

Draft

**City of Mountain View  
Multimodal Improvement Plan  
Traffic Impact Fee  
Nexus Study**

June 2018



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**Traffic Impact Fee**  
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## **CHAPTER 1. INTRODUCTION AND SUMMARY**

### **Introduction**

#### ***Traffic Impact Fee***

This analysis provides the technical basis for establishing the required nexus between anticipated future development in the City of Mountain View and the need for certain improvements to the local transportation facilities.

Traffic Impact Fees (TIF) are one-time fees typically paid prior to the issuance of a building permit and imposed on development projects by local agencies responsible for regulating land use. The fee's purpose is to help mitigate the transportation impacts of development growth. As an applicant proposes a project, a project-specific traffic impact study may be necessary, as this document only addresses cumulative impacts of all projects, but does not address specific impacts from a proposed development. In addition to fees and projects considered in this document, other on-site, frontage, and off-site improvements directly associated with future projects may be required. A project-specific traffic impact study will assess this.

To guide the widespread imposition of public facilities fees, the State Legislature adopted the Mitigation Fee Act (the Act) with Assembly Bill 1600 in 1987 and subsequent amendments. The Act, contained in California Government Code §§66000-66025, establishes requirements on local agencies for the imposition and administration of fee programs. The specific tasks performed in preparing this analysis and their results are summarized in this section.

#### ***Congestion Management Program***

The CMP is mandated by State law and is maintained for the County by the Santa Clara Valley Transportation Authority (VTA). The CMP is a comprehensive transportation improvement program with the goal to reduce traffic congestion, improve air quality, and inform land use decisions. The VTA has established a list of major intersections monitored for congestion with LOS standards set by the CMP statute.

The Citywide Multimodal Improvement Plan (MIP), also referred to as the Deficiency Plan per state's Congestion Management Program (CMP) legislation, is a plan that identifies offsetting measures to improve transportation conditions on the CMP transportation network in lieu of making physical traffic capacity expansions such as widening an intersection or roadway. The CMP legislation requires local jurisdictions to prepare MIPs for CMP system facilities (such as key arterial roadways or Expressway intersections) located within their jurisdictions that exceed the established Santa Clara County traffic Level-of-Service (LOS) standard, LOS E. The legislation allows the MIPs to trade off a traffic LOS violation on one particular CMP System facility for transportation system improvements to other facilities or services and contribute to an improvement in air quality. If a CMP facility fails to maintain the minimum LOS standard and does not have a Congestion Management Agency (CMA) approved MIP/Deficiency Plan, the local jurisdiction in which the facility is located risks losing nearly 25 percent of its gas tax revenues provided from Proposition 111 (about \$405,000 per year for the City of Mountain View). MIPs can be a way for local jurisdictions to pursue multimodal improvements (such as bicycle, pedestrian, transit, or Transportation Demand Management (TDM) measures) or off-setting auto capacity improvements when it is infeasible or undesirable to make physical traffic

capacity improvements at an impacted location. If adopted, the TIF described in this report would provide funding toward MIP projects through funds paid by developers.

### **Citywide MIP and TIF Area**

In 2012 the City of Mountain View adopted the 2030 General Plan (GP) and certified the General Plan EIR. The EIR found that there were no local CMP facilities below the CMP impact threshold. (The threshold is LOS “E”. The GP EIR and subsequent Precise Plans EIRs’ analyses projected CMP impacts in the future. The MIP brings the City into compliance with the CMP, without having to fix the deficiencies themselves, through offsetting measures. VTA and state law require the City to adopt and implement the MIP.

The City of Mountain View MIP addresses impacts on CMP facilities throughout the City. According to the 2014 Annual Monitoring and Conformance Report, 12 intersections are identified as the City of Mountain View’s responsibility for deficiency analysis. The intersections are as follows:

- Castro Street/El Camino Real
- El Monte Avenue/El Camino Real
- SR 237 Ramps-Grant Road/El Camino Real
- Shoreline Boulevard/El Camino Real
- Rengstorff Avenue/El Camino Real
- San Antonio Road/El Camino Real
- Rengstorff Avenue/Central Expressway
- Moffett Boulevard-Castro Street/Central Expressway
- Shoreline Boulevard Eastbound Ramps/Central Expressway
- Shoreline Boulevard Westbound Ramps/Central Expressway
- Whisman Station Road/Central Expressway
- Ferguson Drive/Central Expressway

### **TIF Development Process**

The development of the MIP TIF program involved the major tasks described below.

