

November 2, 2016

Teresa Roberts
Manager, Sustainable Communities Policy and Planning Section
California Air Resources Board Air Quality Planning and Science Division
9500 Telstar Avenue
El Monte, CA 91731

Dear Ms. Roberts,

SLOCOG staff thanks you and your staff for the opportunity to review and revisit our regional GHG reduction targets. We understand that your Board is required to update the targets at least every eight years. As you know, the targets established for the San Luis Obispo Council of Governments' (SLOCOG) region were an 8% decrease for both 2020 and 2035 relative to the 2005 levels. Our 2014 RTP/SCS was able to achieve a 9.4% per capita decrease from 2005 to 2020 and a 10.9% per capita reduction from 2005 levels to 2035. These achievements were based largely upon the anticipated level of funding (Federal, State, Local, and Extraordinary) reasonably anticipated in our twenty year plan.

At this time in SLOCOG's RTP update cycle, new growth and financial forecasts are unavailable to develop new scenarios and targets based upon technical modeling tools and efforts. Over the next two and a half years, we will be developing our 2019 RTP. New growth forecasts are anticipated in February 2017; updated modeling information, methodology, and EMFAC2014 integration expected by June 2017; and updated financial projections are anticipated by December 2017. Ideally, new target recommendations would be grounded in these key foundational elements, using updated models.

The attached staff report, approved by the SLOCOG Board, more fully describes our challenge ahead and identifies the four primary issues that will hinder SLOCOG's ability to achieve our original GHG reduction targets. **In short, the SLOCOG Board recommends the original 8% reduction targets be maintained.**

Thank you to you and your staff for your helpful, coordinated, and cooperative efforts to see the regions of the state succeed in these endeavors. We look forward to working with your agency in the future.

Sincerely,



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SAN LUIS OBISPO COUNCIL OF GOVERNMENTS

STAFF REPORT

MEETING DATE: October 12, 2016

ITEM: B-4

SUBJECT: 2019 Regional Transportation Plan: Background, Requirements, and Target Recommendations

SUMMARY

SLOCOG is required to prepare and adopt a Regional Transportation Plan (RTP) directed at achieving a coordinated and balanced regional transportation system. In addition, the RTP must be action-oriented, fiscally-constrained, and pragmatic, considering both short-term (1-10 years) and long-term (11-20 years) periods, and be internally consistent.

The California Air Resources Board (CARB) is charged with assigning and periodically updating regional targets for the reduction of per-capita greenhouse gas (GHG) emissions associated with automobiles and light trucks. The 2014 RTP (adopted April 2015) achieved and exceeded the CARB targets. CARB is soliciting recommendations from each MPO regarding a possible new target for the year 2035 and intends to formally adopt new targets by the end of 2016. The new target would be in effect for SLOCOG's 2019 RTP. Ideally, new target recommendations would include key foundational information (growth and financial forecasts), an approved methodology, and using updated models. At this time in SLOCOG's RTP update cycle, new growth and financial forecasts are unavailable to develop new scenarios and targets justified through technical modeling tools and efforts.

Staff recommends that our region's 2020 target should be consistent with the original 8% reduction established for the region and met in our 2014 RTP/SCS. Meeting the 2020 target will be a challenge given the nature that 2020 scenario planning is based almost entirely on existing conditions rather than on differing land use scenarios and/or transportation investment packages. Staff recommends the 2035 target to also be consistent with the original 8% reduction due to recent transportation funding declines.

RECOMMENDATION

Staff: Review and Comment; Support Year 2020 and 2035 Greenhouse Gas Emission Reduction Target of -8%; and Direct Staff to Submit Reduction Target Recommendation to the California Air Resources Board (CARB) for Consideration.

TTAC: Support Staff Recommendation and desire to express to CARB their strong concerns of achieving this target given the four identified issues.

CTAC: Support Staff Recommendation and concurred with TTAC concerns.

DISCUSSION

As a Metropolitan Planning Organization (MPO), SLOCOG is required to prepare and adopt a Regional Transportation Plan (RTP). This long-range plan is directed at achieving a coordinated and balanced regional transportation system including, but not limited to, public transit, highway, rail, maritime and harbors, bicycle, pedestrian, goods movement and aviation. In addition, the RTP must be action-oriented, fiscally-constrained, and pragmatic, considering both short-term (1-10 years) and long-term (11-20 years) periods.

