facility
- Wholesale sale establishment
- Wineries, breweries (including incidental off-sale of alcoholic beverages)
- Trade & vocational school

For the purpose of trip credit calculations, development sites that are composed of one or more discontinuous parcels shall be considered as a single development.

### **TRIP CREDITS**

A traffic study shall be conducted to estimate the amount of trip credits a qualified industrial development would receive. Trip credits are estimated using a four-step process: (1) trip generation, (2) trip distribution, (3) trip assignment, (4) trip credits.

#### ***Trip Generation***

In determining project trip generation, the magnitude of traffic entering and exiting the development is estimated for the PM peak hour. Trip generation rates for the proposed development vary based on the type of intensification. As shown in Table 1, intensification of an existing industrial development could happen by adding new building area, increasing the amount of off-street parking, or both. If the development proposes to increase *both* the building area and the number of off-street parking, intensification by building area or intensification by parking spaces, whichever is higher, shall be selected. Trip generation for the proposed development is compared with that of the pre-existing legally established development on the subject site to determine the overall net trip generation.

**Table 1: Trip Generation Rates for Industrial Developments**

<b>Development Type</b>	<b>PM Peak Hour Trip Rates<sup>1</sup></b>
New development	Measured in trips per 1,000 square feet gross floor area
Existing development intensified by building area only	Measured in trips per 1,000 square feet gross floor area
Existing development intensified by off-street parking only	Measured in trips per employee (assuming one off-street parking space equates to one employee)
Existing development intensified by both building area and off-street parking	Measured in trips per 1,000 square feet gross floor area, or trips per employee, whichever generates the higher percentage of intensification

1. Trip generation rates shall be obtained from the latest edition of the Institute of Transportation Engineers (ITE) Trip Generation Handbook.

#### ***Trip Distribution and Trip Assignment***

An estimate is made of the directions which the project trips would travel, based on traffic patterns on the surrounding roadway system and on the locations of complementary land uses. The net project trips are then assigned to local transportation network to determine the number of new trips traversing the interchange intersections during the PM peak hour.

#### ***Trip Credits***

Trip credits are calculated based on both the estimated number of new peak-hour trips at the interchange intersections (i.e. trip assignment) and the level of intensification. Table 2 outlines

the methodology for allocating trips to existing developments based on the percentage of intensification. If the percentage of intensification is greater than 90% of the existing site, no trip credits would be given. As the percentage of intensification decreases, the amount of trip credit increases. This framework provides incentives to existing industrial developments and facilitates reinvestment in more traditional industrial activities.

**Table 2: Trip Credit Incentive**

<b>Intensification</b>	<b>Trip Credit Incentive</b>
>90%	0% (except for warehouse/distribution or manufacturing/assembly facility of up to 30,000 square feet, to which 1 trip credit shall be provided)
>80% and <=90%	20% (maximum of 10 trips)
>70% and <=80%	40% (maximum of 10 trips)
>60% and <=70%	60% (maximum of 10 trips)
>50% and <=60%	80% (maximum of 10 trips)
>0% and <=50%	100% (maximum of 10 trips)

To ensure the trip credit pool is allocated to multiple developments, a maximum of 10 trips shall be allocated per new development or intensification project on a first-come, first-serve basis, until the pool of 115 industrial trip credits is exhausted. In addition, a minimum of one (1) trip shall be allocated for a new or intensification of a stand-alone warehouse/distribution or manufacturing/assembly facility of up to 30,000 square feet in size. The one-trip minimum credit will provide the incentive to small industrial developments regardless of their level of intensification. For example, if an existing warehouse of less than 30,000 square feet in size proposes to intensify by more than 90%, it would still receive one (1) trip credit.

An economic subsidy valued at \$100,000 or greater pursuant to California Government Code Section 53083 shall be brought forward for review by the San Jose City Council.

/s/

JOHN RISTOW  
Deputy Director of Transportation

For questions please contact Ramses Madou, Transportation Planner Manager, at 408-975-3283.