1. **List of Projects** The MIP includes the list of projects for the TIF program. 18 projects were identified for inclusion in the fee program.
2. **Project Costs** The project costs were identified in the MIP. The costs were adjusted to account for existing deficiencies, which are not eligible for TIF funding, and outside funding sources.
3. **Trip Generation** An estimate was prepared of the A.M. plus P.M. peak hour trip generation that will result from development of the expected future land uses within the fee area. The A.M. peak was selected as this time period is generally considered to be the most congested. The City has identified the quantities of development expected to occur over the life of the MIP, to 2030.
4. **Cost per Trip** A cost per trip was calculated along with the corresponding schedule of fees. The schedule of fees includes fee categories for residential, lodging units, office/R&D/ industrial, service/retail and other standard land uses.

## **Executive Summary**

### **Chapter 1 – Introduction and Summary**

#### **Chapter 2 – Peak Hour Trips**

The first step required for the TIF is the determination of the number of peak hour trips expected in the life of the MIP and its TIF. The trip generation portion of the MIP TIF program is based on the proposed changes in land use during the life of the MIP. The growth in trips over the MIP TIF period was determined by the capacity for growth under the 2030 GP and each of several adopted Precise Plans since 2012, as analyzed in their Environmental Impact Reports (EIRs). These documents planned for 36,611 net new A.M. plus P.M. peak hour trips generated by growth over this period.

#### **Chapter 3 – Selection and Cost of Projects**

The recommended list of new transportation improvements to serve the City was developed in the MIP. The recommended list of intersection improvement projects is indicated in **Table 2**. Costs and details of the individual projects are described in **Chapter 3** of this report.

The 18 projects have a total program cost of \$451,631,000, of which \$97,870,000 is eligible for the MIP TIF, based on the nexus findings.

#### **Chapter 4 – Program Costs and Fee Calculation**

The base fee per A.M. and P.M. peak hour trip is calculated by dividing the total cost of the TIF program, \$98,848,000 by the total projected 36,611 new A.M. and P.M. peak hour trips. The TIF requirement calculates to a cost of \$2,700 per A.M. and P.M. peak hour trip. The proposed MIP TIF fee schedule is as follows:

| <b>Land Use Category<br/>Per KSF or dwelling unit</b> | <b>Fee Rate</b> |
|-------------------------------------------------------|-----------------|
| Single Family Detached/Unit                           | \$4,671         |
| Multi-Family/Unit                                     | \$2,616         |
| Hotels/Motels/Room                                    | \$2,889         |
| Commercial/Retail                                     | \$12,825        |
| Office/R&D                                            | \$4,950         |

KSF = Thousand square feet

#### **Chapter 5 – Nexus Findings**

California legislation requires that charges on new developments bear a reasonable relationship to the needs created by, and the benefits accruing to, that development. This is known as "nexus." California courts have long used that reasonableness standard or nexus to evaluate the constitutionality of exactions, including development fees. Based on the analysis included in this report, the future development and the need for their associated improvements meet or exceed the basic requirements set forth in Government Code sections beginning with 66000 to govern development fees.

The total cost for necessary improvements is based on the project list from the MIP. The methodology of this report ensured that only a portion of that total cost is ascribed to future

growth, based on the proportion of need generated by that growth. Thus, there is a reasonable relationship between the proposed use of the MIP TIF and the proposed land use development projects on which the fee will be imposed. In the same manner, there is a reasonable relationship between the need for facilities included in the MIP TIF and the proposed land use development projects.

## CHAPTER 2. EXISTING AND FUTURE DEFICIENCIES AND PEAK HOUR TRIPS

A key step in the fee development process is to determine the number of trips that will be generated by growth within the City during the life of the fee. TJKM used information from the GP and subsequent Precise Plans to determine the expected land use growth. **Table 1** below summarizes the land use growth within the fee area by the various land use categories. The "Growth" column in the table is the estimated amount of dwelling units, hotel rooms and non-residential development that are projected between 2012, the last date available at which no CMP facilities were operating below LOS E, and the analyzed build-out of the General Plan and recent City Precise Plans.

It also lists the growth in trips in each category after applying the A.M. and P.M. factors based on the Institute of Transportation Engineers (ITE) publication *Trip Generation, 10<sup>th</sup> Edition*. Peak hour trips are considered because the CMP is based on congestion, which is largely a result of more people trying to use the transportation system during the busiest hours. In a TJKM summary of various studies of projected future LOS conditions at 60 Mountain View intersections, an equal number of them experienced LOS F conditions in the A.M. and P.M. peak hours.

