

REGIONAL TRANSPORTATION IMPACT MITIGATION FEE

NEXUS STUDY

Prepared for the



Final Draft Report

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Prepared by



with Project Subconsultants



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EXECUTIVE SUMMARY

This nexus study report presents the results of an update of the San Benito County Regional Transportation Impact Mitigation Fee (TIMF) program for the construction of transportation improvements intended to meet the needs generated by growth in the county, including the following:

- Arterial and collector road widening and extensions
- Bicycle lanes and pedestrian facilities
- Bridge replacements and widening
- Intersection upgrades

This report fully documents the findings necessary for compliance with the state of California's Mitigation Fee Act (Government Code 66000 et seq.), which prescribes the means by which public agencies may impose development impact fees, in order to adopt the proposed impact fees.

BACKGROUND AND STUDY OBJECTIVES

The Council of San Benito County Governments (Council of Governments) Board of Directors adopted its current TIMF program in 2011, establishing impact fees for regional road improvements intending to serve growth throughout the county.

San Benito County and the City of Hollister currently impose the TIMF in their jurisdictions under authority granted by the California State Constitution and the Mitigation Fee Act, contained in California Government Code Sections 66000 et seq. This report provides the necessary findings required by the act for adoption of the fee schedule presented in this report.

San Benito County is forecast to experience significant growth in both its incorporated cities and unincorporated areas through this study's planning horizon of 2035. This growth will create an increase in demand for transportation improvements. Given the revenue challenges that are common to most cities and counties in California, the County and the City of Hollister have, since 1992, implemented a development impact fee program to ensure that new development funds the share of transportation improvement costs associated with growth. This report uses the most current available growth forecasts, including the recently adopted San Benito County General Plan, the transportation improvements identified in the Council of Governments' Regional Transportation Plan (RTP), and traffic modeling, to ensure that the TIMF program is representative of the transportation facility needs resulting from the new development anticipated to occur in the county.

This report documents the relationship between new development in San Benito County and the related cost of transportation improvements to serve growth in the county. It also provides updated estimates of the cost of the improvements and calculates the updated impact fees by land use that would generate the fee revenues necessary to recover these costs. The improvements that would be required to serve growth assume that new development will provide facilities that ensure the Cities of Hollister and San Juan Bautista and the County can maintain an acceptable level of service on TIMF program roads.

The County and the Cities of Hollister and San Juan Bautista will rely on their authority to levy impact mitigation fees under the police powers granted by the California Constitution, which

provides that cities and counties may make and enforce ordinances which are not in conflict with state law.¹

TRANSPORTATION PROJECTS INCLUDED IN THE TIMF PROGRAM

The following projects will be funded entirely or in part by the TIMF program:

<u>Project No.</u>	<u>Project and Limits</u>
1	State Route (SR) 156 Widening: San Juan Bautista to Union Road
2	SR 156/Fairview Road Intersection Improvements
3	Memorial Drive South Extension: Meridian Street to Santa Ana Road
4	Airline Highway/SR 25 Widening: Sunset Drive to Fairview Road
5	Westside Boulevard Extension: Nash Road to Southside Road/San Benito Street Intersection
6	North Street (Buena Vista), between College Street and San Benito Street
7	Fairview Road Widening: McCloskey to SR 25
8	Union Road Widening (East): San Benito Street to SR 25
9	Union Road Widening (West): San Benito Street to SR 156
10	Meridian Street Extension to Fairview Road: 185 feet east of Clearview to Fairview
11	SR 25 Four-Lane Widening: Phases I and II (San Felipe Road to Santa Clara County Line)*
12	Memorial Drive North Extension: Santa Ana Road to Flynn Road/Shelton Road Intersection*
13	Flynn Road Extension: San Felipe Road to Memorial Drive north extension*
14	Pacific Way Extension (new road east-west collector): San Felipe Road to Memorial Drive*

*Project added to the 2010 TIMF project list. Project 11 was considered in the 2010 study, but the interim operational enhancements to SR 25 (formerly TIMF Project 3) were included instead; the operational enhancements have, therefore, been deleted from this study.

Project locations are shown on **Exhibit 1**. See **Table 3.1** in Section 3 of this report for the project cost estimates.

¹ The City of San Juan Bautista has not been a participant in the TIMF program in the past. The City has indicated its interest in participating with this update.



- 4 – Lane Arterial Widening
- - - - - New or extended 4-lane Arterial
- - - - - New or extended 2- Lane Collector

Exhibit 1 – TIMF Road Improvements

In addition to the above projects, 18 intersection upgrades, including signalization and turning lanes, are identified in this study (see Appendix A for intersection cost estimates):

Intersection Number	Location
1	McCloskey Road & Fairview Road
2	Memorial Drive & Hillcrest Road
3	Fairview Road & Fallon Road
4	Fairview Road & Airline Highway/SR 25
5	Fairview Road & Hillcrest Road
6	Union Road & Fairview Road
7	Enterprise Road & Airline Highway/SR 25
8	South Street & Westside Boulevard
9	Rancho Drive & East Nash Road (Tres Pinos Road) Roundabout
10	Fourth Street (San Juan Road) & West Street or Monterey Street
11	Flynn Road & San Felipe Road (Project 13)
12	Meridian Street & Fairview Road Meridian Street Extension (Projects 7 & 10)
13	Memorial Drive & Santa Ana Road Memorial Drive South Extension (Project 3)
14	Memorial Drive & Meridian Street Memorial Drive South Extension (Project 3)
15	Westside Boulevard & Nash Road Westside Boulevard Extension (Project 5)
16	Westside Boulevard & San Benito Street Westside Boulevard Extension (Project 5)
17	SR 156 & Buena Vista Road
18	Gateway Drive & San Felipe Road

NONMOTORIZED IMPROVEMENTS

In addition to the roadways and intersection improvements listed above, it is proposed that a portion of the funding needed to construct countywide bicycle and pedestrian improvements also be included in the TIMF program. Nonmotorized improvements are an essential component of the County General Plan Circulation Element and the Council of Governments' Regional Transportation Plan. Funding of improvements that may reduce the impact of new development on the region's roads is a valid mitigation measure and an eligible use of impact fee revenues. The nonmotorized improvements included in this study were identified in the San Benito Bicycle and Pedestrian Master Plan (Master Plan) completed in May 2009 for the Council of Governments by ALTA Planning & Design. The Master Plan improvements are located throughout the county in both unincorporated and unincorporated areas.

Nonmotorized improvements were not part of the 2010 TIMF program.

Four major projects in the Master Plan are not included in the TIMF: San Benito River Trail, San Benito River Bike and Pedestrian Bridge, Union Pacific Rail Trail, and San Juan Bautista Historical Park. These four projects are recreational in purpose and would not reduce motorized vehicle traffic on the TIMF roadways. Also, there is a small amount of overlap between the TIMF roadway projects and the Master Plan. The cost estimates for all TIMF roadways include Class II bicycle lanes (separately striped 6-foot lane with 3-foot buffer). Wherever the Master Plan indicates bicycle lanes or Class III routes on TIMF roadways, the cost for these lanes and routes was backed out of the total.

Table 1 summarizes the total estimated cost of all proposed transportation improvements and the share of the cost to be funded by the TIMF program. The difference between these two costs (shown in “Other Funding”) is discussed in the section below.

The TIMF share is the cost to meet the demand attributed to growth in San Benito County.

The total estimated cost of the improvements included in the 2010 TIMF Study and the TIMF share were \$159,030,500 and \$93,006,889, respectively. The added program cost includes the added Projects 11, 12, 13, and 14 listed above, bridge replacement/widening not included in the 2010 estimate, the bicycle and pedestrian facilities, and general increases due to inflation.

Table 1: Summary of TIMF Improvement Costs

Improvements Category	Total Estimated Cost	TIMF Share	Other Funding
1. Road segment improvements	\$401,658,797	\$190,008,000	\$211,650,797
2. Intersections (signals and turning lanes)	\$15,274,660	\$15,274,660	\$0.00
3. Bike lanes on TIMF road segments (not included in #4 below)	<u>\$46,703,043</u>	<u>\$42,549,814</u>	<u>\$4,153,229</u>
Current TIMF Balances		(\$10,700,000)	\$10,700,000
Subtotal	\$463,636,500	\$237,132,474	\$229,504,026
4. Bicycle and Pedestrian Master Plan (Bicycle paths, lanes, routes, and multiuse trails—does not include bike lanes in #3 above) ¹	<u>\$33,067,561</u>	<u>\$1,912,324</u>	<u>\$31,155,237</u>
Total, all improvement costs	\$496,704,061	\$239,044,798	\$257,659,263

¹ The TIMF share of bicycle and pedestrian improvements is 40 percent of the cost of the Master Plan less the recreational trails. The percentage is based on the ratio of trip growth from new development to total trips in 2035.

OTHER FUNDING

The TIMF share indicated in **Table 1** is the amount that new development in the county is allocated based on the impact to TIMF roadways. The amount shown in the table for “Other Funding” is the impact due to the following factors:

- The cost deducted for externally generated traffic, which are trips that both begin and end outside of the county; approximately \$48.1 million is identified for this share. The impact of these trips cannot be recovered (this applies to Projects 1, 2, 4, 8, 9 and 11).
- The local share of the cost of SR 156 (Project 1), approximately \$34.3 million, which is the amount above the \$9.6 million TIMF share cap that was designated in the 2010 Regional Transportation Improvement Plan.
- The cost deducted for improvements to correct existing deficiencies (current levels of service on given road segments that are below standard) caused by current traffic, approximately \$133.3 million (this applies to the SR 25 Widening Project 11).

- About 85 percent of the cost of the Bicycle and Pedestrian Master Plan improvements, which are the recreation trails discussed above.
- About 60 percent of the remainder of the cost of the Master Plan improvements (after deducting the recreational improvements), which would benefit existing development.

The other funding must come from sources other than the impact mitigation fee revenues. The Mitigation Fee Act requires that other funding sources necessary for the completion of projects shall be identified at the time of the required five-year annual impact fee report (Government Code Section 66006). This code section also requires that the program administrator designate the approximate dates on which the funding necessary to complete financing of these improvements will be deposited into the appropriate fund account. Potential sources of funding to complete projects are:

- Sales tax measure revenue
- State and federal funding
- City and county general funds

METHODOLOGY OF THE STUDY

The impact fees calculated in this study are based on maintaining the specified roadway level of service (LOS) standards of the Cities of Hollister and San Juan Bautista, the County of San Benito, and the California Department of Transportation (Caltrans). The Cities and San Benito County have established a standard of LOS C. Caltrans also strives to maintain LOS C on state highway projects.

This study is an update of the previous TIMF report prepared in 2010–2011. Much of the prior study's methodology was used in this study. Also, most of the transportation system improvement projects included in this study were included in the prior study, with some new ones as discussed above. All currently existing facilities included in this study either (a) met the County's and the Cities' roadway LOS standards at the time they were originally added to the TIMF program (no deficiency), or (b) have an identified existing deficiency share of costs that will not be funded with impact fee revenue. Impact fees are calculated to help fund the cost of facilities required to accommodate growth. The Mitigation Fee Act requires that any agency adopting impact fees establish a reasonable nexus between the projected amount of new development, the public improvements (in this case transportation improvements) needed to serve that development, and the amount of the fees. The six steps followed in this TIMF update study and described in detail in the following chapters are:

1. Prepare projections of travel demand.
2. Identify facility standards.
3. Identify candidate transportation improvement projects.
4. Determine new development's fair share cost.
5. Calculate the TIMF by allocating new development's cost share per unit of development.
6. Identify alternative funding, if available.

The TIMF update study relies on the accepted LOS standards to establish a nexus between projected new development in the county and the need for improvements to roadways of regional importance. This report also relies on the results of a select link analysis, which identifies

where the traffic that will be using each roadway improvement is coming from and where it is going.

The most recent Association of Monterey Bay Area Governments (AMBAG) traffic model was used in this study for the LOS and select link analysis. The AMBAG model was adjusted to conform to the San Benito County adopted General Plan growth forecast. The growth increment in each of the traffic model's traffic analysis zones (TAZs) was increased proportionately so that the sum of all TAZs would match the 2035 household and employment forecasts in the adopted General Plan.

FEE ZONES

The 2010 TIMF Study introduced fee zones into the program. The use of fee zones is appropriate when it is apparent that different areas of the county would generate significantly differing impacts on the roadways and therefore should have fees that correspond with the impact. As in the 2010 TIMF Study, this update study examines the travel demand in three zones, although the zones have been modified. Zone 1 from the 2010 TIMF Study was expanded to include San Juan Bautista and its surrounding area; this surrounding area was removed from Zone 2.

As in the 2010 TIMF Study, the zones have been drawn to conform to the TAZ boundaries to facilitate the modeling analysis.

- **Zone 1:** the northwest corner of the county, generally surrounding Highway 101 and San Juan Bautista
- **Zone 2:** the urbanizing area of the county, including Hollister and its sphere of influence
- **Zone 3:** the area to the southeast of the urbanizing area

The fee zones are shown in **Exhibits 2 and 3**.

TIMF STUDY PROCESS

This study is the result of the efforts of staff from the Council of Governments, the Cities of Hollister and San Juan Bautista, San Benito County, Caltrans, Michael Baker International, Stantec, and Urban Economics. Throughout the study, the working group met monthly to review the study's progress and give direction to the consultant team.

