



Transportation Commission

ACTION CALENDAR  
December 6, 2005

To: Honorable Mayor and  
Members of the City Council

From: Transportation Commission

Submitted by: Rob Wrenn, Commission Chair, Transportation Commission

Subject: Transportation Services Fee (CF 69-01)

### RECOMMENDATION

The Transportation Commission recommends that Council approve the Transportation Services Fee Nexus Study Report (October 2005) and set a public hearing, with a goal of Council adoption of the fee in February 2006. The Transportation Commission also makes the following specific recommendations:

- Consistent with the recommendation of Nelson/Nygaard Consulting Associates, the Transportation Services Fee (TSF) should be levied on a per-trip basis based on average weekday PM peak hour motor vehicle trips.
- The full TSF Expenditure Plan as presented in Figure 2 of the Nexus Study Report should be approved.
- The fee per average weekday PM peak hour motor vehicle trip should be at least \$5,811, which would result in 25% of the expenditure plan being funded through the TSF if the TSF were applied to all new development.
- Second housing units should be exempted from paying the fee.
- In addition, the fee should be reduced to \$2,034 per trip for affordable housing and for childcare facilities, as defined in Figure 5 of the Nexus Study Report. Other land uses should pay the fee of at least \$5,811.

### FISCAL IMPACTS OF RECOMMENDATION

The revenue generated by the TSF will depend on the fee level established by Council and the rate of development in the city. At a level of \$4,867 per PM peak hour vehicle trip, the fee will generate approximately \$520,000 annually.

### CURRENT SITUATION AND ITS EFFECTS

As noted in the City of Berkeley General Plan (2002), traffic is a major problem in Berkeley. The plan states: "In conclusion, it may be stated that in General the City's Vehicular Network of Major and Collector streets are very close to volume capacity"(Page T-3).

The Environmental Impact Report for the General Plan found that there would be “significant and unavoidable” traffic impacts. It is predicted that there would be significant impacts on 11 streets and 26 street segments in Berkeley by the year 2020.

### BACKGROUND

One of the objectives of the General Plan Transportation Element is to “Reduce automobile use and vehicle miles traveled in Berkeley, and the related impacts by providing and advocating for transportation alternatives and subsidies that facilitate voluntary decisions to drive less”.

General Plan Policies LU-28 and T-6 call for the establishment of a Transportation Services Fee and specifically mandate preparation of a nexus study so that a fee could be assessed on new development.

On April 15, 2004, staff reported to the Transportation Commission on the process of preparing the Transportation Services Fee nexus study. Staff asked for commission feedback on the type of transportation projects that should be funded by the TSF fee. The commission voted unanimously to endorse the categories of transportation projects recommended by staff and offered some input related to prioritization.

At its meeting on October 20, 2005, the Transportation Commission discussed the Nexus Study Report and unanimously approved the recommendations in this report.

The Transportation Commission would also like to commend the Office of Transportation, the Public Works Department, the staff in other City departments who worked on the fee, and Nelson/Nygaard Consulting Associates for their excellent and thorough work on preparing the nexus study, and on developing a transportation services fee which will help offset and reduce the growth of traffic created by new development in Berkeley.

### RATIONALE FOR RECOMMENDATION

**Trip-Based Fee.** A TSF based on PM Peak Motor Vehicle Trips is the most appropriate method of assessment as it allows for a reduction of the fee in cases where developers take steps to reduce the trips that their projects would generate. Staff would make use of the Institute of Traffic Engineers (ITE) Trip Generation manual to determine the number of trips a given development would produce, but would also use criteria that would allow for reduction of trip estimates based on developer TDM measures, such as Eco Pass, and location relative to transit. If developers take substantial and meaningful steps likely to reduce trips, then the fee could be proportionally reduced, thereby rewarding developers directly for trip reduction efforts.

Compared to fees assessed on a square footage basis, fees based on trips are more directly tied to the actual traffic impacts of new development.

**Impact on Development.** If Berkeley adopts this fee, it will be one of many cities in California that assess transportation fees on new development. Figure 7 in the Nexus Study Report provides a list of other Bay Area cities with transportation impact fees. In answer to questions about the impact of these fees on development, staff and the consultant indicated that they knew

of no instances where the enactment of the fees had brought development to a halt or substantially reduced development activity. In addition, the fees can be adjusted downward in the future if a negative impact were detected. Staff and the consultant knew of no instances in which cities had reduced transportation service fees once they had been enacted, which further suggests that cities are satisfied with the fees.

If the TSF were implemented as proposed, Berkeley would not be the first city to assess trip-based fees and to use them to fund alternative transportation improvements. Palo Alto completed a very similar nexus study and the Palo Alto City Council recently voted to implement it in part of that city. San Francisco has a more traditional fee, assessed on a square footage basis, with the proceeds going to fund public transit.

Berkeley previously had a more limited transportation fee from 1985 to 1997, but stopped collecting it because it was not supported by a nexus study.

Out of recognition that setting the fee at a level that would generate sufficient revenues to fully offset the traffic impacts of new development (a fee of \$23,244 per peak hour trip) could unduly burden developers, the staff has recommended a fee that is a fraction of the total fee that could be established based on the Nexus Study Report. The Transportation Commission agrees with the staff recommendation to balance the need to address traffic impacts and promote alternative modes of transportation, and the need to allow for the kind of development envisaged by the General Plan. The Transportation Commission recognizes that other forms of revenue will be needed to fully fund the TSF expenditure plan over the next 20 years.

**Expenditure Plan.** The Commission, which in April 2004 reviewed and endorsed a preliminary list of transportation projects to be funded by TSF fee funds, supports the full range of programs and improvements listed in the TSF Expenditure Plan Summary in the Nexus Study Report. The expenditure plan will be reviewed at five-year intervals and can be modified by Council based on the effectiveness of various programs and improvements that are implemented.

**Exempting Second Units.** The Commission felt that because the number of trips generated by second units would be relatively small and because the fee as a result would not generate a lot of revenue relative to the cost of applying the fee to second units, that it was not worth it. Further, developers of multi-unit projects are used to dealing with fees, while they could be more of a burden for homeowners seeking to add in-law units to their property.

**Reduced Fees for Affordable Housing and Child Care.** Recognizing that affordable housing projects and childcare facilities are often difficult to finance and build, the commission recommends that the fee be reduced to 35% of the amount that would otherwise be charged as suggested by staff (as shown in Figure 5). Below-market affordable housing as defined in the Nexus Study Report can also help reduce trips by enabling lower-income people who work in Berkeley, but who cannot afford prevailing market rents, to live closer to their work, thus reducing commute trip distances and impacts.

Other land uses that were suggested in Figure 5 as possible candidates for lower fees do not merit lower fees in the commission's judgment. Applying reductions to too many uses will substantially reduce the revenues generated by the fee, which will mean that the City will be able to fund an even smaller proportion of the TSF Expenditure Plan programs and improvements. This means that an even smaller percentage of new traffic generated by new development will be reduced and offset. In addition, developers of other uses can take steps to reduce the fee, as noted above, by implementing trip-reduction measures as part of their proposed developments or projects.

#### ALTERNATIVE ACTIONS CONSIDERED

Taking a more traditional approach to mitigating trip generation, such as widening roadways, etc, would cost about 10 times more than the proposed approach. To do nothing to reduce motor vehicle trips generated by development would lead to eventual gridlock.

#### CITY MANAGER

See companion report.

#### CONTACT PERSON

Peter Hillier, Commission Secretary, Public Works/Transportation, 510-981-7010