Some adjustments have been made to account for the effects of peak hour trip reduction due to TDM programs agreed to by developers at the time of entitlement. For residential development, the TDM reduction is five percent; for office/R&D uses the TDM reduction is 20 percent. These adjustments are implemented by reducing the trip rate factor.

**Table 1: Determination of TIF Trips**

| Land Use Category and ITE Code | ITE Trip Rates |      |             | TDM Factor | MIP Growth    | MIP Trips     |
|--------------------------------|----------------|------|-------------|------------|---------------|---------------|
|                                | A.M.           | P.M. | A.M. + P.M. |            |               |               |
| Column # >                     | 1              | 2    | 1+2 = 3     | 4          | 5             | 3 x 4 x 5 = 6 |
| Single-Family- 210             | 0.74           | 0.99 | 1.73        | 1.00       | 2,149 Units   | 3,718         |
| Multi-Family- 220              | 0.46           | 0.56 | 1.02        | 0.95       | 15,733 Units  | 15,245        |
| Hotels/Motels- 310             | 0.47           | 0.60 | 1.07        | 1.00       | 564 Rooms     | 603           |
| Commercial/Retail- 820         | 0.94           | 3.81 | 4.75        | 1.00       | 560.800 KSF   | 2,664         |
| Office/R&D- 710                | 1.16           | 1.15 | 2.31        | 0.80       | 7,781.798 KSF | 14,381        |
| <b>Total</b>                   |                |      |             |            |               | <b>36,611</b> |

KSF = Thousand square feet

It is noted that the planned growth during this period is 36,611 A.M. plus P.M. peak hour trips. This number should be adjusted each time the MIP TIF is updated to reflect the latest cost of projects and most recent land use projections.



## CHAPTER 3. SELECTION AND COST OF PROJECTS

In the Citywide MIP, 16 projects were identified for inclusion in the TIF program. These projects, their costs, and the proportion of the costs to be shared by others, are shown in **Table 2**.

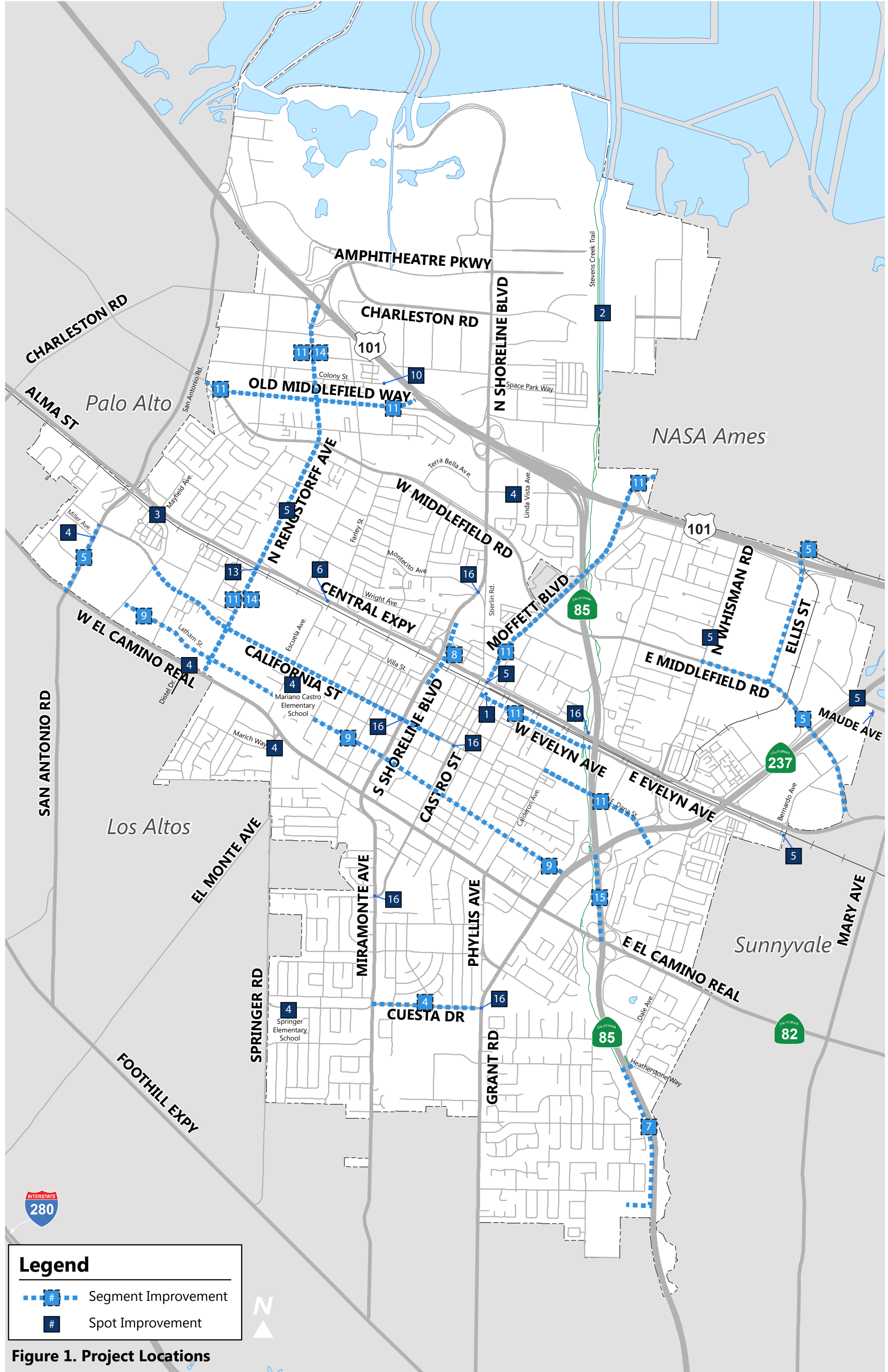
**Table 2 Proposed TIF Projects and Costs**