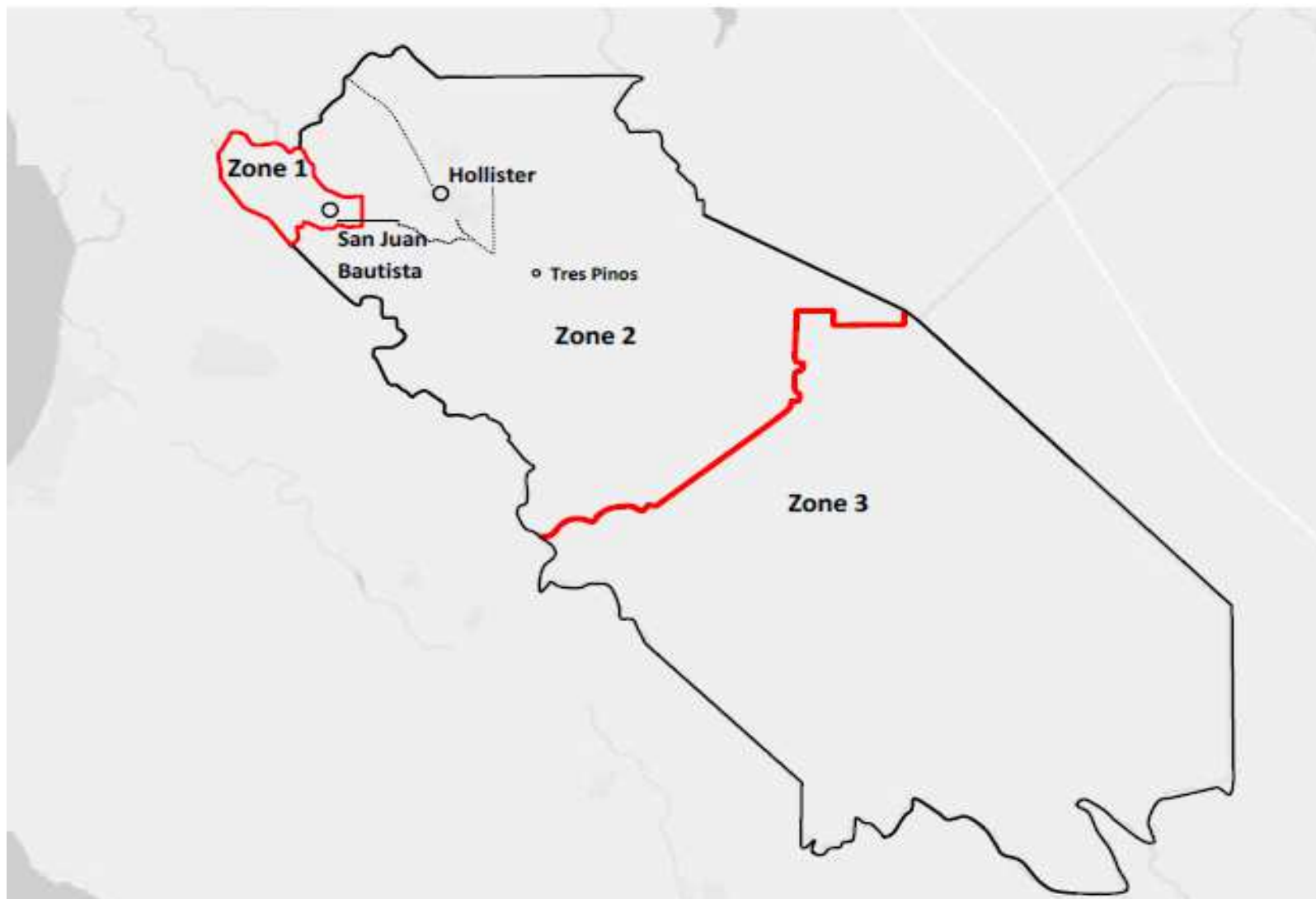


Exhibit 2 – TIMF Zones

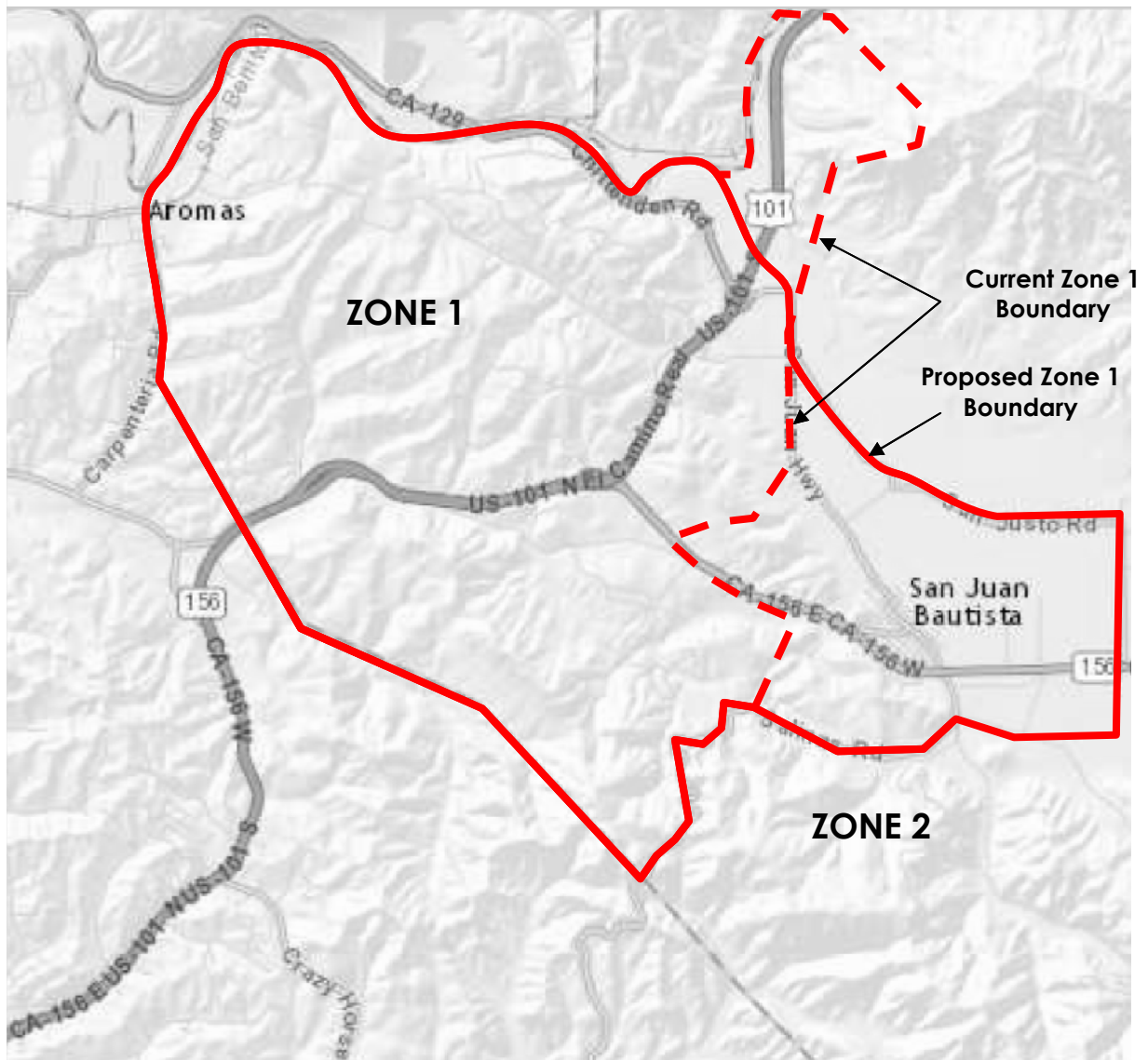


Exhibit 3 – Revised TIMF Zones 1 and 2

POPULATION, HOUSING, AND EMPLOYMENT PROJECTIONS

The county's overall population, number of housing units, and employment projections to the year 2035 are summarized in **Table 2**.

Table 2: Current and Projected Countywide Population, Housing and Employment

	2015	2035	Net Growth 2015–2035	Average Annual Projected Growth Rate
Population ¹	58,344	94,731	36,387	2.45%
Housing Units ²	17,176	31,401	14,225	3.06%
Employment ³	17,357	25,407	8,050	1.92%

¹ California Department of Finance (Jan. 1, 2015, estimate, Table E-1), population projection from the adopted San Benito County General Plan.

² California Department of Finance (Jan. 1, 2015, estimate, Table E-5), current occupied housing units.

³ Current employment estimates from final AMBAG adopted 2014 forecast; employment growth projection from adopted San Benito County General Plan.

The cost of the transportation improvements attributed to growth is distributed among the three fee zones in proportion to the number of peak-hour trips that each zone contributes to the overall trips on the program roadways. The fee schedule for each zone is determined by dividing the cost of the improvements allocated to the zone by the trips generated in the zone. **Table 3** shows the current and forecast households and employment in each zone corresponding to the adopted County General Plan.

Table 3: Current and Projected Population, Housing and Employment

	2015	2035	Growth
<u>Population</u>			
Zone 1	5,021	8,044	3,023
Zone 2	52,580	85,943	33,363
Zone 3	<u>744</u>	<u>744</u>	<u>0</u>
Total	58,345	94,731	36,386
<u>Households</u>			
Zone 1	1,731	3,201	1,470
Zone 2	15,226	27,981	12,755
Zone 3	<u>219</u>	<u>219</u>	<u>0</u>
Total	17,176	31,401	14,225
<u>Employment</u>			
Zone 1	1,600	2,298	698
Zone 2	15,582	22,911	7,329
Zone 3	<u>175</u>	<u>198</u>	<u>23</u>
Total	17,357	25,407	8,050

The zero housing growth shown for Zone 3 doesn't necessarily mean there will be no homes constructed in this area in the next 20 years, but that residential growth will be negligible

compared to the urbanized area of the county and in terms of the impact on the TIMF project roadways. Note that there is some growth in employment expected to occur in Zone 3, which translates to a small increase in nonresidential development, probably less than 5,000 square feet.

The increase in peak-period vehicle trips generated by the projected growth over the study period for each fee zone is shown on **Table 2.5** in Section 2 of this report.

COMMERCIAL TRIP SHIFT

The 2010 TIMF Study introduced a procedure to reduce the fee on commercial and retail development by shifting a percentage of the cost of each trip (the cost in terms of demand on TIMF roadways) from commercial and retail to residential development. The justification for the fee reduction is that commercial and retail trips are, in part, generated by demand from the local population. The commercial cost shift to residential is explained further in Section 2.

PROPOSED FEE SCHEDULE

Table 4 presents the proposed TIMF for the three fee zones. The current fees charged in the City of Hollister and the County of San Benito are shown for comparison in **Table 5**. The City has increased the fees 10.9% since 2011 by applying the Engineering News Record Construction Cost Index in June 2015. The County has not adjusted the fees for inflation since they were adopted in 2011.

OTHER POTENTIAL MITIGATION PROGRAMS

This study does not address the full impact of every possible development project in San Benito County. Any given project due to its size, density, intensity of activity, and location may impose additional burdens on the county's or the cities' roads. Based on the findings of a project-specific impact analysis, an applicant for such a development project may be required to construct other improvements, develop or participate in other fee, assessment, and/or special tax programs, or otherwise provide or fund mitigation(s) for those additional impacts. These additional mitigations are independent of the fees set forth in this study and designed to address different project-specific impacts. Consequently, payment of the fees set forth in this study may not reduce or eliminate these additional mitigations; conversely, fulfillment of these additional mitigations may not reduce or eliminate the fees set forth herein.

AUTHORITY TO IMPOSE OTHER MITIGATION MEASURES

Impact Fees and Other Development Project Mitigation and Funding Measures

The adoption of an impact fee program does not preclude the ability of San Benito County or of the Cities of Hollister and San Juan Bautista to levy other additional fees, taxes, or special assessments or to impose project-specific mitigation measures or exactions, including those measures found to be necessary to mitigate ongoing fiscal impacts or impacts to public facilities, if the project-specific mitigation measures provide and/or fund facility improvements or ongoing public services that are not or will not be funded by the TIMF program.

Fee Updates

This impact fee study and the recommended fees assume a given level of development activity over the study period. The development that actually occurs will result in different impacts and fee revenues from those projected in this study. For that reason, regular updates are recommended to adjust the growth impact fees to match the needs created by the rate of actual development.

