



**PUBLIC WORKS DEPARTMENT**

CITY HALL

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**CITY COUNCIL STAFF REPORT**

Meeting: September 19, 2017

Subject

Adoption of City of Cupertino Transportation Impact Fee Program and Approval of Fees

Recommended Actions

1. Conduct the first reading of the Draft Ordinance "Adding Chapter 14.02 To The Cupertino Municipal Code To Adopt And Implement The City's Transportation Impact Fee Program As Shown in Exhibit 1" (Attachment A); and
2. Adopt the Draft Resolution "Adopting A Transportation Impact Fee And Amending Schedule B Of the 2017-18 Fee Schedule To Include The New Transportation Impact Fee As Shown in Exhibit 1" (Attachment B)

Background

The City adopted an amended General Plan known as "General Plan: Community Vision 2015 - 2040" (The General Plan) on December 4, 2014. The General Plan specifically identifies the need to implement a TIF to fund needed transportation improvements necessary to accommodate and mitigate the impacts of future development in the City. To support the TIF program, the City must prepare a Nexus Study that will provide a legal basis for requiring development impact fees consistent with Mitigation Fee Act (AB 1600/ Government Code Section 66000 et seq.).

On August 15, 2017, City Council adopted the Transportation Impact Fee Nexus Study (Attachment E) and directed Staff to draft the appropriate legislation to implement the City Wide Traffic Impact Fee.

Discussion

At the August 15, 2017 City Council Meeting, City council directed staff to draft an Ordinance to adopt the maximum allowable traffic impact fee. The Nexus Study adopted by City Council on August 15, 2017 calculates the maximum allowable transportation impact fee by land use category shown in the table below.

### Maximum TIF Schedule

Land Use	Cost Per Trip	Trip Factor <sup>1</sup>	Demand	Raw Fee	Admin Charge <sup>2</sup>	Total TIF per Unit
<b><u>Residential</u></b>						
Single Family	\$5,907	0.99		\$5,851	2%	<b>\$5,968 / unit</b>
Multi-Family <sup>3</sup>	\$5,907	0.61		\$3,627	2%	<b>\$3,700 / unit</b>
<b><u>Non-residential</u></b>						
Retail	\$5,907	1.59		\$9.41	2%	<b>\$9.60 / sqft.</b>
Office	\$5,907	2.79		\$16.48	2%	<b>\$16.81 / sqft.</b>
Hotel	\$5,907	0.54		\$3,207	2%	<b>\$3,272 / room</b>
Other	\$5,907	1.00		\$5,907	2%	<b>\$6,025 / trip</b>

[1] PM Trips per dwelling unit, per 1,000 building square feet, or per hotel room.

[2] Administrative charge of 2.0 percent for legal, accounting, and other administrative costs (e.g. revenue collection, mandated public reporting, and Nexus Analysis).

[3] Includes apartments, condos, and townhomes.

The TIF will be applied in accordance with the TIF Schedule noted above and consistent with the Nexus Study adopted by Council. Pursuant to the TIF Study, the following development projects will be exempt from the TIF Program Fee:

- A. The rehabilitation and/or reconstruction and/or expansion of any legal, residential unit and/or the replacement of a previously existing legal dwelling unit that does not cause the addition of vehicular trips as defined by the Institute of Traffic Engineers.
- B. The rehabilitation and/or reconstruction of non-residential structures where there is no net increase in square footage and/or change in development type/land use (e.g. office to retail).
- C. Residential accessory buildings.
- D. Public facilities, including but not limited to, buildings, structures and outdoor recreation areas owned by a local agency.

This is the first reading of the Ordinance which will return to the Council for adoption at the next regularly scheduled meeting.

### Sustainability Impact

None.

### Fiscal Impact

The traffic impact fee program necessarily doesn't cover 100% of the costs for the improvements designated (and the statutory authority of AB 16000 requires a rational nexus so that new development only cover their "fair share" of costs). Additionally, the impact fee nexus study does not identify all other funding sources (and typically these other sources are not totally secured prior to approval of the fee program since the designated improvements are likely to be required over a very long time horizon, such as build-out of a General Plan). Therefore, the City will need to identify supplemental funding sources, such as General Fund, grants, or individual developer contributions through avenues such as Developer Agreements, to provide the balance of the funding to complete the designated improvements.

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Prepared by: David Stillman, Transportation Manager

Reviewed by: Timm Borden, Director of Public Works

Approved for Submission by: David Brandt, City Manager

### Attachments:

Attachment A-Draft Ordinance

Exhibit 1: Chapter 14.02 of the Cupertino Municipal Code

Attachment B- Draft Resolution

Exhibit 1: Amended Fee Schedule B

Attachment C – Amended Fee Schedule B (Redline Version)

Attachment D - August 15, 2017 Staff Report

Attachment E - City of Cupertino Transportation Impact Fee Nexus Study