| #            | MIP TIF Projects                                                           | Total 2017 Costs (in thousands) | Other Funds      | MIP TIF Share   |
|--------------|----------------------------------------------------------------------------|---------------------------------|------------------|-----------------|
| 1            | Transit Center Master Plan Construction <b>1.7*</b>                        | \$190,000                       | \$155,000        | \$35,000        |
| 2            | Stevens Creek Transit Bridge (Between NASA Ames & N. Bayshore) <b>1.17</b> | \$50,000                        | \$48,000         | \$2,000         |
| 3            | San Antonio/Mayfield Ped. & Bike Tunnel Construction <b>2.2</b>            | \$7,000                         | --               | \$7,000         |
| 4            | Planned Pedestrian Improvements <b>2.4</b>                                 | \$700                           | --               | \$700           |
| 5            | Planned Green Bicycle Improvements <b>2.6</b>                              | \$600                           | --               | \$600           |
| 6            | Central Expressway Bicycle Overpass Construction <b>2.14</b>               | \$20,000                        | \$3,000          | \$17,000        |
| 7            | Stevens Creek Trail Extension <b>2.15</b>                                  | \$15,000                        | \$10,000         | \$5,000         |
| 8            | Bicycle Path Along Shoreline Boulevard Construction <b>2.16</b>            | \$3,200                         | --               | \$3,200         |
| 9            | Latham/Church Bike Blvd. Construction <b>2.21</b>                          | \$2,430                         | \$710            | \$1,720         |
| 10           | Colony St. to Creek Trail Bridge <b>2.22</b>                               | \$1,150                         | --               | \$1,150         |
| 11           | Cycle Track Studies <b>2.23</b>                                            | \$1,500                         | --               | \$1,500         |
| 12           | Traffic Operations Center Construction <b>3.3</b>                          | \$3,000                         |                  | \$3,000         |
| 13           | Construction of Rengstorff Grade Separation <b>3.5</b>                     | \$150,000                       | \$135,000        | \$15,000        |
| 14           | Rengstorff Avenue Adaptive Signal System <b>3.6</b>                        | \$3,500                         | --               | \$3,500         |
| 15           | 85/El Camino Real/237 PS&E Implementation <b>3.9</b>                       | \$1,000                         | \$500            | \$500           |
| 16           | Additional Citywide Roadway Improvements <b>3.10</b>                       | \$2,551                         | \$1,551          | \$1,000         |
| <b>Total</b> |                                                                            | <b>\$451,631</b>                | <b>\$353,761</b> | <b>\$97,870</b> |

\*1.7: See Multimodal Action List ID, Chapter 4, *Citywide Multimodal Improvement Plan*, Mountain View, 2018 for more details of each project.