Table 4: Proposed Transportation Impact Mitigation Fee Schedule

	Cost per Trip, Road Improvements and Intersections	Cost per Trip, Bike Lanes	Cost per Trip, Bicycle and Pedestrian Master Plan	Sub-Total Cost per Trip	Trip Demand Factor	Subtotal	2% Admin. Fee	Proposed Fee
Zone 1								
<i>Residential, Fee per unit</i>								
Single Family	\$1,097.58	\$805.81	\$88.28	\$1,991.67	1.11	\$2,210.75	\$44.21	\$2,254.96
Multi-Family	\$1,097.60	\$805.81	\$88.28	\$1,991.69	0.69	\$1,374.27	\$27.49	\$1,401.75
<i>Nonresidential, fee per 1,000 sq. ft.</i>								
Office	\$1,060.18	\$805.81	\$88.28	\$1,954.27	1.82	\$3,556.77	\$71.14	\$3,627.90
Commercial/Retail	\$518.43	\$805.81	\$88.28	\$1,412.52	1.52	\$2,147.03	\$42.94	\$2,189.97
Industrial/Other	\$1,060.18	\$805.81	\$88.28	\$1,954.27	0.24	\$469.02	\$9.38	\$478.40
Zone 2								
<i>Residential, Fee per unit</i>								
Single Family	\$10,025.39	\$2,089.84	\$88.28	\$12,203.51	1.11	\$13,545.90	\$270.92	\$13,816.81
Multi-Family	\$10,025.39	\$2,089.84	\$88.28	\$12,203.51	0.69	\$8,420.42	\$168.41	\$8,588.83
<i>Nonresidential, fee per 1,000 sq. ft.</i>								
Office	\$9,837.54	\$2,089.84	\$88.28	\$12,015.66	1.82	\$21,868.50	\$437.37	\$22,305.87
Commercial/Retail	\$4,810.55	\$2,089.84	\$88.28	\$6,988.68	1.52	\$10,622.79	\$212.46	\$10,835.24
Industrial/Other	\$9,837.54	\$2,089.84	\$88.28	\$12,015.66	0.24	\$2,883.76	\$57.68	\$2,941.43
Zone 3								
<i>Residential, Fee per unit</i>								
Single Family	\$1,916.66	\$438.08	\$88.28	\$2,443.02	1.11	\$2,711.76	\$54.24	\$2,765.99
Multi-Family	\$1,916.66	\$438.08	\$88.28	\$2,443.02	0.69	\$1,685.69	\$33.71	\$1,719.40
<i>Nonresidential, fee per 1,000 sq. ft.</i>								
Office	\$1,916.66	\$438.08	\$88.28	\$2,443.02	1.82	\$4,446.30	\$88.93	\$4,535.23
Commercial/Retail*	\$958.33	\$438.08	\$88.28	\$1,484.69	1.52	\$2,256.73	\$45.13	\$2,301.87
Industrial/Other	\$1,916.66	\$438.08	\$88.28	\$2,443.02	0.24	\$586.33	\$11.73	\$598.05

The calculations for the costs per trip are shown in Appendix C.

*Since there is no commercial/retail cost shift to residential in Zone 3 (no residential development is projected in Zone 3), the commercial/retail cost per trip is reduced by 50 percent to put it on a similar basis with the commercial/retail in the other zones. This is a very small loss of revenue that depends on the actual amount of commercial/retail development, but will probably be less than \$10,000.

Table 5: Proposed Fees Compared to Current Fees

		<u>Current Fees</u>	
	Proposed Fees	City of Hollister ¹	San Benito County ²
<u>Zone 1</u>			
<u>Residential, Fee per unit</u>			
Single Family	\$2,254.96	NA	\$1,717
Multi-Family	\$1,401.75	NA	\$1,058
<u>Nonresidential, fee per 1,000 sq. ft.</u>			
Office	\$3,627.90	NA	\$2,456
Commercial/Retail	\$2,189.97	NA	\$1,018
Industrial/Other	\$478.40	NA	\$324
<u>Zone 2</u>			
<u>Residential, Fee per unit</u>			
Single Family	\$13,816.81	\$5,803	\$5,233
Multi-Family	\$8,588.83	\$3,574	\$3,223
<u>Nonresidential, fee per 1,000 sq. ft.</u>			
Office	\$22,305.87	\$9,143	\$8,245
Commercial/Retail	\$10,835.24	\$3,765	\$3,395
Industrial/Other	\$2,941.43	\$1,205	\$1,087
<u>Zone 3</u>			
<u>Residential, Fee per unit</u>			
Single Family	\$2,765.99	NA	\$1,799
Multi-Family	\$1,719.40	NA	\$1,109
<u>Nonresidential, fee per 1,000 sq. ft.</u>			
Office	\$4,535.23	NA	\$2,924
Commercial/Retail*	\$2,301.87	NA	\$2,458
Industrial/Other	\$598.05	NA	\$386

¹ Effective July 1, 2015. The original fees in the City of Hollister have been escalated by the ENR once since 2011

² Effective May 25, 2014. The fees shown are the original fees adopted in 2011

SECTION 1 INTRODUCTION

This impact fee nexus report presents an overview of the analysis process for updating the Council of San Benito County Governments' (Council of Governments) Transportation Impact Mitigation Fee (TIMF). The report is intended to explain the methods used to determine the need for and cost of public transportation improvements to accommodate new development in the county's incorporated and unincorporated areas. This introduction provides the general background and purpose of impact fees and explains how the updated fees are established for the Council of Governments. The following topics are included in this section:

- Public Facilities Financing in California
- Authority to Impose Impact Fees
- Mitigation Fee Act and Required Findings
- Transportation Standards, Levels of Service, and Deficiencies

BACKGROUND

The Council of Governments adopted the current TIMF program in 2011. This study is undertaken to update the program through the following:

- A modified Association of Monterey Bay Area Governments (AMBAG) Travel Demand Model (Traffic Model) was utilized to determine the level of service (LOS) for roadways in the region based on anticipated growth and general plan land use.
- Roadways not meeting accepted LOS standards were identified and improvements to roadways and intersections were developed to mitigate these deficiencies.
- The road improvement projects included in the current TIMF program were reviewed to determine continued need for the projects based on current and future traffic demand.
- Project cost estimates were prepared for new projects or updated for the current program projects to reflect the general increase in construction costs over the last 10 years.
- The anticipated growth in the amount, location, and nature of land development has changed substantially since the original adoption of the traffic fee.

PUBLIC FACILITIES FINANCING IN CALIFORNIA

The changing fiscal landscape in California during the past three decades has steadily undercut the financial capacity of local governments to fund infrastructure needed for growth. Three dominant trends stand out:

- The passage of a string of tax limitation measures, starting with Proposition 13 in 1978 and continuing through Proposition 218 in 1996.
- Declining popular support for bond measures to finance infrastructure for the next generation of residents and businesses, and related public support for the development community to mitigate impacts of their development projects on community infrastructure.
- Steep reductions in federal and state assistance.

Faced with these trends, many cities and counties have shifted the burden of funding infrastructure expansion from existing rate- and taxpayers to new development. This funding shift has been partly accomplished by the imposition of development impact fees, also known as public facility, capital facility, or mitigation fees. A majority vote of the jurisdiction's city council and/or board of supervisors is required for adoption of new fees or fee increases.

In most local agencies that have implemented impact fee programs, new development pays close to the full cost required to maintain the existing level of service standards as growth occurs. When local agencies do not collect the full amount, the effect is often a decline in facility standards, though some communities are able to increase other revenue sources such as grants and utility rates to compensate. In another typical situation, a city or county general plan may state that, as a policy, a specified level of service is to be maintained for a particular facility. However, the case may be that the current level of service for that facility is less than the stated general plan policy. In that case, the local agency will have, in effect, a "deficiency" that cannot be remedied exclusively through development impact fees. It is a fundamental principle of impact fee analyses that any deficiencies be remedied using funds other than impact fee revenues.

AUTHORITY TO IMPOSE IMPACT FEES

The authority for the County of San Benito and the Cities of Hollister and San Juan Bautista to impose fees for mitigation of impacts to public facilities generated by land development is rooted in their fundamental police powers under Article XI, Section 7, of the California Constitution, which provides that cities and counties may make and enforce ordinances that are not in conflict with state law. The Cities and the County, under their broad authority to protect the public health and safety, may regulate land development, which includes the right to impose conditions on development which may require direct provision of public improvements, land dedications, and in-lieu fees. California's Mitigation Fee Act, discussed below, established the procedures and findings necessary to impose generally applicable development impact fees.

MITIGATION FEE ACT AND REQUIRED FINDINGS

As a result of the growing use of impact fees after passage of Proposition 13 and concern over inconsistencies in their application, the state legislature passed the Mitigation Fee Act, starting with Assembly Bill 1600 in 1988. The act, contained in California Government Code Section 66000 et seq., establishes ground rules for the imposition and ongoing administration of impact fee programs. The act became law in April 1989 and requires local governments to document the following when adopting an impact fee. Together, these items constitute a "nexus study" when documented and presented in a report to the city council or board of supervisors.

- Identify the purpose of the fee.
- Identify the use of fee revenues.
- Determine a reasonable relationship between the fee's use and the type of development paying the fee.
- Determine a reasonable relationship between the need for the fee and the type of development paying the fee.
- Determine a reasonable relationship between the amount of the fee and the cost of the facility attributable to development paying the fee.

The impact fee nexus study conducted for the Council of Government's Regional TIMF and this report comply with California Government Code Section 66000 et seq. by providing the required documentation for the above findings and the determinations that establish the basis for the recommended fees. It is important to note that the Cities and the County are not required to establish the fee levels documented in the nexus study and may choose to adopt a lower (but not a higher) fee.

Another fundamental premise of impact fees is that the fees cannot total more than the actual cost of the public facility needed to serve the development paying the fee, including costs associated with administering the fee program. Also, fee revenues can only be used for their intended purposes. In addition, the act has specific accounting and reporting requirements both annually and after every five-year period for the use of fee revenues. These requirements are documented in Section 4 of this report.

Impact fee revenues may not be used for staffing, operations, and maintenance of either existing or new facilities. The cost of the public facilities analyzed does not consider the operational costs of any of these facilities, which, over their life cycle, will be quite substantial.

TRANSPORTATION STANDARDS, LEVEL OF SERVICE, AND DEFICIENCIES

Throughout this report, the words "standard" and "level of service" are used (at times interchangeably) to describe the level of investment in transportation improvements needed to serve the community. A standard is defined as the adopted policy, or benchmark, that the Cities or the County would like to achieve for any particular facility.

New development alone cannot be asked to improve the level of service provided by those facilities that serve both new and existing development. State law limits impact fees to the cost of maintaining services for new development at the same level as existing development.

Traffic Level of Service – To determine the applicable level of service standard for the traffic impact fees, the existing roadways listed in the 2010 TIMF Study and additional road segments identified in the 2014 Regional Transportation Plan were analyzed to establish the current and forecast level of service in terms of volume to capacity ratio (V/C). San Benito County and Hollister have established a LOS C standard. California Department of Transportation (Caltrans) has an objective of achieving a level of service at the transition between LOS C and LOS D. The analysis identifies two categories of roadways relative to level of service:

- Roadways that are currently acceptable (those that operate at or above LOS C) and will fall below the acceptable LOS with new development (by 2035);
- Roadways that currently operate below LOS C and will fall farther below the acceptable LOS with new development.

Use of the existing level of service in the nexus study does not establish these levels as a City or County policy, which may only occur through the general plan process. Indeed, many jurisdictions consider their existing levels of service to be deficient compared to the policies stated in their general plans.

SECTION 2 LAND USE GROWTH AND TRAFFIC PROJECTIONS

INTRODUCTION

The need to expand the region's transportation network is largely driven by increased residential construction and commercial activity. Therefore, it is necessary to estimate current population and employment levels, which in turn are used to estimate residential and nonresidential construction, respectively, through the use of occupancy rates and employment density factors.

Table 2.1 presents the current 2015 estimates and projections for 2035 by the fee zones used in this study. The region's current residential population is taken from the California Department of Finance County/City estimate dated January 2015. Current employment (jobs within the region as opposed to employed residents who live in the region but may work elsewhere) is based on the AMBAG Traffic Model. The estimates of future employment and housing were derived from the adopted 2035 County General Plan. The General Plan Revised Draft EIR documents¹ provide the 2035 projection for total countywide population and households in the unincorporated area (20,269). The estimate for 2035 employment growth is the mid-point of the General Plan's estimate of between 7,500 and 8,600 new jobs countywide.²

Table 2.1: Population, Housing and Employment Growth by Zone

	2015	2035	Growth
<u>Population</u>			
Zone 1	5,021	8,044	3,023
Zone 2	52,580	85,943	33,363
Zone 3	<u>744</u>	<u>744</u>	<u>0</u>
Total	58,345	94,731	36,386
<u>Households</u>			
Zone 1	1,731	3,201	1,470
Zone 2	15,226	27,981	12,755
Zone 3	<u>219</u>	<u>219</u>	<u>0</u>
Total	17,176	31,401	14,225
<u>Employment</u>			
Zone 1	1,600	2,298	698
Zone 2	15,582	22,911	7,329
Zone 3	<u>175</u>	<u>198</u>	<u>23</u>
Total	17,357	25,407	8,050

OCCUPANCY AND EMPLOYMENT DENSITY RATES

Occupancy rates measure the number of persons in a typical dwelling unit. The employment density rates measure the average number of employees that occupy a unit of floor area. In this study, the unit of floor area is 1,000 square feet. The use of occupancy and employment density rates ensures a reasonable relationship between the increase in service population and amount of the fee. For residential development, it is commonly considered that single-family units impose

¹ The 2035 estimates for countywide population and unincorporated households may be found in "Revised DEIR Population and Housing Analysis" and the "Introduction to Environmental Analysis," respectively.

² Please see "Revised DEIR Population and Housing Analysis."

a greater impact on public facilities than multi-family units, especially if census data is available that documents a higher rate of persons per household in single-family homes.

The various types of residential and nonresidential development all have different household occupancy and employment density rates; therefore, they generate different numbers of trips per unit of development. Developers typically pay the fee based on the number of housing units or building square feet in their project, so the fee analysis must convert service population estimates to these measures of project size to derive a fee per unit of development. This conversion is done with factors, shown in **Table 2.2**, given for each land use category. This table shows only the four major categories of residential and nonresidential types; under these major categories there many subcategories which are not listed.

