PASADENA
DEPARTMENT OF TRANSPORTATION

DATE: June 21, 2017

TO: David Reyes, Director of Planning

FROM: Frederick C. Dock, Director F.C. Dock

SUBJECT: Response to Planning Commission Comments- Item 5a Updated Transportation Impact fee

Attached please find response to comments by Planning Commission on June 14, 2017, prepared by David Taussig & Associates, regarding updated transportation impact fee (item 5a).

Attachment
David Taussig & Associates memo dated June 21, 2017

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June 21, 2017

Mike Bagheri
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Department of Transportation
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RE: Responses to Planning Commissioner's Questions - Proposed changes to traffic reduction and transportation improvement fee (TR/TIF) for new development projects

Dear Mike:

As a follow-up to our discussion of Agenda Item 5A at the Planning Commission meeting on June 14, 2017, we have prepared the following "responses to questions" by the Planning Commissioners regarding the proposed changes to the traffic reduction and transportation improvement fee (TR/TIF).

Please note: As stated during the meeting, the impact fees proposed by the consultant in the nexus study are the *maximum* fees that the City may adopt under the updated fee program while remaining in compliance with AB 1600 (also known as California Government Code 66000 *et seq.*, or the Mitigation Fee Act). Council has the discretion to implement fees as recommended for some land uses and impose lower fees on other land uses or all land uses, if considered appropriate as a policy decision.

Below please find a list of questions that were raised during the Public Hearing on June 14, 2017, and response to each question.

1) What is the justification for including specific improvements on the Needs List?

In order to comply with the nexus requirements in Sections 66001(a) and (b) of the Mitigation Fee Act, the City must identify how the fee is to be used. If the fee will be used for financing public facilities, the facilities must be identified. For example, this identification can be fulfilled by reference to general or specific plans, other public documents that identify the public facilities, or a capital improvement program (CIP). While a municipality is not required under AB 1600 to source all its Needs List items from its CIP, General Plan, and other public documents, it is considered best practice to do so: Linking the listed improvements to City-approved plans makes the impact fee program more defensible against legal challenges.

Regarding the City of Pasadena, all projects on the Needs List have been approved by the Council. The rationale for funding each project through the fee program, including the new buses (net over existing) and other local transit improvements, is documented in the General Plan and other sources that were established prior to the impact fee update:

- 2015 General Plan – Mobility Element
- Transportation Capital Improvement Projects (CIP)
- Intelligent Transportation Systems (ITS) Master Plan Framework
- Bicycle Transportation Action Plan
- Pedestrian Plan (linked to Specific Plans)
- Americans with Disabilities Act (ADA) Transition Plan

These sources explain why certain facilities are considered necessary to mitigate the traffic/transportation impacts of future development.

2) Why is it that more innovative projects, such as street cars and bike-share systems, cannot be added to the Needs List?

As mentioned above in **Question 1**, all projects on the Needs List have been approved by the City Council. The DOT has developed a legally defensible list of capital facilities improvements in line with adopted policies. In the proposed fee program, the total transportation improvement project costs allocated to new development are approximately $127 million. Street car improvements entail considerable cost (estimated at $100 million), and these projects are not officially approved or identified in public documents. Therefore, the nexus requirements would be more difficult to fulfill, and the updated fee program would be more likely to be challenged – especially as the proposed fees would be higher as a result of the addition of the street cars. Similarly, the City's bike-share system is currently funded as a pilot program and is not identified as a project in the Mobility Element of the General Plan. Because the City's commitment to continuing the bike-share program is neither certain nor well-documented, the DOT, in consultation with DTA, recommends against adding bike-share improvements to the Needs List. The current version of the Needs List is more likely to withstand legal scrutiny.

3) Why do buses and transit projects comprise such a large portion of the total facilities costs allocated to new development?

The buses and transit projects on the Needs List were deemed necessary to meet the City's stated objectives. In particular, the source identifying the need for the local transit improvements enumerated on the Needs List is the *2015 General Plan – Mobility Element.* Please note that in compliance with AB 1600, only capital improvements related to the needs of new development (e.g., new buses) are included on the Needs List; all maintenance and service costs (e.g., bus driver wages) on both new and existing buses are excluded.

One hundred percent (100%) of total project costs for the following local transit improvements was allocated to new development:

1. New Buses to Support General Plan (net over existing): $98,872,426
2. Facility to Support General Plan (net over current proposed): $20,000,000

Since these facilities cost amounts are "net over existing" or "net over current proposed," new development would be paying its fair share (100%) of the cost of these improvements under the proposed fee schedule.

