

Technical Memorandum

Date: November 19, 2025

To: Joe Smithonic, Program Manager, Contra Costa Public Works Department

From: Julie Morgan, Fehr & Peers

Subject: Supplemental Information for Contra Costa County Fee Reduction Policy

WC24-4140

In response to a request from Contra Costa County, Fehr & Peers prepared a technical memorandum dated January 31, 2025 providing technical support for the County's adjustment of their transportation impact fee programs (also called Area of Benefit, or AOB, programs) on residential development. The impetus for the analysis presented in that memorandum was state legislation known as AB 3177, adopted in September 2024, that modified a section of the Mitigation Fee Act (Government Code section 66005.1) to specify that transportation impact fees should be reduced for residential developments that meet certain requirements related to proximity to a transit stop, proximity to convenience retail uses, and limited provision of parking, to reflect the fact that such residential developments typically generate vehicle trips at lower rates than developments that do not exhibit those characteristics.

The analysis presented in the January 31, 2025 technical memorandum estimated the trip generation effects of residential development in Contra Costa County that would meet the criteria set forth in AB 3177. This analysis used a methodology called MXD+, which was designed to address limitations in the conventional ITE Trip Generation methodology and which was built off of empirical data gathered at a wide range of "mixed-use development" sites around the country. Mixed-use sites are by definition those that do not have just a single use (i.e., they are not all residential or all commercial) but instead have a mixture of different types of uses. The sites included in the MXD+ methodology have relatively dense development with a variety of jobs and housing in close proximity, have convenient ways for residents and employees to travel between the various parts of the development, and typically have convenient transit service available. While the MXD method does not specifically include parking ratios as an input variable, it is



typically the case that mixed-use developments with the attributes described above also have limited parking supplies compared to developments without those attributes. Compared to other modeling tools available, the MXD+ methodology was considered to be the most appropriate tool for evaluating how the trip generation of residential developments that meet the AB 3177 criteria would differ from the trip generation of developments that do not meet those criteria, thus providing a basis for the County to set a numerical rate for the fee reduction to apply to residential developments that meet the criteria.

Since that memorandum was prepared, additional state legislation known as SB 358 has been adopted and goes into effect on January 1, 2026. This legislation makes further modifications to that same section of the Mitigation Fee Act by making small changes to the eligibility criteria. To be eligible for a fee reduction, residential developments would still need to be close to a transit stop, be proximate to a mix of retail and other land uses, and have limited provision of parking, so the overall concept of the eligibility criteria remains the same. This new legislation adds more specificity to the definition of the types of land uses that an eligible residential project should be proximate to by listing nine specific types of uses (such as grocery stores, restaurants, and schools, among other things) and also adds more specificity to the definition of what would be considered limited provision of parking.

The changes in eligibility criteria contained in SB 358 are relatively minor in nature and serve to add specificity to the concepts that were already addressed earlier in AB 3177. These minor changes would not change the application of the MXD+ methodology described in the January 31, 2025 technical memorandum and thus would not change the conclusions presented in that memorandum.