Table 2.2: Household Occupancy and Employment Density Rates

Land Use	Occupancy/Density Rate, estimated		Employees per 1,000 sq. ft.
Residential			
Single Family	3.60	persons per dwelling unit	~
Multi-family	2.60	persons per dwelling unit	~
Mobile Home	2.20	persons per dwelling unit	
Nonresidential			
Office	430	building square feet per worker	2.33
Retail/Commercial	340	building square feet per worker	2.94
Industrial/Construction	1,330	building square feet per worker	0.75
Other		Not Applicable	

USE OF CURRENT AND FUTURE ESTIMATES

Estimates of future growth are used to provide an estimate of the new roadways required to accommodate growth over the study period.

The increase in vehicle trips is the basic measure of the extent to which new development impacts transportation facilities. Hourly or daily trip volumes define the need for improvements to selected road segments or intersections. A travel demand model is used to identify trip volumes from existing and projected land uses that will travel on the existing and proposed road segments of the overall transportation system.

A number of factors are related to the calculation of traffic impact fees. These include peak versus average daily traffic volumes, trip diversion, trip substitution, trip length, vehicle miles traveled, and the sources of trip generation data. Most land uses generate traffic throughout the day, but traffic generated during peak hours is especially critical to determining the demand for additional roadway or intersection capacity. It is during the peak periods when adjacent roads are least able to accommodate additional trips created by new development. With the exception of safety improvements, new trips generated during off-peak hours when capacity is ample will have little impact and will create no need for additional capital improvements.

This study uses PM peak hour trip level of service (LOS) output from the AMBAG Traffic Model to identify improvements and allocate costs by land use category. The share of roadway

improvement costs allocated to each unit of new development is based on the relative amount of new trips generated by that development.

As new development generates increased vehicle trips on the county's transportation network, additional system capacity will be needed in the form of the improvements described in this report. Allocation of cost by land use incorporates rates of trip generation, relative shares of pass-by and diverted trips, and relative trip length, by major land use category. Trip generation rates are applied to development projections to allocate improvement costs by land use type. The trip generation rates used for this analysis are based on the trip rates for major land use categories provided by the Institute of Transportation Engineers.

The following two adjustments are made to vehicle trip generation rates to better estimate travel demand by type of land use:

- Net "new" trips are calculated for each land use category. Net new trips are determined by taking the trip ends determined by the Traffic Model and applying a factor that accounts for the percentage of primary trips to the land use as opposed to those that stop as they are passing by ("pass-by" trips) a use on the way to a final destination. Because the vast majority of trips that end at the home are primary trips, all residential uses are given a primary trip factor of 1.00. Pass-by trips are deducted from the trip generation rate.
- Trip generation rates are weighted by the relative length of trips for a specific land use category compared to the average length of all trips. Each land use is associated with an average trip length, or the distance from the trip generator, typically the home and the given land use type that is a final destination. These trip length factors have been adjusted to mirror the rates used in the traffic model, in order to reflect localized conditions. For this study, trip lengths for each trip purpose were calculated for the travel model TAZ within San Benito County only, rather than using averages applicable on a countywide basis.

LAND USE CATEGORIES

Measuring the impact of growth requires an identification of land use categories for summarizing the many different types of new development. The general land use categories used in this analysis are defined below.

- **Single-family:** Detached one-family dwelling units.
- **Multi-family:** Attached dwelling units such as condominiums, duplexes, and apartments.
- **Commercial:** Includes but is not limited to service commercial, retail, retail-warehouse, educational, and hotel/motel development.
- **Office:** All general, professional, and medical office development.
- **Industrial:** All manufacturing, fabrication, food processing, warehousing, truck yards, terminals, and distribution centers. This category may also encompass business parks, and research and development space.
- **Other:** Undifferentiated land uses such as public uses, schools, recreational, and agricultural. A trip per employee factor is used for "Other" since floor area may not be an appropriate unit for charging the fee.

Trip generation rates and the other travel demand factors used in this study vary by land use category. To estimate the total demand for new traffic facilities across all land use types, a

dwelling unit equivalent (DUE) factor is calculated that sets the demand from a single-family dwelling unit at 1.00 DUE. DUE factors for all other land uses are calculated relative to the demand of a single-family unit by dividing the average vehicle miles traveled for each land use by the vehicle miles traveled by a single-family unit. **Table 2.3** shows trip generation rates, adjustments, and a final trip demand factor by the major land use categories used in this study. The trip demand factors incorporate the afternoon peak-period trip generation rates, relative shares of pass-by and diverted trips, and relative trip length by land use. Note that trip demand factor data from the San Diego Association of Governments (SANDAG) is used because it identifies pass-by and diverted trip factors, as well as average trip length. This demand factor data is not specifically available for San Benito County at this time. The SANDAG data is cited in traffic fee studies throughout California.

2035 POPULATION AND EMPLOYMENT

The planning horizon for this study is 2035. The 2035 land use data in the AMBAG Traffic Model was adjusted for the growth projections contained in the adopted 2035 County of San Benito General Plan update (2035 General Plan) to estimate new development's demand for transportation improvements. The increment of growth projected to occur between 2015 and 2035 is calculated as the difference between the 2015 (existing) land use and the General Plan's Growth Scenario 2 as described in the Revised Draft EIR for the 2035 General Plan.

San Benito Council of Governments specifically requested the use of the AMBAG model that was updated as part of the County's previous General Plan update. For this study, the model was modified to represent the latest projection of future land uses and travel demand in the 2035 General Plan.

The demographic assumptions are shown for the county as a whole and for each of the three fee zones as identified in Exhibits 2 and 3. Fees are calculated independently for each zone, based on the trip demand generated by each zone for each specific improvement project. Zones 1 and 3 are projected to have significantly less trip demand relative to Zone 2. Consequently, fees in Zones 1 and 3 will be lower than those for Zone 2. **Table 2.4** shows the detailed assumptions used in this study for housing, population, employment, and nonresidential floor area for each zone for 2015 and 2035.

Note that this study does not require that all projected growth will have occurred within the study's 2035 planning horizon. Whether this amount of new development occurs prior to 2035 or sometime after 2035, the need for transportation improvements included in the TIMF Program and the impact fee revenues that flow with new development are mutually supportive. No funding threshold or transportation improvement is tied to any particular calendar year.

Table 2.3: Trip Rates and Adjustment Factors

	Primary Trips ¹	Diverted Trips ¹	Total Excluding Pass-by ¹	Average Trip Length ²	Adjustment Factor ³	ITE Category	Average PM Trips ⁴	Trip Demand Factor ⁵
<u>Residential</u>	A	B	C = A + B	D	E = C x D		F	G = E x F
Single Family	86%	11%	97%	7.9	1.11	Single Family Housing (210)	1.00	1.11
Multi-family	86%	11%	97%	7.9	1.11	Apartment (220)	0.62	0.69
<u>Nonresidential</u>								
Commercial	47%	31%	78%	3.6	0.41	Shopping Center (820)	3.71	1.52
Office	77%	19%	96%	8.8	1.22	General Office Building (710)	1.49	1.82
Industrial	79%	19%	98%	9	1.28	General Heavy Industrial (120)	0.19	0.24
Other	100%	0%	100%	8.8	1.28	1 trip per employee	1.00	1.28

¹ The percentage of total trips is given. Primary trips are trips with no midway stops, or "links." Diverted trips are linked trips whose distance adds at least 1 mile to the primary trip. Pass-by trips are links that do not add more than 1 mile to the total trip.

² Average trip length in miles. Residential rate is based on "Total personal travel," Commercial is based on "Home-Based Shop/Other" and Office is based on "Home-Based Work, Income Quartile 1" trip lengths from Metropolitan Transportation Commission (2005).

³ The trip adjustment factor equals the percent of non-pass-by trips multiplied by the average trip length and divided by the system-wide average trip length of 6.9 miles.

⁴ Trips per dwelling unit or trips per 1,000 square feet of indoor floor area, from *Trip Generation*, 9th Edition, Institute of Traffic Engineers.

⁵ The trip demand factor is the product of the trip adjustment factor and the average PM trips.

Sources: Travel Forecasts for the San Francisco Bay Area 1990–2030, Metropolitan Transportation Commission, 2005; San Diego Association of Governments, *Brief Guide of Vehicular Traffic Generation Rates for the San Diego Regions*, 1998; *Trip Generation*, 9th Edition, Institute of Traffic Engineers; Stantec.

Table 2.4: Growth in Households, Employment, and Floor Area

	Zone 1 (San Juan Bautista and vicinity)			Zone 2 (Greater Hollister)			Zone 3 (South San Benito County)			Total		
	2015	2035	Growth 2015- 2035	2015	2035	Growth 2015- 2035	2015	2035	Growth 2015- 2035	2015	2035	Growth 2015- 2035
<u>Residential</u>												
Single Family Residential	1,419	2,625	1,205	12,485	22,944	10,459	180	180	0	14,084	25,748	11,665
Multi-family	312	576	265	2,741	5,037	2,296	39	39	0	3,092	5,652	2,561
Total	1,731	3,201	1,470	15,226	27,981	12,755	219	219	0	17,176	31,401	14,225
<u>Population</u>	5,021	8,044	3,023	52,580	85,943	33,363	744	744	0	58,345	94,731	36,387
<u>Employees</u>												
Commercial	464	689	225	2,026	2,978	952	16	18	2	2,506	3,685	1,179
Office	480	666	186	5,298	7,790	2,492	56	63	7	5,834	8,519	2,685
Industrial	160	230	70	2,337	3,437	1,100	3	3	0	2,500	3,670	1,170
Others	496	712	216	5,921	8,706	2,785	100	113	13	6,517	9,531	3,014
Total	1,600	2,298	698	15,582	22,911	7,329	175	198	23	17,357	25,407	8,050
<u>Building Square Feet (1,000) ¹</u>												
Commercial	158	227	69	689	1,013	324	5	6	1	852	1,246	394
Office	206	296	90	2,274	3,343	1,069	24	27	3	2,504	3,666	1,162
Industrial	213	306	93	3,116	4,582	1,466	4	4	0	3,333	4,892	1,559
Total	577	829	252	6,079	8,939	2,859	33	37	4	6,689	9,804	3,115

Due to rounding, some columns may not add to the exact total shown.

Table 2.5: Growth in Trips by Land Use and Zone

Land Use ¹	Current 2015 Dwelling Units or 1,000 sq. ft.		Total 2035 Units or 1,000 sq. ft.		Growth 2015–2035 Units or 1,000 sq. ft., or Employees	Trip Demand Factor	Current 2015 Peak Period Trips	2035 Peak Period Trips	Trip Growth
<u>Zone 1</u>									
<i>Residential (in units)</i>									
Single Family	1,419		2,625		1,205	1.11	1,576	2,914	1,338
Multi-family	312		576		265	0.69	215	398	183
	1,731		3,201		1,470		1,791	3,312	1,521
<i>Nonresidential (in thousand square foot units, or as noted)</i>									
	<i>Employees-2015</i>		<i>Employees-2035</i>						
Office	480	206	689.4	296	90	1.82	375	539	164
Commercial/Retail	464	158	666.42	227	69	1.52	240	345	105
Industrial	160	213	229.8	306	93	0.24	51	73	22
Other	496	N/A	712.38	N/A	216	1.28	635	912	277
	1,600	577	2,298	829	252		1,301	1,869	568
						Total	3,092	5,181	2,089
<u>Zone 2</u>									
Single Family	12,485		22,944		10,459	1.11	13,859	25,468	11,609
Multi-family	2,741		5,037		2,296	0.69	1,891	3,475	1,584
	15,226		27,981		12,756		15,750	28,943	13,193
<i>Nonresidential (in thousand square foot units, or as noted)</i>									
	<i>Employees-2015</i>		<i>Employees-2035</i>						
Office	5298	2,274	7,790	3,343	1,069	1.82	4,138	6,085	1,946
Commercial/Retail	2026	689	2,978	1,013	324	1.52	1,047	1,540	493
Industrial	2337	3,116	3,437	4,582	1,466	0.24	748	1,100	352
Other	5921	N/A	8,706	N/A	2,785	1.28	7,579	11,144	3,565
	15,582	6,079	22,911	8,939			13,513	19,868	6,356
			7,329				29,263	48,811	19,549

Table 2.5: Growth in Trips by Land Use and Zone (continued)

Land Use ¹	Current 2015 Dwelling Units or 1,000 sq. ft.		Total 2035 Units or 1,000 sq. ft.		Growth 2015–2035 Units or 1,000 sq. ft., or Employees	Trip Demand Factor	Current 2015 Peak Period Trips	2035 Peak Period Trips	Trip Growth
<u>Zone 3</u>									
Single Family	180		180		-	1.11	197	197	-
Multi-family	39		39		-	0.69	29	29	-
	219		219		-		226	226	-
<i>Nonresidential (in thousand square foot units, or as noted)</i>									
	<i>Employees-2015</i>			<i>Employees-2035</i>					
Office	56	24.0	63	27	3	1.82	44	49	5
Commercial/Retail	16	5.4	18	6	1	1.52	8	9	1
Industrial	2.7	3.5	3	4	0	0.24	1	1	-
Other	100	N/A	113	N/A	13	1.28	128	145	17
	175	33	198	37			181	204	23
							407	430	23
Total All Zones							32,761	54,422	21,661

¹ See above for land use type definitions. Growth measured in dwelling units for residential uses and 1,000 square feet for nonresidential uses.