The location of these projects is shown on **Figure 1** on the following page. Additional information about each project, as well as other proposed projects funded by sources other than development fees, can be found in the *Citywide Multimodal Improvement Plan*, prepared in 2018. As this and other relevant documents are modified/updated, this TIF can also be updated.

The costs of these projects have been calculated in 2017 dollars. The proposed Mountain View TIF ordinance will make provisions for annual updates of the fee based on published construction cost indices. In this way, any escalation in construction costs will be covered by commensurate fee adjustments.



Legend

#

Segment Improvement

#

Spot Improvement

Figure 1. Project Locations

## CHAPTER 4. PROGRAM COSTS AND FEE CALCULATION

### Cost per Trip Estimate

**Table 3** presents a summary of the TIF improvement project costs, the projected future trips to be added by new development, and the resulting estimated TIF improvement cost per trip. The total cost of the TIF projects to be included is \$97,870,000.

The fee calculation is based on trip generation estimates in **Table 1** and the cost estimates of the TIF improvement projects. The cost per A.M. plus P.M. peak hour trips is calculated to be \$2,700 using a total TIF project cost of \$98,848,000 including the cost for administering the program, and 36,611 new A.M. and P.M. peak hour trips. The TIF improvement project costs as well as the calculated new TIF cost per trip are shown in **Table 3**.

**Table 3: 2018 Cost per Trip Estimate**

|                                                               | 2018 TIF Costs      |
|---------------------------------------------------------------|---------------------|
| All Projects                                                  | \$97,870,000        |
| Plus Administrative Costs (1%)                                | \$978,000           |
| <b>Total TIF Funding</b>                                      | <b>\$98,848,000</b> |
|                                                               |                     |
| Total A.M. + P.M. Peak Hour Trips<br>Added by New Development | 36,611              |
| <b>TIF Cost Per A.M. + P.M. Trip</b>                          | <b>\$2,700</b>      |

**Table 4** presents the new schedule of fees. The land use categories in this fee schedule have been determined based on a range of expected development land use types. The fees are calculated by multiplying the ITE trip rates contained in *Trip Generation, 10<sup>th</sup> Edition* for the A.M. plus P.M. peak period by the cost per trip, \$3,278.

The resulting fee rate, shown in the last column of **Table 4** is the rate per dwelling unit for residential development or per thousand square feet (KSF) for non-residential development. Some adjustments have been made to account for the effects of peak hour trip reduction due to TDM programs agreed to by developers at the time of entitlement. For residential development, the TDM reduction is five percent; for office/R&D uses the TDM reduction is 20 percent.

**Table 4: Calculations of Fees**  
(Per KSF<sup>1</sup> unless noted)

| Land Use Category & ITE<br>Land Use Code | A.M. + P.M. Trip<br>Rate <sup>2</sup> | TDM Factor | Cost Per A.M.<br>+ P.M. Trip | Fee Rate |
|------------------------------------------|---------------------------------------|------------|------------------------------|----------|
| Single Family/Unit                       | 1.73                                  | 1.00       | \$2,700                      | \$4,671  |
| Multi-Family/Unit                        | 1.02                                  | 0.95       | \$2,565 <sup>3</sup>         | \$2,616  |
| Hotels/Motels/Room                       | 1.07                                  | 1.00       | \$2,700                      | \$2,889  |
| Commercial/ Retail/KSF                   | 4.75                                  | 1.00       | \$2,700                      | \$12,825 |
| Office/R&D/KSF                           | 2.31                                  | 0.80       | \$2,160 <sup>4</sup>         | \$4,990  |

<sup>1</sup>KSF = Thousand square feet

<sup>2</sup>A.M. + P.M. peak hour trip rate, based on ITE's Trip Generation, 10<sup>th</sup> Edition

<sup>3</sup>Includes a five percent credit for TDM

<sup>4</sup>Includes a 20 percent credit for TDM

### Other Factors in TIF

Establishment of Final TIF Fee. The City may decide not to levy the maximum fee that has been established as a part of this study as it may reduce development feasibility or make the City less competitive with its peers. If so, the results will be reflected in an adjustment to this study.

Intensification or Change in Land Use. When a land use is intensified, such as replacing a group of single family homes with multi-family homes, the fee to be charged is the difference in calculated fees for the two land uses. The same principle is applied with changes in land use, such as demolishing an industrial building to build a residential development.

