



Memorandum

TO: MICHAEL LIW
Deputy Director of Public Works

FROM: JOHN RISTOW
Deputy Director of
Transportation

**SUBJECT: INDUSTRIAL TRIP CREDITS
FOR US-101/OAKLAND/MABURY
TRANSPORTATION
DEVELOPMENT POLICY**

DATE: May 19, 2017

Approved

Date

COUNCIL DISTRICT: 3 and 4

This memo provides a mechanism for determining trip credits for new industrial developments that are exempt from the Traffic Impact Fee (TIF) program in the US 101/Oakland/Mabury Transportation Development Policy (TDP).

The TDP, adopted in 2007 and amended in 2009 and 2015, includes a TIF program that requires new development to make fair share contribution toward the construction cost of the interchange improvements as identified in the TDP. The fee, as determined by the Nexus Study in the TDP, is based on the number of new trips traversing through at least one of the five identified interchange intersections during the PM peak hour. In an effort to promote new industrial land use or intensification of existing industrial land uses in the area, the TDP allocates 115 PM peak hour trips at the interchange intersections to be trips generated by future industrial growth that are exempt from the TIF program. Qualified industrial development would receive trip credits from the 115-trip pool until the pool is exhausted.

ELIGIBILITY

The following industrial land uses are eligible for industrial trip credits:

- Manufacturing and assembly (light, medium and heavy)
- Laboratory, processing
- Research and development
- Warehouse/distribution facility
- Wholesale sale establishment
- Wineries, breweries (including incidental off-sale of alcoholic beverages)
- Trade & vocational school

For the purpose of trip credit calculations, development sites that are composed of one or more discontinuous parcels shall be considered as a single development.

TRIP CREDITS

A traffic study shall be conducted to estimate the amount of trip credits a qualified industrial development would receive. Trip credits are estimated using a four-step process: (1) trip generation, (2) trip distribution, (3) trip assignment, (4) trip credits.

Trip Generation

In determining project trip generation, the magnitude of traffic entering and exiting the development is estimated for the PM peak hour. Trip generation rates for the proposed development vary based on the type of intensification. As shown in Table 1, intensification of an existing industrial development could happen by adding new building area, increasing the amount of off-street parking, or both. If the development proposes to increase *both* the building area and the number of off-street parking, intensification by building area or intensification by parking spaces, whichever is higher, shall be selected. Trip generation for the proposed development is compared with that of the pre-existing legally established development on the subject site to determine the overall net trip generation.

Table 1: Trip Generation Rates for Industrial Developments

Development Type	PM Peak Hour Trip Rates¹
New development	Measured in trips per 1,000 square feet gross floor area
Existing development intensified by building area only	Measured in trips per 1,000 square feet gross floor area
Existing development intensified by off-street parking only	Measured in trips per employee (assuming one off-street parking space equates to one employee)
Existing development intensified by both building area and off-street parking	Measured in trips per 1,000 square feet gross floor area, or trips per employee, whichever generates the higher percentage of intensification

1. Trip generation rates shall be obtained from the latest edition of the Institute of Transportation Engineers (ITE) Trip Generation Handbook.

Trip Distribution and Trip Assignment

An estimate is made of the directions which the project trips would travel, based on traffic patterns on the surrounding roadway system and on the locations of complementary land uses. The net project trips are then assigned to local transportation network to determine the number of new trips traversing the interchange intersections during the PM peak hour.

Trip Credits

Trip credits are calculated based on both the estimated number of new peak-hour trips at the interchange intersections (i.e. trip assignment) and the level of intensification. Table 2 outlines

the methodology for allocating trips to existing developments based on the percentage of intensification. If the percentage of intensification is greater than 90% of the existing site, no trip credits would be given. As the percentage of intensification decreases, the amount of trip credit increases. This framework provides incentives to existing industrial developments and facilitates reinvestment in more traditional industrial activities.

Table 2: Trip Credit Incentive

Intensification	Trip Credit Incentive
>90%	0% (except for warehouse/distribution or manufacturing/assembly facility of up to 30,000 square feet, to which 1 trip credit shall be provided)
>80% and <=90%	20% (maximum of 10 trips)
>70% and <=80%	40% (maximum of 10 trips)
>60% and <=70%	60% (maximum of 10 trips)
>50% and <=60%	80% (maximum of 10 trips)
>0% and <=50%	100% (maximum of 10 trips)

To ensure the trip credit pool is allocated to multiple developments, a maximum of 10 trips shall be allocated per new development or intensification project on a first-come, first-serve basis, until the pool of 115 industrial trip credits is exhausted. In addition, a minimum of one (1) trip shall be allocated for a new or intensification of a stand-alone warehouse/distribution or manufacturing/assembly facility of up to 30,000 square feet in size. The one-trip minimum credit will provide the incentive to small industrial developments regardless of their level of intensification. For example, if an existing warehouse of less than 30,000 square feet in size proposes to intensify by more than 90%, it would still receive one (1) trip credit.

An economic subsidy valued at \$100,000 or greater pursuant to California Government Code Section 53083 shall be brought forward for review by the San Jose City Council.

/s/

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For questions please contact Ramses Madou, Transportation Planner Manager, at 408-975-3283.