Through careful planning and coordination of land use with transportation, the RTP can help our local economy thrive and give everyone a chance to live in a healthy, vibrant community. The objective is to accommodate growth while still maintaining our quality of life. We can create choice to allow more trips to occur outside of a solo vehicle, benefitting the environment and the individual. Additionally, the state requires regional agencies like SLOCOG to achieve greenhouse gas (GHG) reductions from cars and light trucks through the coordination of land use and transportation planning.

The California Air Resources Board (CARB) is charged with assigning and periodically updating regional targets for the reduction of per-capita GHG emissions associated with automobiles and light trucks.

SLOCOG's initial GHG reduction target (on a per-capita basis relative to 2005 levels) was -8% for 2020 and for 2035. Although not all the variables and technical methodology were firmly established in 2009, SLOCOG had completed many early, foundational steps (including growth forecasts and initial modeling) toward ultimately adopting the 2010 RTP/pSCS (preliminary SCS). This early work served to inform CARB's original (2010) targets for 2020 and 2035 for SLOCOG.

CARB is now soliciting recommendations from each MPO regarding a new target for the year 2035 and intends to formally adopt new targets by the end of 2016. The new target would be in effect for the SLOCOG 2019 RTP. According to CARB staff, updated targets for the next SCS cycle "should be consistent with the reductions that were achieved by [MPOs'] first SCSs."

Development of the SLOCOG 2014 RTP/SCS was a collaborative, multi-year effort, requiring profuse staff hours, modeling tool refinements, testing of multiple scenarios, and culminated in adoption in April 2015. For 2035, the 2014 RTP/SCS resulted in a -10.9% per capita reduction relative to 2005, exceeding the -8% target.

The MPO must prepare an Alternative Planning Strategy (APS) if the SCS is unable to reduce GHG emissions to achieve the reduction targets established by the ARB. The APS shall be a separate document from the RTP, but it may be adopted concurrently with the RTP.

RTP: Required Components and Issues

The RTP must be an internally consistent document and include the: Policy Element, Sustainable Communities Strategy (SCS), Action Element, and a Financial Element.

Policy Element

A policy element describes the transportation issues in the region, identifies and quantifies regional needs, and describes the desired short-range and long-range transportation goals, and pragmatic objective and policy statements. It should also explain how the financial commitments are consistent with and support the land use pattern and personal mobility objectives of the RTP.

Issue 1: Goal and policy changes (from the adopted 2014 RTP/SCS) should be reflective of public, stakeholder, and Board input.

Sustainable Communities Strategy (SCS)

The Sustainable Communities Strategy (SCS) is now a required element of the RTP as a result of SB 375 (2008). The SCS must identify areas within the region sufficient to house all the population of the region, including all economic segments of the population, over the course of the planning period of the RTP, taking into account net migration into the region, population growth, household formation, and employment growth. An SCS identifies a "forecasted development pattern" for the region, which is informed by the inventory of existing land use throughout the region, along with the identification of sites where future development can be located, while still reducing VMT and GHG emissions. The law establishes an approach to ensure that cities, counties, and the public are involved in the development of regional plans to achieve targets set by CARB for reducing GHG emissions. An SCS must also be consistent with the general plans of the region's jurisdictions.

Issue 2: The 2050 Regional Growth Forecast is underway. Modeling: methodology (approach and variables) must be submitted to, and approved by CARB (pending); and tool updates.

Regional Growth Forecast New population, housing, and employment forecasts are critical, foundational factors, to the SCS development. In preparation of the next RTP, SLOCOG has contracted with a consultant to prepare the new Regional Growth Forecast; adoption expected in February 2017. Since the 2011 forecast, new housing has met annual projections; averaging 564 new units per year (2011-2014). In order to continue to meet the past projections, new housing units must reach pre-recession levels of 1,300 new units per year. Any reduction in forecasted new growth impairs SLOCOG's ability to replicate the previously achieved per-capita reduction. The following pose additional challenges in achieving GHG reductions:

- The extremely high cost of housing in the central and coastal sub-regions will continue to ‘drive’ the more affordable segments of our housing market further from the job centers – resulting in increased VMT;
- Funding, to provide transportation investments that lead to a modal shift, has deteriorated;
- Resource constraints, such as worsening drought conditions have some agencies metering building permits and even suspending new permit activity to reassess water supply reliability;
- Williamson Act funding was cut – a key program to limit sprawl;
- Redevelopment agencies were dissolved – they provided a revenue source for infill development.