According to the Mobility Element, Section 4.2: Fixed Route Services (p. 16), "The City's local transit service, Pasadena Transit, has undergone significant development since its inception in 1994. Current plans include continued support to the Gold Line Foothill extension, increased service levels, and [to] increase the existing fleet with the acquisition of additional new clean-fuel vehicles. The Short Range Transit Plan outlines future headway increases in existing routes and potential expansion of services." Therefore, given the plans' emphasis on improving service levels, expanding routes, and increasing the existing fleet of buses to meet the City's future needs, the DOT has determined that capital improvements related to local transit should be included in the Needs List.

Justification for the local transit facilities improvements is provided in the Mobility Element sections listed below:

- **Section 2.0:** Purpose of the Mobility Element
- **Section 3.1:** Issues
- **Section 4.1:** Local Transportation System
- **Section 4.2:** Fixed Route Services
- **Section 4.11:** Regional Transportation Services
- **Section 4.12:** Public Transit

In addition, the inclusion of the local transit projects is aligned with the following policies listed in the Mobility Element under **"Objective 2: Encourage walking, biking, transit and other alternatives to motor vehicles"**:

- **Policy 2.1:** Continue to support the construction of the Gold Line Foothill Extension transit service and the expansion and use of regional and local bus transit service.
- **Policy 2.2:** Seek funding to enhance accessibility by increasing routes, frequency and hours of operation for Pasadena's transit system throughout the community.
- **Policy 2.3:** Provide convenient, safe and accessible transit stops.
- **Policy 2.4:** Facilitate coordination between transit providers to improve seamless transit service.

4) Will second units located within Single Family Residential parcels be subject to the impact fee?

Whether second units (e.g., in-law apartments) will be exempt from or subject to the updated impact fee is at the City's discretion. The DOT, in consultation with DTA, recommends that second units be defined under the fee program as Multi-family Residential units: Thus, new second units would be charged the Multi-family fee. Because a second dwelling unit ostensibly contributes to citywide transportation and traffic impacts resulting from growth by housing additional residents beyond those residing in the single family home with which it shares a parcel, we believe it is equitable and defensible to include second units in the fee program.

5) What are the current exceptions to the fee?

Under Municipal Code Section 4.19.050, the following new developments are excepted from payment of the fee:

A. The reconstruction of any building destroyed or damaged by fire, explosion, natural catastrophe or "Act of God" to the extent that the reconstruction does not add to the floor area of the structure prior to its being damaged or destroyed;

B. Any development for which a building permit has lawfully been issued prior to the effective date of the ordinance codifying the TR/TIF;

C. Developments with plans complying with the following:

1. The plans were deemed complete by the building official prior to the effective date of the ordinance codifying the TR/TIF; or
2. Project entitlements were issued prior to the effective date of the ordinance codifying the TR/TIF.

D. Parking structures, facilities, and areas; and

E. Affordable Housing Incentives.

1. The traffic reduction and transportation improvement fee is waived for all for-sale or rental affordable housing units built on-site. Affordable housing units built off-site shall receive a 50 percent discount on the traffic reduction and transportation improvement fee,
2. For-sale or rental workforce housing units shall receive a 50 percent discount on the traffic reduction and transportation improvement fee when at least 15 percent of a development is within the price range of 121 to 150 percent of Average Median Income (AMI) for Los Angeles County,
3. For-sale or rental workforce housing units shall receive a 35 percent discount on the traffic reduction and transportation improvement fee when at least 15 percent of a development is within the price range of 151 to 180 percent of Average Median Income (AMI) for Los Angeles County.

6) Why is the proposed Single Family Residential (SFR) fee so much higher than the existing fee?

The current impact fee, adopted by Council in July 2006, was calculated using a different methodology than the proposed fee. Specifically, the current fee is vehicular trip-based, whereas the proposed fee is based on Vehicle Miles Traveled (VMT). As reflected in the

City's own Travel Demand Forecasting (TDF) model, each vehicular trip generated by a single family detached home is longer on average than a vehicular trip generated by other land uses. Because a single family unit generates longer trips, it makes greater use of the City's streets, transit facilities, and appurtenant infrastructure, thereby requiring a higher fee than other land uses. Notably, the TDF model also forecasts a <u>decline</u> in net SFR units by 337 homes between 2016 and 2035, with a corresponding drop in VMT of approximately 33,259. While there is an anticipated decline in *net* SFR units, it is also true that developers will continue to build new SFR units over the fee study period (2016-2035) to meet a continuing level of demand for these new homes. As a result, the continued imposition of an impact fee on new SFR units is necessary: Without these fees, the impacts of a particular developer's new single family units on the City's transportation system would not be mitigated. The proposed fee to be assessed on this land use category to mitigate the impacts of a new single-family detached home on the citywide traffic/transportation system was therefore calculated based on the VMTs estimated to be generated by all SFR units in target year 2035 (rather than the change in VMT over the fee study period, which would have yielded a negative fee for SFR).

Should you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

David Taussig
President, David Taussig & Associates