COMMERCIAL TRIP SHIFT

Applying the travel demand factors shown in **Table 2.3** above directly to development by land use category implicitly assumes that the cause of each vehicle trip on the transportation network is shared equally by the land use at each trip end (origin and destination). But depending on the regional economic forces affecting development in a particular area, the cause of a trip may be related more to the type of land use at the origin or at the destination. For example, in some areas residential development may be caused by job growth, while in other areas the opposite may occur (jobs follow housing). These cause-and-effect relationships may change over time in the same area. Given the complexity of these regional economic and land use relationships, most transportation impact fee nexus studies make the simplifying but reasonable assumption to weight the origin and destination of a trip equally when identifying the cause of travel demand on a transportation system.

In 2010 the Council of Governments decided to implement an adjustment to the TIMF to recognize the fact that, in San Benito County, commercial development generally follows residential development or anticipates new residential development occurring in the near term. This development pattern can be observed in all metropolitan regions and is reflected in the site location process followed by retailers. When seeking new locations, the most common measure of a potential market used by site location analysts is the number of households within a reasonable driving distance for shopping trips and the median income of those households.

The current TIMF schedule includes the land use category "Commercial," which is assumed to include retail stores and restaurants in this analysis.¹ Commercial development (including but not limited to retail stores and restaurants) is to a large extent caused by the spending patterns of local residents.

Given this economic and land use cause-and-effect relationship, it was determined reasonable to allocate at least some of the burden of commercial trip demand to residential development. This approach is used in impact fee nexus studies to more accurately allocate the burden of transportation improvements needed to accommodate growth. Not all retail spending is related to local residential development, or residents (or local businesses) located within the area subject to the impact fee. There are three major sources of retail spending:

1. Local households
2. Local businesses
3. Visitors that travel to the area to shop

To determine the amount of commercial development associated with residential development, an analysis was conducted of taxable retail sales data for 2009; it is expected that retail sales data has not changed significantly since then. The analysis calculated the total spending potential of San Benito County households and estimated what portion of that spending occurred within the county. The result was that 51.1 percent of total taxable retail sales was estimated to be associated with local household spending. The remainder was associated with local business and visitor spending. Based on this analysis, it was estimated that residential development directly causes 51.1 percent of commercial development. The other 48.9 percent is composed of local business and visitor taxable spending and is not therefore attributable to local residential spending. Consequently, the travel demand associated with the local residential share of commercial development is shifted to residential development. This "commercial trip demand shift" was originally applied to only Zones 1 and 2, since there was no

¹ The San Benito County fee schedule includes a "Commercial" and an "Office" category. Some other local agencies use a "Retail" land use category instead of "Commercial" as "Commercial" is sometimes used to imply a combined category including retail and office land uses.

commercial development projected in Zone 3. A very small amount of commercial development in Zone 3 is projected in this study; therefore, a similar reduction in the commercial cost per trip is applied to Zone 3 commercial. **Table 2.6** presents a summary of how the commercial shift is applied to the taxable retail and commercial floor area.

A detailed summary of the commercial shift calculations is presented in Appendix C.

Table 2.6: Allocation of Taxable Spending to Retail and Commercial Floor Area

	Percent age of Taxable Sales	2015 Floor Area	2035 Floor Area	Floor Area Growth	Trip Growth and Shifted Trips
Zone 1					
Total Estimated and Projected Retail and Commercial Floor Area (1,000 square feet)		<u>158</u>	<u>227</u>	<u>69</u>	<u>105</u>
Floor area associated with local residential taxable spending	51.1%	81	116	35	54
Floor area associated with local business and visitor taxable spending	48.9%	77	111	34	
Zone 2					
Total Estimated and Projected Retail and Commercial Floor Area (1,000 square feet)		<u>689</u>	<u>1,013</u>	<u>324</u>	<u>493</u>
Floor area associated with local residential taxable spending	51.1%	352	518	166	252
Floor area associated with local business and visitor taxable spending	48.9%	337	495	158	

The share of the improvements costs allocated to each land use in Zones 1 and 2 are calculated after the shift of the commercial trips to the residential land uses. In other words, the cost share attributed to the residential land uses is increased relative to other uses while the commercial share of the cost is reduced. The fee for each land use is calculated by dividing the post-shift cost by the pre-shift number of new trips generated by the land uses (see Appendix C).

SECTION 3 REGIONAL TRANSPORTATION IMPROVEMENTS

This section describes roadway and intersection improvements included in the TIMF program and the cost estimates for these improvements. These improvements are needed to accommodate new development in the County of San Benito and the Cities of Hollister and San Juan Bautista.

TRAFFIC LEVEL OF SERVICE

The traffic improvements needed to accommodate new development are based on a Level of Service (LOS) analysis that involves the modeling of traffic operations on existing roadways and intersections throughout the county. As stated in the introduction, a fee nexus study must show a reasonable relationship between impact fees on new development and the demand for new or upgraded facilities generated by the development paying the fee. For traffic facilities, this relationship is typically shown by comparing the current LOS of specific roadways with the LOS that would result by adding the growth in vehicle trips associated with the projected new land development.

This “before and after” comparison indicates where improvements are needed to mitigate the impacts of the projected development. In the traffic modeling process, impact mitigation measures in the form of road widening, intersection improvements, or new road segments added to the existing road network to achieve the adopted LOS standard for vehicular traffic. This procedure ensures that the measures result in the adopted LOS standard, or in the maintenance of the LOS, that the region generally experiences today. By identifying these specific mitigation measures, and basing the impact fee on the cost of these measures, this procedure also maintains the relationship between the impact fee and the purpose of the fee revenues.

TRAFFIC FACILITIES NEEDED BY NEW DEVELOPMENT

Transportation improvements needed for new development were identified in the 2010 TIMF study. These road improvements were directly related to the increase in peak-period vehicle-miles generated by projected growth through 2035. The travel demand model indicates the traffic volume on road segments in the existing and future San Benito County's road network.

EXISTING DEFICIENCIES

Existing roadways and intersections that currently do not meet City or County LOS standards are considered existing deficiencies. All projects included in this study either a) met the City's and the County's roadway LOS standards at the time they were initially added to the TIMF program, or b) have an identified existing deficiency share of costs that will not be funded with TIMF revenue. The cost share identified as an existing deficiency is typically equal to the trip demand of existing (2015) development (number of peak period trips by existing development), relative to total trip demand in 2035. The trips generated by existing development are estimated to comprise approximately 60 percent of the total trips in 2035; therefore, the deficiency share to be funded outside of the TIMF program is 60 percent of the local (non-external) share of the cost.

Three projects are identified as being currently deficient and therefore a share of the cost of these projects is assigned to current development:

- Project 1: Highway 156 Widening–San Juan Bautista to Union Road. The cost of the TIMF share for this project has been capped at \$9.6 million. Therefore the deficiency share of

this project's cost is approximately \$34.3 million, which at 78 percent is higher than the 60 percent determined by the general proportion of existing versus future trip.

- Project 11: Highway 25 Four-lane Widening–Phase I and 2: The deficiency share for this project is 60 percent of the internal share or \$133.3 million.
- Project 4: Airline Highway/Sunset Drive to Fairview Road. Although this segment is currently deficient, the proposed improvements to Airline Highway are not expected to improve the LOS above the current level; therefore no share of the \$28.1 million internal cost was allocated to existing development in either the 2010 TIMF Study or in this study. In other words, the improvements will simply keep pace with new traffic demand but will not improve the operations along the segment.

Except for projects listed above, the existing road segments included in the TIMF program all meet LOS standards and therefore have no existing deficiencies; their improvement costs are allocated 100 percent to new development. Without the proposed TIMF improvement projects, these segments would also ultimately degrade below the acceptable LOS standards.

The existing roadways associated with Projects 2, 7, 8 and 9 do not have current deficiencies. Therefore the costs for these projects are allocated 100 percent to new development.

The costs of all new or extended roadways are also allocated 100 percent to new development. These new or extended roadways are as follows:

- Project 3: Memorial Drive South Extension, Meridian Street to Santa Ana Road
- Project 5: Westside Boulevard Extension
- Project 6: North Street (Buena Vista)
- Project 10: Meridian St. Extension, 185 feet east of Clearview Road to Fairview Road
- Project 12: Memorial Drive North Extension, Santa Ana Road to Flynn Road
- Project 13: Flynn Road Extension, San Felipe Road to Memorial Drive North
- Project 14: Pacific Way Extension, San Felipe Road to Memorial Drive

Projects 12, 13 and 14 are new to the TIMF program. Project 12 will continue Memorial Drive northward through undeveloped property and, with Project 13, will serve to connect Memorial Drive to San Felipe Road; these projects are shown in the 2014 Regional Transportation Plan. Project 14 also will connect undeveloped areas west of San Felipe Road to San Felipe Road. The City of Hollister General Plan update will show a connection between San Felipe Road and Fairview Road between and parallel to McCloskey Road and Santa Ana Road, along the current alignment of Pacific Way. A feature of Project 14 is a grade separation with the SR-25 Bypass.

ROAD IMPROVEMENT PROJECTS COST

Updated improvement cost estimates for these roadways are shown in **Table 3.1**. Where applicable, frontage improvement costs have been backed out of the estimates where a road segment passes through undeveloped or partially developed areas. Adjacent development must construct the outer travel lanes, curb, gutter, sidewalk and landscaping as project exactions. The developer will not be eligible to receive reimbursement or TIMF credit for the frontage improvements. However, developers who construct bike lanes, inner travel lanes and center-turn lanes on the TIMF program roads will be eligible to obtain fee credits.

Table 3.1 shows the total estimated cost of each project and the “internal” cost of the project, which is based on the percentage of trips on the roads that begin or end in San Benito County. The percentages of external versus internal shares are shown in Appendix A.

Table 3.1: TIMF Program Road Improvement Cost Estimates

Project No.	Project	Description	Total Project Estimate	Internal Cost
1	SR 156 Widening–San Juan Bautista to Union Road	Widen to 4-lane expressway: 635 feet east of The Alameda (in San Juan Bautista) to Union Road	\$62,900,000	\$43,973,604
2	SR 156/Fairview Road Intersection Improvements	Construct new turn lanes at intersection	\$6,824,000	\$5,004,494
3	Memorial Drive South Extension: Meridian Street to Santa Ana Road	Construct 4-lane road extension	\$3,355,000	\$3,355,000
4	Airline Highway/SR 25 Widening: Sunset Drive to Fairview Road	Widen to 4-lane expressway	\$28,214,000	\$28,073,190
5	Westside Boulevard Extension: Nash Road to Southside Road/San Benito St. intersection	Construct 2-lane road	\$13,360,200	\$13,360,200
6	North Street (Buena Vista), between College St. and San Benito St.	Complete 2-lane road	\$4,207,000	\$4,207,000
7	Fairview Road Widening: McCloskey to SR 25	Widen to 4-lane arterial; construct new bridge south of Santa Ana Valley Rd.	\$20,790,531	\$20,790,531
8	Union Road Widening (East): San Benito Street to SR 25	Widen to 4-lane arterial	\$5,463,000	\$5,403,856
9	Union Road Widening (West): San Benito Street to SR 156	Widen to 4-lane arterial	\$15,448,000	\$15,357,734
10	Meridian Street Extension: 185 feet east of Clearview Road to Fairview Road	Construct 4-lane road	\$9,445,000	\$9,445,000
11a	SR 25 4-lane Widening–Phase I	4-lane expressway: 580 feet northwest of San Felipe to Hudner Lane	\$67,591,000	\$60,223,581
11b	SR 25 4-lane Widening–Phase 2	4-lane expressway: Hudner Lane to County Line	\$181,000,000	\$161,271,000
12	Memorial Drive North Extension: Santa Ana Road to Flynn Road/Shelton Road intersection	Construct new 4-lane road and extension	\$13,842,000	\$13,842,000
13	Flynn Road Extension: San Felipe Road to Memorial Drive north extension	Construct new 4-lane arterial	\$8,509,679	\$8,509,679
14	Pacific Way (new road): San Felipe Road to Memorial Drive	New 2-lane road from San Felipe Road to future Memorial Drive north extension	\$7,412,431	\$7,412,431
15	Intersection Improvements--Lump Sum	Add Signals or Other Intersection Improvements	<u>\$15,274,660</u>	<u>\$15,274,660</u>
Total Estimated Cost			\$463,636,501	\$415,503,960

SELECT LINK ANALYSIS

The next step in the TIMF nexus process is to allocate the cost of improvements to the three fee zones. This is done with what is called a select link analysis. This procedure assigns the trips between two TAZs to a selected set of road segments that link the two TAZs. Where the road segments include one or more TIMF roadways, the trips on each TIMF roadway are tallied. This is done for every pair of TAZs in the region. There are 229 TAZs in the region; therefore, 52,441 pairs need to be analyzed. For each TIMF project, a percentage of the total trips on the roadway will be calculated for each of the County's Zones 1, 2 and 3 and an "external" zone where both the origin and destination TAZs are outside the county. The select link analysis uses the 2035 land use as the traffic generators for the TAZs. The zone share allocations are shown on **Table 3.2**.