Other Land Uses. The City may decide to use the \$2,700 cost per A.M. plus P.M. peak hour trip rate to apply to other specific land uses not covered by **Table 4**. The latest edition of ITE's *Trip Generation* should be used as a source for A.M. and P.M. peak hour trip rates.

## **CHAPTER 5. NEXUS FINDINGS**

TIF's are one-time fees typically paid prior to the issuance of a building permit and imposed on development projects by local agencies responsible for regulating land use (cities and counties) to mitigate the transportation impacts of the development. To guide the widespread imposition of public facilities fees, the State Legislature adopted the Act with Assembly Bill 1600 in 1987 and subsequent amendments. The Act, contained in California Government Code §§66000-66025, establishes requirements on local agencies for the imposition and administration of fee programs. The Act requires local agencies to document five findings when adopting a fee.

The five statutory findings required for adoption of the maximum justified fee documented in this report are presented in this chapter and supported in detail by this report. All statutory references are to the Act.

### **1. Purpose of the Fee**

For the first finding, the City must:

*Identify the purpose of the fee. (§66001(a)(1))*

This purpose of this fee would be to implement the principles and goals of the Citywide MIP, which is mandated under VTA's Congestion Management Program when regional intersections fall below LOS E. The imposition of impact fees is one of the preferred methods of ensuring that development bears a proportionate share of the cost of capital facilities necessary to accommodate new development. This fee will charge new development the fair share cost of transportation improvements needed to mitigate the transportation impacts created by that development.

### **2. Use of Fee Revenues**

For the second finding, the City must:

*Identify the use to which the fee is to be put. (§66001(a)(2))*

If the use is financing public facilities, the facilities shall be identified. That identification may, but need not, be made by reference to a capital improvement plan as specified in Section 65403 or 66002, may be made in applicable general or specific plan requirements, or may be made in other public documents that identify the public facilities for which the fee is charged.

Detail on planned uses of fee revenues is contained in **Chapter 3** of this report.

### **3. Benefit Relationship**

For the third finding, the City must:

*Determine how there is a reasonable relationship between the fee's use and the type of development project on which the fee is imposed. (§66001(a)(3))*

The City has determined that the improvements listed in the report are necessary to address deficiencies related to traffic congestion and CMP compliance, as identified in the MIP and the City's environmental documents, due to future development under the 2030 GP. Public facilities funded by the fee will provide a network of transportation infrastructure accessible to the additional residents and workers associated with new development, resulting in mobility and

accessibility benefits to the new development. Thus, there is a reasonable relationship between the use of fee revenues and the new residential and nonresidential development that will pay the fee.

#### **4. Burden Relationship**

For the fourth finding, the City must:

*Determine how there is a reasonable relationship between the need for the public facility and the type of development project on which the fee is imposed. (§66001(a)(4))*

The number of residential dwelling units and building square footage are indicators of the demand for transportation facilities needed to accommodate growth. As new building square footage is created, the occupants of the new structures will place additional burdens on the transportation facilities. The need for the fee is based on traffic engineering studies assessing the impact of additional vehicle trips from new development as well as City and policies governing the design of a transportation system needed to serve new growth areas. Traffic engineering and related data were also used to inform the scope of improvements included in the fee program. For transportation improvements needed to accommodate the development anticipated in the near term, the cost burden is fully allocated based on development anticipated in the near term. For transportation improvements that are not immediately needed to accommodate near term development, but that will be needed to accommodate development in the longer term, the cost burden is allocated based on projections of new development. Thus, there is a reasonable relationship between the need for the planned improvements, the scope of the improvements, and the parcels that will pay the fee.

#### **5. Proportionality**

For the fifth finding, the City must:

*Determine how there is a reasonable relationship between the amount of the fee and the cost of the public facility or portion of the public facility attributable to the development on which the fee is imposed. (§66001(b))*

There is a reasonable relationship between the TIF for a specific development project and the cost of the facilities attributable to that development based on the estimated vehicle trip demand the development will generate in the MIP. The total fee for a specific development is based on its planned square footage for nonresidential uses and the number of dwelling units for residential uses. Larger projects of a certain land use type will have a higher trip generation and pay a higher fee than smaller projects of the same land use type. Thus, the fee schedule ensures a reasonable relationship between the TIF for a specific development project and the cost of the facilities attributable to that project. Existing deficiencies are not included in the fee, since the baseline for the growth attributable to the fee was set at a time when no deficiencies existed, the 2012 adoption of the 2030 GP.