Modeling methodology and tool updates Adopted in April 2015, the development of SLOCOG’s 2014 RTP/SCS was a multi-year effort, requiring numerous staff hours, modeling tool refinements, developing and testing multiple scenarios grounded with an adopted growth forecast and available funding projections. Staff will submit to CARB its modeling methodology, tool integration, and assumptions for approval in Spring 2017. CARB staff have previously identified the SLOCOG Base model year (2010) as adequate for the next RTP/SCS. For the 2014 RTP/SCS, staff developed, and CARB accepted, the approach to estimate 2005 emission levels for target reduction scenario comparison purposes.

The GHG results from the 2019 RTP will be based upon new scenario modeling using integration between SLOCOG’s Regional Land Use Model (RLUM) and Regional Traffic Model (RTM) and CARB’s Air Quality model and any off-model tools. The RLUM, developed using CommunityViz software, underwent a major overhaul in preparation of the 2014 RTP/SCS. After minor updates, the RLUM is prepared to develop land use scenarios utilizing parameters such as: draft goals, public input, infrastructure limitations, and the adopted 2050 Regional Growth Forecast. Land use exports are used as inputs to the RTM. After minor updates/considerations including information from the new California Statewide Travel Demand Model, the RTM will be ready to develop VMT outputs resulting from the new growth projections, financially-constrained transportation investments, draft goals, and public input. RTM exports are then used in CARB’s new Air Quality model: EMFAC 2014 (the 2014 RTP used the prior version, EMFAC2011-SG). Staff still must review, test, integrate with RTM outputs, and update its modeling methodologies prior to submittal for CARB review

The 2014 RTP/SCS included: Land use and transportation strategies to address regional GHG emissions, transportation planning and investment strategies incorporating the “D” Factors (built environment characteristics including: Design, Density, Diversity, Destination, and Distance to Transit), transportation demand management, target development areas (TDAs), and RTP policies that support sustainable growth and land use principles. To date, staff has not assessed off-model assumptions/tools or quantified their reduction on regional GHG. These could include the effects of: Electric vehicle penetration and electric charging stations, impacts of transportation network companies (i.e., Uber and Lyft), autonomous vehicles, or parking pricing strategies.

Any significant investment in improving or expanding the existing modeling tools is not cost-effective at this time. SLOCOG, with its partners AMBAG and SBCAG, received a state grant to build a new, state-of-the-practice, five-county, Activity Based Model (ABM). The ABM will be completed after the 2019 RTP is adopted.

Action Element

The Action Element of the RTP must describe the programs and actions proposed to be completed within the twenty-plus year time frame of the RTP. All transportation modes are addressed: highways, local streets and roads, public transit, rail, maritime, bicycle, pedestrian and aviation facilities and services. It consists of short and long-term activities that address regional transportation issues and needs and assigns implementation responsibilities.

Issue 3: The collapse of available State Transportation Improvement Program (STIP) funding used to support major operational improvements, interchanges and intersection improvements (in 2016, the CTC deleted \$7 million previously allocated to SLOCOG and programmed zero (0) new funding for the five-year cycle (ending 2020/21). This funding is critical not only for current congestion relief but to also address the transportation needs of future development.

Financial Element

The Financial Element is fundamental to the development and implementation of each RTP. This element distinguishes the federal, state, regional, and local revenues expected by the region over the next 20 years. Both federal regulations and state statutes require that the RTP be *financially constrained* -- meaning the plan is based on realistic projections of revenue. Transportation funding is often required to provide necessary infrastructure to allow for growth within our target development areas. Any significant reduction of funding will impact the ability for SLOCOG to provide funds for new infrastructure – thereby reducing VMT to achieve lower emissions. The most pressing issue we face is that our ability to achieve our goals is now in jeopardy due to the changed state and federal funding landscape since the adoption of our 2014 RTP/SCS.