The share percentages in **Table 3.1** are applied to the internal cost for each project shown in **Table 3.1** to find the cost share for each zone. This calculation is shown in Appendix A. The cost per trip in a zone is calculated by dividing the zone cost share by the number of new trips. This calculation with the commercial cost shift is shown in Appendix C.

BIKEWAY AND PEDESTRIAN AND MASTER PLAN

In addition to bike lanes on all TIMF roadways, this update of the TIMF program is proposed to include fee funding for pedestrian and bicycle facilities throughout the county. These facilities serving nonmotorized travel demands are seen as a way to reduce overall vehicular traffic, help mitigate impacts from new development, and achieve the mobility goals of region.

The nonmotorized facilities proposed for funding by the TIMF are included in the Bikeway and Pedestrian Master Plan adopted by the San Benito Council of Governments Board in 2009. The Master Plan is included on the Transportation Plan Project List of the 2014 Regional Transportation Plan.

Of the approximately \$33.7 million total cost (2015 dollars) of all proposed Master Plan bike and pedestrian projects, this study proposes that the TIMF program fund approximately \$1.9 million, or about 5.6 percent. About \$28.3 million of the Master Plan facilities are recreational trails such as the San Benito River Trail and bridge and the Union Pacific Rail Trail. These projects are not considered to reduce traffic on the TIMF roadways. Also deducted from the total Master Plan cost are bike lanes that are part of the TIMF roadways; the cost of the bike lanes is about \$670,000. The TIMF share is calculated as 40 percent of the net remaining cost, which is the percentage of new trips on the roadways in 2035.

A summary of all Master Plan projects and costs are shown in Appendix B.

Table 3.2 Zone Share Allocations

Project No.		External Trip Share	Post External Trip Shares		
			Zone 1	Zone 2	Zone 3
1	SR 156 Widening: San Juan Bautista to Union Road	30.1%	14.11%	85.87%	0.018%
2	SR 156/Fairview Road Intersection Improvements	26.7%	3.50%	96.48%	0.018%
3	Memorial Drive South Extension: Meridian Street to Santa Ana Road	0.0%	0.00%	100.00%	0.000%
4	Airline Highway (SR 25) Widening: Sunset Drive to Fairview Road	0.5%	1.08%	98.80%	0.119%
5	Westside Boulevard Extension	0.0%	0.00%	100.00%	0.000%
6	North Street (Buena Vista)	0.0%	0.00%	100.00%	0.000%
7	Fairview Road Widening: McCloskey to SR 25	0.0%	1.25%	98.73%	0.018%
8	Union Road Widening (East): San Benito Street to SR 25	1.1%	3.08%	96.89%	0.027%
9	Union Road Widening (West): San Benito Street to SR 156	0.6%	4.46%	95.51%	0.027%
10	Meridian Street Extension to Fairview Road	0.0%	0.00%	100.00%	0.000%
11	SR 25 4-lane Widening: Phases 1 and 2 (Santa Clara County to San Felipe Rd.)	0.0%	1.02%	98.98%	0.009%
12	Memorial Drive North Extension: Santa Ana Road to Flynn Road	0.0%	0.00%	100.00%	0.000%
13	Flynn Road Extension: San Felipe to Memorial Drive North	0.0%	0.00%	100.00%	0.000%
14	Pacific Way: San Felipe Road to Memorial Drive	0.0%	0.00%	100.00%	0.000%

SECTION 4 IMPLEMENTATION

This section identifies tasks that, pursuant to California Government Code Section 66000 et seq., the Council of Governments, the County, and the Cities (local agencies, agencies) should complete when implementing and/or updating any impact fee program.

IMPACT FEE PROGRAM ADOPTION PROCESS

Impact fee program adoption procedures are found in the California Government Code Section 66000 et seq. Adoption of an impact fee program requires the City Council to follow certain procedures, including holding a public hearing (California Government Code Section 6062a). A mailed notice 14 days prior to the public hearing is required only for those individuals who request such notification. Data, such as this impact fee report, and referenced material must be made available at least 10 days prior to the public hearing.

The local agencies' legal counsel should inform the agencies of any other procedural requirements as well as advice regarding adoption of an enabling ordinance and/or a resolution. After adoption, there is a mandatory 60-day waiting period before the fees go into effect, unless an Urgency Ordinance, valid for 30 days, is adopted making certain findings regarding the urgency being claimed. The ordinance must be readopted at the end of the first period (and possibly at the end of the second period depending on local agencies' meeting dates) to cover the next 30 days and therefore the entire 60-day waiting period. Fees adopted by urgency go into effect immediately. This procedure must also be followed for fee increases and updates.

PROGRAMMING REVENUES AND CAPITAL IMPROVEMENT PROJECTS

The agencies should update their Capital Improvement Plans (or Regional Transportation Plan in the case of the Council of Governments) to identify specific projects and program fee revenues that will be applied to those projects. Use of the Capital Improvement Plan in this manner documents a reasonable relationship between new development and the use of fee revenues.

For the planning period of the Capital Improvement Plan or Regional Transportation Plan, the agencies should allocate all existing fund balances and projected fee revenue to facilities projects. The agencies should plan their Capital Improvement Plan expenditures at least five years in advance and show where all collected development impact fee revenues will be spent. The agencies can hold funds in a project account for longer than five years if necessary to collect sufficient funds to complete a given project.

FUNDS NEEDED TO COMPLEMENT IMPACT FEE PROGRAM

In adopting the fees as presented in this report, additional funds should be identified to fund the share of costs not related to new development.

INFLATION ADJUSTMENT

The costs in this report are shown in 2015 dollars. To ensure that the fee program stays current with the prevailing cost of construction, the agencies should periodically adjust the costs by an inflation index, or by a factor based on experience with actual local construction projects. The Engineering News Record Construction Cost Index 20-City average or other suitable index may be used to adjust impact fees in general. However, for specific cost categories, the agencies may apply a factor that is more appropriate to the type of facility.

COMPLIANCE REQUIREMENTS

The California Mitigation Fee Act (Government Code Section 66000 et seq.) mandates procedures for administration of impact fee programs, including collection, accounting, refunds, updates, and reporting. The agencies should comply with the annual and five-year reporting requirements. For facilities to be funded with a combination of impact fees and other revenues, the agencies must identify the source and amount of the other revenues. The agencies must also identify when the other revenues are anticipated to be available to fund the project. The agencies' compliance obligations vis-à-vis the act include but are not limited to the following specific requirements:

Collection of Fees – Section 66007 provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever comes first. In a residential development of more than one dwelling unit, the local agency may choose to collect fees either for individual units or for phases upon final inspection, or for the entire project upon final inspection of the first dwelling unit when it is completed. The local agency may require the payment of those fees or charges at an earlier time if: (A) the local agency determines that the fees or charges will be collected for public improvements or facilities for which an account has been established and funds appropriated and for which the local agency has adopted a proposed construction schedule or plan prior to final inspection or issuance of the certificate of occupancy, or (B) the fees or charges are to reimburse the local agency for expenditures previously made. "Appropriated," as used in this subdivision, means authorization by the governing body of the local agency for which the fee is collected to make expenditures and incur obligations for specific purposes.

Fee Exemptions, Reductions, and Waivers – In the event that a development project is found to have no impact on facilities for which fees are charged, such project must be exempted from the fees. If a project has characteristics that indicate its impacts on a particular public facility or infrastructure system will be significantly and permanently smaller than the average impact used to calculate impact fees in this study, the fees should be reduced accordingly.

In some cases, the local agency may desire to voluntarily waive or reduce impact fees that would otherwise apply to a project to promote goals such as affordable housing or economic development. Such a waiver or reduction may not result in increased costs to other development projects, and are allowable only if the agency offsets the lost revenue from other fund sources.

Earmarking of Fee Revenues – Government Code Section 66006 mandates that the local agency shall "deposit fees for the improvement in a separate capital facilities account or fund in a manner to avoid any commingling of the fees with other revenues and funds of the local agency, except for temporary investments." Fees must be expended solely for the purpose for which they were collected. Interest earned on the fee revenues must also be placed in the capital account and used for the same purpose. The act is not clear as to whether depositing fees "for the improvements" refers to a specific capital improvement or a class of improvements (e.g., fire protection, traffic or park facilities). Recommended practice is for the local agency to maintain separate funds or accounts for impact fee revenues by facility category, but not necessarily for individual projects.

Reporting – Government Code Section 66006 requires that once each year, within 180 days of the close of the fiscal year, the agencies must make available to the public the following information for each account established to receive impact fee revenues:

1. The amount of the fee.
2. The beginning and ending balance of the account or fund.
3. The amount of the fees collected and interest earned.
4. Identification of each public improvement on which fee revenues were expended and the amount of the expenditures on each improvement, including the percentage of the cost of the public improvement that was funded with fee revenues.
5. Identification of the approximate date by which the construction of a public improvement will commence, if the local agency determines sufficient funds have been collected for the financing of an incomplete public improvement.
6. A description of each interfund transfer or loan made from the account or fund, including interest rates, repayment dates, and a description of the improvements on which the transfer or loan will be expended.
7. The amount of any refunds or allocations made pursuant to Government Code Section 66001, paragraphs (e) and (f).

The above information must be reviewed by the Board of Supervisors, and the City Council at its next regularly scheduled public meeting, but not less than 15 days after the statements are made public.

Findings and Refunds – Government Code Section 66001 requires that, for the fifth fiscal year following the first deposit of any impact fee revenue into an account or fund as required by Government Code Section 66006, and every five years thereafter, the local agency shall make all of the following findings for any fee revenues that remain unexpended, whether committed or uncommitted:

1. Identify the purpose to which the fee will be put.
2. Demonstrate the reasonable relationship between the fee and the purpose for which it is charged.
3. Identify all sources and amounts of funding anticipated to complete financing of incomplete improvements for which the impact fees are to be used.
4. Designate the approximate dates on which the funding necessary to complete financing of those improvements will be deposited into the appropriate account of fund.

Annual Update of Capital Improvement Program – Government Code Section 66002 provides that if a local agency adopts a Capital Improvement Plan to identify the use of impact fees, that program must be adopted and annually updated by a resolution of the governing body at a noticed public hearing. The alternative is to identify improvements in other public documents.

LOCAL IMPLEMENTATION

Local administrative procedures will be necessary to ensure that the ongoing application and collection of the impact fees on a project-specific basis meet the direction and intent of Government Code Section 66000 et seq. The agencies' local administrative procedures will address topics such as a change in use or the demolition of a building, calculation of fees for specific types of uses, the transfers of credits from one property to another, the calculation of fees for mixed-use projects, and similar issues. The full range of these topics is beyond the scope of this nexus study; however, a few commonly occurring issues are addressed here:

1. Applying the Impact Fees to Development Projects Involving More Than One Land Use: Land development projects frequently include more than one land use category, such as mixed-use development with both residential and commercial uses. In these cases,

the impact fee would be calculated following the City's adopted fee methodology for mixed-use development.

The amount of impact fees are evaluated prior to the issuance of a building permit and are based on the information provided in the permit application, including number and type of units, intended occupancy, and floor areas per occupancy. In a single-use structure, the total of the fees would be the sum of each impact fee that applies to the project times the number of units, or the floor area (1,000 square foot increments), in the structure. For a mixed-use project, where more than one use will occupy a single permitted structure, an impact fee calculation should apply the appropriate fee rate to each portion of the structure containing an identified use. For a commercial-residential structure, the applicable residential fee rates shall be applied to each residential unit (the unit may be defined as either a single- or multi-family unit depending on the type of construction) and the applicable nonresidential rates will be applied to each unit of nonresidential floor area.

2. Pipeline Projects: Projects that have been submitted for review, but have not yet been approved when the proposed fees are adopted and become effective, are not entitled to pay the previous fee in lieu of the adopted fees. As indicated above, Government Code Section 66007 provides that a local agency shall not require payment of fees by developers of residential projects prior to the date of final inspection, or issuance of a certificate of occupancy, whichever comes first. The local agency may require earlier payment under certain circumstances and may allow, but is under no obligation to do so, prepayment of fees at the rate in effect. Allowing such prepayment will result in loss of fee revenue and the agency should have a compelling reason for doing so.
3. Phasing of Fee Increases: Phasing in the fee increases over two or more years may be considered as a means to allow the real estate market time to adjust to and plan for the increases. However, the net loss of revenue during the phase-in period may not be passed on to future development.
4. Deferral of Fees to a Later Date: In certain circumstances the local agency may elect to grant a deferral of payment until units are sold or leased, when occupancy permits for tenant improvements are issued, or with any nonresidential construction that may remain vacant for an extended period. If the agency chooses to defer impact fees to a point in time after issuance of an occupancy permit, suitable security should be obtained to assure future payment of the fee, through a surety bond, letter of credit, provisions in the escrow agreements, or a lien-hold as appropriate.
5. Development Projects Not in Fee Schedule: The fees presented in **Table 4** represent the major land use classifications of the County's General Plan. The land use development projection analysis, from which the estimate of development is derived, considers land use classifications only to the level of detail represented in **Table 4**. The costs of roadway improvements required for growth are distributed among these classifications on the basis of peak-hour trip factors embodied in the DUE factors. In reality, there are many more land uses that are characterized by type of use, both residential and nonresidential, upon which the TIMF will be levied than are represented in the fee schedule. The peak-hour trip rates per unit of these various types of development vary considerably and the resultant fee for these different uses will also vary. A supplemental fee schedule representing typical land use/development types such as one based on the Institute of Transportation Engineers (ITE) peak-trip rates (adjusted for diverted trips and trip length) may be considered. Using the ITE rates in conjunction with the zone cost per trip will result in a fee that might be more appropriate for the proposed land use and still meet the nexus requirements. Even if the ITE rates do not seem appropriate for a

given project, the agency might allow a process where the developer may submit a traffic study for approval by the agency that documents the daily peak period trips to be used in the fee calculation.

6. Credit for Improvements by Developers: There are several TIMF projects where reimbursements or fee credits may apply. If a developer is required, as a condition of approval, to construct facilities or improvements for which impact fees have been or will be charged, the impact fee imposed on that development project for that type of facility must be adjusted to reflect a credit for the cost of facilities or improvements constructed or otherwise provided by the developer. If the reimbursement would exceed the amount of the fee to be paid by the development for that type of facility, the agency may seek to negotiate a reimbursement agreement with the developer. As noted in Section 3, fee credits or reimbursements do not apply to required frontage improvements or dedication of land for right-of-way; the frontage costs have been backed out of the cost estimates where the adjacent property is undeveloped. If the developer were to build only the frontage improvement and dedicate the necessary land, no credit would be allowed.

PRINCIPAL ASSUMPTIONS AND CONSIDERATIONS

In preparing this report and the opinions and recommendations included herein, Michael Baker, Urban Economics, and Stantec have relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. These assumptions and considerations, including the planning information, and technical advice from agencies' staff, were provided by sources we believe to be reliable.

While we believe Michael Baker's, Urban Economics', and Stantec's use of the provided information and assumptions is reasonable for the purpose of this report, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

APPENDICES

APPENDIX A: TIMF IMPROVEMENT PROJECT COSTS AND COST ALLOCATIONS

Project No.	Description	Total Project Cost including bike lanes	External Trip Share	External Trip Share Cost	Internal Trip Share Cost	Percentage of Existing vs. Future Trips Allocation		Cost Allocation	
						Deficiency Share City/County/	TIMF (new development) Share	City/County/ Regional/Other	TIMF Cost net of Ext. Share & Deficiencies
1	Highway 156 Widening—San Juan Bautista to Union Road ¹	\$62,900,000	30.1%	\$18,926,396	\$43,973,604	78%	22%	\$34,334,590	\$9,639,014
2	Highway 156/Fairview Road Intersection Improvements	\$6,824,000	26.7%	\$1,819,506	\$5,004,494	0%	100%	\$0	\$5,004,494
3	Memorial Drive South Extension: Meridian Street to Santa Ana Road	\$3,355,000	0.0%	\$0	\$3,355,000	0%	100%	\$0	\$3,355,000
4	Airline Highway (SR 25) Widening: Sunset Drive to Fairview Road ²	\$28,214,000	0.5%	\$140,810	\$28,073,190	0%	100%	\$0	\$28,073,190
5	Westside Boulevard Extension	\$13,360,200	0.0%	\$0	\$13,360,200	0%	100%	\$0	\$13,360,200
6	North Street (Buena Vista)	\$4,207,000	0.0%	\$0	\$4,207,000	0%	100%	\$0	\$4,207,000
7	Fairview Road Widening: McCloskey to SR-25	\$20,790,531	0.0%	\$0	\$20,790,531	0%	100%	\$0	\$20,790,531
8	Union Road Widening (East): San Benito Street to Highway 25	\$5,463,000	1.1%	\$59,144	\$5,403,856	0%	100%	\$0	\$5,403,856
9	Union Road Widening (West): San Benito Street to Highway 156	\$15,448,000	0.6%	\$90,266	\$15,357,734	0%	100%	\$0	\$15,357,734
10	Meridian St. Extension to Fairview Rd.: 185 ¹ east of Clearview to Fairview	\$9,445,000	0.0%	\$0	\$9,445,000	0%	100%	\$0	\$9,445,000
11	Highway 25 4-lane Widening—Phase I & 2 ³	\$248,591,000	10.9%	\$27,096,419	\$221,494,581	60.2%	39.8%	\$133,336,896	\$88,157,685
12	Memorial Drive North Extension: Santa Ana Road to Flynn Road	\$13,842,000	0.0%	\$0	\$13,842,000	0%	100%	\$0	\$13,842,000
13	Flynn Road extension: San Felipe Road to Memorial Drive North Extension	\$8,509,679	0.0%	\$0	\$8,509,679	0%	100%	\$0	\$8,509,679
14	Pacific Way extension: San Felipe Rd. to Memorial Dr.	\$7,412,431	0.0%	\$0	\$7,412,431	0%	100%	\$0	\$7,412,431
	Intersections	<u>\$15,274,660</u>	0.0%	<u>\$0</u>	<u>\$15,274,660</u>	0%	100%	<u>\$0</u>	<u>\$15,274,660</u>
	Total	\$463,636,501		\$48,132,541	\$415,503,960			\$167,671,486	\$247,832,474
	2010 Costs & Allocation	\$159,030,500		\$33,878,514	\$125,151,986			\$22,911,455	\$93,006,889

¹ TIMF Share for HWY 156 was limited to \$9,639,000 in the 2010 Regional Transportation Improvement Plan, with the provision that the balance of funds will come from other sources.

² Airline Highway is currently deficient. However, the improvement project will not improve the level of service, so no share of the cost was allocated to existing development in either the 2010 Study or in this update.

³ External trip shares and deficiency for Highway 25 is from 2010 TIMF study: Hwy 25 Santa Clara County Line to San Felipe

TIMF Improvements—Zone Cost Allocations

Project Costs				Zone Allocations, Internal Trip Share			Zone Costs, Road Improvements			Zone Costs, Bike Lanes		
Description	TIMF Net of Bike Lanes	Bike Lane Costs	TIMF Share Bike Lane	Zone 1	Zone 2	Zone 3	Zone 1	Zone 2	Zone 3	Zone 1	Zone 2	Zone 3
1 Highway 156 Widening—San Juan Bautista to Union Road ¹	\$1,622,614	\$8,016,400	\$8,016,400	14.1%	85.9%	0.018%	\$228,996	\$1,393,322	\$296	\$1,131,335	\$6,883,602	\$1,463
2 Highway 156/Fairview Road Intersection Improvements	\$5,004,494	NA	NA	3.5%	96.5%	0.018%	\$175,254	\$4,828,326	\$914	\$0	\$0	\$0
3 Memorial Drive South Extension: Meridian Street to Santa Ana Road	\$2,786,600	\$568,400	\$568,400	0.0%	100.0%	0.000%	\$0	\$2,786,600	\$0	\$0	\$568,400	\$0
4 Airline Highway (SR 25) Widening: Sunset Drive to Fairview Road ²	\$24,290,390	\$3,782,800	\$3,782,800	1.1%	98.8%	0.119%	\$261,680	\$23,999,889	\$28,821	\$40,752	\$3,737,560	\$4,488
5 Westside Boulevard Extension	\$11,008,200	\$2,352,000	\$2,352,000	0.0%	100.0%	0.000%	\$0	\$11,008,200	\$0	\$0	\$2,352,000	\$0
6 North Street (Buena Vista)	\$3,442,600	\$764,400	\$764,400	0.0%	100.0%	0.000%	\$0	\$3,442,600	\$0	\$0	\$764,400	\$0
7 Fairview Road Widening: McCloskey to SR-25	\$13,773,731	\$7,016,800	\$7,016,800	1.3%	98.7%	0.018%	\$172,765	\$13,598,452	\$2,514	\$88,012	\$6,927,507	\$1,281
8 Union Road Widening (East): San Benito Street to Highway 25	\$3,443,856	\$1,960,000	\$1,960,000	3.1%	96.9%	0.027%	\$106,151	\$3,336,762	\$943	\$60,414	\$1,899,050	\$537
9 Union Road Widening (West): San Benito Street to Highway 156	\$7,850,934	\$7,506,800	\$7,506,800	4.5%	95.5%	0.027%	\$350,300	\$7,498,484	\$2,150	\$334,946	\$7,169,799	\$2,055
10 Meridian St. Extension to Fairview Rd.: 185' east of Clearview to Fairview	\$7,994,600	\$1,450,400	\$1,450,400	0.0%	100.0%	0.000%	\$0	\$7,994,600	\$0	\$0	\$1,450,400	\$0
11 Highway 25 4-lane Widening—Phase I & 2 ³	\$85,411,715	\$6,899,200	\$2,745,970	1.0%	99.0%	0.009%	\$867,215	\$84,536,685	\$7,815	\$27,881	\$2,717,838	\$251
12 Memorial Drive North Extension: Santa Ana Road to Flynn Road	\$10,431,600	\$3,410,400	\$3,410,400	0.0%	100.0%	0.000%	\$0	\$10,431,600	\$0	\$0	\$3,410,400	\$0
13 Flynn Road extension: San Felipe Road to Memorial Drive North Extension	\$7,572,414	\$937,265	\$937,265	0.0%	100.0%	0.000%	\$0	\$7,572,414	\$0	\$0	\$937,265	\$0
14 Pacific Way extension: San Felipe Rd. to Memorial Dr.	\$5,374,252	\$2,038,179	\$2,038,179	0.0%	100.0%	0.000%	\$0	\$5,374,252	\$0	\$0	\$2,038,179	\$0
Intersections	\$15,274,660	NA	NA	1.14%	98.8%	0.020%	\$174,131	\$15,097,474	\$3,055			
Total	Current TIMF Balance (total City and County):				(\$10,700,000)		\$2,336,493	\$202,899,660	\$46,507			
	Weighted average allocation:			1.14%	98.84%	0.02%	(\$121,786)	(\$10,575,790)	(\$2,424)			
	Net of TIMF Balances:						\$2,214,707	\$192,323,870	\$44,083	\$1,683,339	\$40,856,398	\$10,076

INTERSECTION COSTS

1	McCloskey Rd. & Fairview Rd.	New signalization of 4-lane arterial with 2-lane local, 3 approaches. LTO on lanes 3 approaches, RTO on 2 approaches.	\$525,000	\$209,250	\$734,250
2	Memorial Dr. & Hillcrest Rd.	New signalization of 4-lane arterial with 4-lane arterial, 4 approaches. Existing lane configuration to remain.	\$700,000	\$0	\$700,000
3	Fairview Rd. & Fallon Rd.	New signalization of 4-lane arterial with 2-lane collector, 4 approaches. LTO & RTO on all approaches.	\$650,000	\$293,500	\$943,500
4	Fairview Rd. & Airline Hwy/Sr-25	New signalization of 4-lane arterial (east & west legs) with 4-lane arterial (north leg) & 2-lane (south leg). LTO & RTO existing on all approaches, EB & WB through lanes constructed with Airline Hwy Project No. 5	\$725,000	\$125,000	\$850,000
5	Fairview Rd. & Hillcrest Rd.	New signalization of future widening to 4-lane arterial (north & south legs) with future non-TIMF widening to 4-lane arterial (west leg only); 3 approaches. Turning lanes existing on all approaches, SB & NB through lanes will be constructed with Fairview Rd. widening Project No. 8	\$600,000	\$0	\$600,000
6	Union Rd. & Fairview Rd.	New signalization of future widening to 4-lane arterial (north & south legs) with future new 4-lane arterial (west leg only); 3 approaches. Turning lanes on Fairview Rd. added with Project No. 8; turning lanes on Union Rd. included as regional component of developer-constructed improvements	\$600,000	\$55,250	\$655,250
7	Enterprise Rd. & Airline Hwy (SR-25)	New signalization of future widening to 4-lane arterial (north & south legs) with 2-lane arterial; 4 approaches. LTO & RTO exist on all approaches, EB & WB through lanes will be constructed with Airline Hwy Project 5.	\$700,000	\$0	\$700,000
8	South Street & Westside Blvd.	New signalization of 4-lane collector with 2-lane collector; 4 approaches, retain current lane configuration	\$550,000	\$0	\$550,000
9	Rancho Drive & East Nash (Tres Pinos Rd.)	New Roundabout	\$700,000	\$0	\$700,000
10	Fourth St. (San Juan Rd.) & West St. or Monterey St.	New signalization of 2-lane collector with 2-lane local; 4 approaches, retain current lane configuration	\$400,000	\$0	\$400,000

Assuming 10-foot lanes, each lane is 75 feet long (arterial LTO = 250 feet), ROW at \$5 per square foot and \$20 per square foot for grading, excavation, pavement section, striping, and loops. Add another \$2,750 for pedestrian ramps at right-turn lanes. LTO: \$26,250 (except on arterial legs where center lane or median is provided); RTO lane: \$29,000.

Signalization Costs:

\$200,000 per 4-lane approach with LTO lane; \$175,000 4-lane approach without LTO lane
 \$125,000 per 2-lane approach with LTO lane; \$100,000 per 2 lane without LTO lane

INTERSECTION COSTS (CONTINUED)

11	Flynn Rd. & San Felipe Rd. (Project 14)	New signalization of 4-lane arterial with 4-lane arterial	\$800,000 included in Project 14 road improvements		
12	Meridian St. & Fairview Rd. Meridian Street Extension (Project 11)	New signalization of 4-lane arterial with 4-lane arterial; 3 approaches, turning lanes exist, through lane on Fairview will be constructed with Project No. 8	\$600,000	\$0	\$600,000
13	Memorial Dr. & Santa Ana Rd. Memorial Drive South Extension (Project 4)	New signalization of future 4-lane arterial (Memorial) with non-TIMF widening to 4-lane arterial; 4 approaches, turning lanes will be constructed with Project No. 4	\$800,000	\$0	\$800,000
14	Memorial Dr. & Meridian St. Memorial Drive South Extension (Project 4)	New signalization of future 4-lane arterial (Memorial) with 4-lane arterial; 4 approaches, turning lanes will be constructed with Project No. 4	\$800,000	\$0	\$800,000
15	Westside Boulevard & Nash Rd. Westside Boulevard Extension (Project 6)	New signalization of 2-lane collector south leg (Westside Extension), existing 4-lane north leg with existing 2-lane local; 4 approaches, turning lanes will be added with Project No. 4	\$575,000	\$0	\$575,000
16	Westside Boulevard & San Benito St. Westside Boulevard Extension (Project 6)	New signalization of new 2-lane collector (Westside Extension) with 2-lane arterial; 4 approaches, turning lanes will be constructed with Project No. 4	\$500,000	\$0	\$500,000
17	SR-156 & Buena Vista	New signalization of new 2-lane collector with 4-lane arterial; LTO on 4 approaches.	\$650,000	\$116,000	\$766,000
18	Gateway Dr. & San Felipe Rd.	New signalization of new 2-lane collector with 4-lane arterial; 3 approaches, LTO's exist	\$525,000	\$0	\$525,000
Subtotal Construction			\$10,600,000	\$799,000	\$11,399,000
Soft Costs 34%			\$3,604,000	\$271,660	\$3,875,660
Total			\$14,204,000	\$1,070,660	\$15,274,660

Assuming 10-foot lanes, each lane is 75 feet long (arterial LTO = 250 feet), ROW at \$5 per square foot and \$20 per square foot for grading, excavation, pavement section, striping, and loops. Add another \$2,750 for pedestrian ramps at right-turn lanes. LTO: \$26,250 (except on arterial legs where center lane or median is provided); RTO lane: \$29,000.

Signalization Costs:

\$200,000 per 4-lane approach with LTO lane; \$175,000 4-lane approach without LTO lane
 \$125,000 per 2-lane approach with LTO lane; \$100,000 per 2 lane without LTO lane

APPENDIX B: BICYCLE AND PEDESTRIAN MASTER PLAN IMPROVEMENTS

						Length (miles) (highlighted where TIMF backout is applied)	Estimated Total Construction Cost (2015)
Rank	Facility Name	Project ID	From	To	Class		
Tier 1 Improvements							
1	Sunnyslope Rd	H-24	Memorial Dr	Cerra Vista Dr	II	0.70	\$24,908
2	Nash Rd./Tres Pinos Rd.	U-13, U-14, H-14, H-25	East of San Benito River	Airline Highway	II	1.43	\$50,883
3	Airline Highway	U-3, U-4, H-3	Sunset Dr.	Quien Sabe Dr.	II	2.98	\$106,037
4	Central Avenue-3rd St.	H-6	Bridgevale Rd.	East St.	II	1.66	\$59,067
5	South St./ Hillcrest Rd.	H-35, H-41	Westside Blvd.	Hillcrest Rd. east of McCray St.	III	1.04	\$16,516
6	Ladd Ln.	H-9	Tres Pinos Rd.	Hillock Dr.	II	0.16	\$5,693
7	San Benito River Trail	U-1, H-1	San Juan Bautista Park	Airline Hwy.	I	16.09	\$16,908,747
8	Sally St.	H-17	3rd St.	Nash Rd.	III	0.96	\$15,246
9	Memorial Dr.	H-12, H-47	Sunset Dr.	Fallon Rd.	II	2.19	\$77,926
10	4th St.	H-30	Westside Blvd.	McCray St.	III	0.83	\$13,181
11	San Felipe Rd.	U-16, H-18	Santa Ana Rd.	Pacheco Pass Hwy.	II	6.61	\$235,202
12	Meridian St.	H-13	Memorial Dr	McCray St.	II	0.85	\$30,245
13	Hillcrest Rd.	U-10, H-8	Prospect Ave.	Fairview Rd.	II	1.77	\$62,981
14	Sunset Dr.	H-42	Cerra Vista Dr.	Airline Hwy.	III	0.84	\$13,340
15	Westside Blvd.	H-28, H-29	Apricot Ln.	Jan Ave.	II	0.28	\$9,963
16	Monterey St.	H-38	4th St.	Nash Rd.	III	0.88	\$13,975
17	McCray St.	H-11	Hillcrest Rd.	Santa Ana Rd.	II	0.61	\$21,705
18	Bicycle and Pedestrian Bridge	H-50	San Benito River Bridge		I	0.06	\$1,791,078
						Total Tier 1	\$19,456,695

Recreational trails highlighted in green

BICYCLE AND PEDESTRIAN MASTER PLAN IMPROVEMENTS (CONTINUED)

Rank	Facility Name	Project ID	From	To	Class	Length (miles) (highlighted where TIMF backout is applied)	Estimated Total Construction Cost (2015)
Tier 2 Improvements							
19	Westside Blvd. Extension	H-43	Nash Rd.	Ladd Ln.	II	0.42	\$14,945
20	Line St	H-10	Nash Rd.	Buena Vista Rd.	II	1.16	\$41,276
21	Southside	H-23	Sunset Dr.	Union Rd.	II	0.16	\$5,693
22	Cerra Vista	H-31	Sunnyslope Rd	Union Rd.	III	0.73	\$11,593
23	San Juan Rd.	U-18, H-20	Hwy 156	Westside Blvd.	II	2.28	\$81,129
24	Hawkins St.	H-34	Monterey St.	Prospect Ave.	III	0.45	\$7,146
25	Santa Ana Rd.	U-7, U-19, H-5, H-22	Railroad Tracks	Fairview Rd.	II	2.15	\$76,503
26	Highway 156	U-11, S-3	The Alameda	Buena Vista Rd.	II	0	\$0
27	Clearview Dr.	U-24, H-32	Meridian St.	Sunset Dr.	III	1.15	\$18,263
28	Union Pacific RR	U-2, H-2	3rd St.	County Line	I	8.81	\$9,258,301
29	Buena Vista Rd./North St.	H-21	Hollister City Limit east of Millard Rd.	Railroad Tracks	II	1.83	\$65,116
30	Fairview Rd.	U-8, U-9, H-7	Airline Hwy	Spring Grove Elem. School	II	3.05	\$108,527
31	Union Rd.	U-21, U-22, H-26	Cienega Rd.	Fairview Rd.	II	1.54	\$54,797
32	Valley View Dr.	U-23, H-27	Sunset Dr.	Union Rd.	II	0.52	\$18,503
33	Bolsa Rd.	U-5, H-44	San Felipe Rd.	County Line	III	7.63	\$121,171
34	Franklin St.	S-6	4th St.	End of 4th St./San Juan Bautista Historical Park	III	0.17	\$2,700
						Total Tier 2	\$9,885,664

Recreational trails highlighted in green

BICYCLE AND PEDESTRIAN MASTER PLAN IMPROVEMENTS (CONTINUED)

Rank	Facility Name	Project ID	From	To	Class	Length (miles) (highlighted where TIMF backout is applied)	Estimated Total Construction Cost (2015)
Tier 3 Improvements							
35	The Alameda-Salinas Rd.	U-34, S-10	San Juan School	Old Stagecoach Rd.	III	0.65	\$10,323
36	4th St.- The Alameda	S-8	The Alameda	Monterey St	III	0.54	\$8,576
37	San Juan Bautista Historical Park	S-1	1st St.	Franklin St.	I	0.29	\$304,757
38	4th St. - San Jose St.	S-5	4th St.	1st St.	III	0.16	\$2,541
39	2nd St.	S-9	San Jose St.	Monterey St	III	0.14	\$2,223
40	Union Rd.	U-35	Hwy 156	Cienega Rd.	III	0.00	\$0
41	Planned Road 2	H-48	McCloskey Rd.	Flynn Rd.	II	5.61	\$199,619
42	Southside Rd.	U-38	Bend in Southside Rd.	Pinnacles Community School	I	0.90	\$945,797
43	Steinbeck Dr.	H-45	Westside Blvd.	Line St.	III	0.10	\$1,588
44	Meridian St.	U-27	Memorial Dr	End of Meridian St.	III	0.47	\$7,464
45	Monterey St.	S-7	4th St.	1st St.	III	0.16	\$2,541
46	1st St.	S-2	North St.	Monterey St	II	0.10	\$3,558
47	San Juan Hwy	U-17, S-4	Old San Juan Hwy	Ahwahnee St.	II	2.35	\$83,619
48	Bridgevale Rd.	U-6, H-4	San Juan Rd.	Central Ave.	II	0.26	\$9,252
49	Fallon Rd.	U-25, H-33	Frontage Rd.	Fairview Rd.	III	2.29	\$36,367
50	Beverly Dr.	H-51	Hillcrest Rd.	Sunnyslope Rd.	III	0.53	\$8,417
51	Santa Ana Rd./Buena Vista Rd.	U-32	Hwy 156	Bend in Buena Vista Rd.	III	0.74	\$11,752
52	Planned Road 1	H-46	Fairview Rd.	San Felipe Frontage Rd.	II	2.04	\$72,589
53	San Felipe Class I	H-49	Wright Rd.	Flynn Rd.	I	0.84	\$882,744
54	Highway 25	U-36	Quien Sabe Rd.	Pinnacles Monument	III	24.50	\$389,082
55	Southside School Connection	U-37	San Benito River Trail	Southside School	I	0.68	\$714,602
56	Santa Ana Valley Rd.	U-31	John Smith Rd.	Quien Sabe Rd.	III	1.75	\$27,792
						Total Tier 3	\$3,725,202
Source: San Benito County Bicycle and Pedestrian Master Plan, May 2009 for SBCOG by ALTA Planning + Design						Grand Total	\$33,067,561
						Cost of Recreational Trails	\$28,262,882
						Sub-total	\$4,804,679
						New trip percentage of 2035 total trips	40%
						Net TIMF share	\$1,912,324

Recreational trails highlighted in green

APPENDIX C: CALCULATIONS OF COST PER TRIP WITH COMMERCIAL SHIFT

	Shifted Trip Share a = d/total trips in Zone	Cost Share b = a x total cost in Zone	Trips from Trip Zone Tables c	Trip Shift d	Cost per Trip = b/c
Zone 1					
<u>Residential</u>					
Single Family	66.31%	\$ 1,468,555	1,338	1385	\$ 1,097.58
Multi-Family	9.07%	\$ 200,861	183	189	\$ 1,097.60
			1,521	1575	
<u>Non-residential</u>					
Office	7.85%	\$ 173,869	164	164	\$ 1,060.18
Commercial/Retail	2.46%	\$ 54,435	105	51	\$ 518.43
Industrial	1.05%	\$ 23,324	22	22	\$ 1,060.18
Other	13.26%	\$ 293,669	277	277	\$ 1,060.18
Total Cost Zone 1		\$ 2,214,707	568	514	
Total			2089		
51.1% of Commercial Trips Shifted to Residential:			53.66		
Zone 2					
<u>Residential</u>					
Single Family	60.51%	\$ 116,384,726	11,609	11831	\$ 10,025.39
Multi-Family	8.26%	\$ 15,880,217	1,584	1614	\$ 10,025.39
			13,193	13445	
<u>Non-residential</u>					
Office	9.96%	\$ 19,153,686	1,947	1947	\$ 9,837.54
Commercial/Retail	1.23%	\$ 2,371,603	493	241	\$ 4,810.55
Industrial	1.80%	\$ 3,462,814	352	352	\$ 9,837.54
Other	18.23%	\$ 35,069,108	3,565	3565	\$ 9,837.54
Total Cost Zone 2		\$ 192,323,870	6,357	6105	
Total			19,550		
51.1% of Commercial Trips Shifted to Residential:			251.92		
Zone 3					
<u>Residential</u>					
Single Family	0.00%	\$ -	-	-	-
Multi-Family	0.00%	\$ -	-	-	-
<u>Non-residential</u>					
Office	21.74%	\$ 9,583	5	5	\$ 1,916.66
Commercial/Retail*	4.35%	\$ 1,917	1	1	\$ 958.33
Industrial	0.00%	\$ -	-	-	\$ -
Other	73.91%	\$ 32,583	17	17	\$ 1,916.66
Total Cost Zone 3		\$ 44,083	23	23	
Total			23		
Overall Total Cost, Roadways (includes intersections, but not bike lanes)					
		\$ 194,582,660			
		<u>Bike Lane Costs</u>	<u>Trips in Zone</u>	<u>Cost per trip</u>	
Zone1		\$ 1,683,339	2089	\$ 805.81	
Zone 2		\$ 40,856,398	19550	\$ 2,089.84	
Zone 3		\$ 10,076	23	\$ 438.08	
Bicycle and Ped Master Plan TIMF Share:		\$ 1,912,324			
Total trips		21,662			
Cost per trip		\$ 88.28			

*Since there is no commercial/retail cost shift to residential in Zone 3 (no residential development is projected in Zone 3), the commercial/retail cost per trip is reduced by 50 percent to put it on an equal basis with the commercial/retail in the other zones. The loss in revenue is expected to be very small.