Issue 4: Results should be grounded in fiscal constraint taking into account recent (and pending) financial changes. Since the 2014 RTP/SCS, funding projections must be reassessed due to: Federal funds through the FAST Act, State revenues and changes to State fund distributions and priorities, local measures and impacts, and presumed extraordinary funds.

Federal Funds

The FAST Act: On December 4, 2015, Fixing America's Surface Transportation (FAST) Act was signed into law. A \$305 billion, five-year (2016 through 2020) program, it is the first federal law in over a decade to provide long-term funding certainty for surface transportation infrastructure planning and investment for highway, highway and vehicle safety, public transit, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs. After projecting revenues expected from the current 18.4 cents-per-gallon gas tax (last adjusted in 1993), Congress had to backfill \$75 billion (25%) primarily using Federal Reserve fund transfers.

State Funds

- Gas tax fund reductions (declining cents/gallon and consumption) and future changes to transportation funding;
- State formula funds for highway/roadway improvements (STIP), funding reduced and delayed by years (in May 2016);
- Cap-and-trade funds are competitive and not formula-based making revenue assumptions unstable;
- State has shifted away from fair-share formula funds to competitive/grant funds with a focus of funding toward “Disadvantaged Communities” and to areas with high matching funds;
- Primary focus of recent State transportation legislation is on “Fix-It-First” (road and highway maintenance) exclusive of congestion relief;
- No legislation passed to address funding issues.

Local Funds

- Atascadero General Fund Sales Tax increase (approved by voters Nov. 2014, following 2014 RTP/SCS assumptions); all other six cities were included.
- Measure J – Self-Help Local Transportation Investment Plan (voters to consider in Nov. 2016; requires 2/3rd voter approval);
- Future pending reduction of local general funds attributable to closure of PG&E’s Diablo Canyon Nuclear Power Plan (estimated for 2025).

Extraordinary Funds

The 2014 RTP/SCS assumed \$528 million of extraordinary funds (State or Federal), primarily for SR 46E widening and long-term U.S. 101 improvements. This amounted to 24% of the total \$2.2 billion dollars projected to be available for transportation expenditures between 2015 and 2035. The likelihood of such funding is dismal with Congress disallowing earmarked projects and minimal funding projected on the State-competitive Interregional Transportation Improvement Program (ITIP) that funded widening sections of SR 46E.

Target Recommendations:

Staff shall strive to achieve and exceed these targets as it did in the adopted 2014 RTP/SCS. With projected funding of \$2.2 billion to 2035, the 2014 RTP/SCS modeled a -10.9% GHG reduction. Newly restored State funding is needed to approach that reduction level in 2035. Staff believes it is imperative

that CARB parallel our efforts to secure adequate financial resources for RTP project development either supported through the Cap-and-trade program or other means.

1. Recommend the 2020 target to be maintained at the original reduction target (-8% per-capita basis relative to 2005 levels) established for the region by CARB. Meeting the 2020 target will be a challenge given the nature that 2020 scenario planning is based almost entirely on existing conditions rather than on differing land use scenarios and/or transportation investment packages.
2. Recommend the 2035 target be maintained at the original 8% per capita reduction established for the region by CARB. Meeting the 2035 target will be challenging given the recent transportation funding declines. The timing of the request to identify a higher, achievable, GHG reduction target is ill-timed as it is in advance of scenario testing using integrated modeling tools grounded with foundational information including an adopted 2050 Regional Growth Forecast.

Environmental Impact Report

A program Environmental Impact Report is required to analyze the environmental impacts of implementing their RTP. The purpose of the program EIR is to enable the MPO to examine the overall effects of the RTP (i.e., broad policy alternatives, program-wide mitigation, growth-inducing impacts and cumulative impacts can be considered at a time when the agency has greater flexibility to avoid unnecessary adverse environmental effects). Additionally, environmental documents subsequently prepared for the individual projects contained in the RTP can be “tiered-off” of the program EIR, thus saving time and reducing duplicative analysis. The 2010 RTP/pSCS EIR consultant cost was \$101,000. The 2014 RTP/SCS EIR Addendum consultant cost was \$10,700.

BACKGROUND

Past and recent legislation is summarized below.

SB 32 (2016): Require greenhouse gas emissions to be 40% below 1990 levels by 2030, a more aggressive set of mandates than those established by California's landmark climate change law, AB 32, enacted in 2006.	Lawmakers gave their final stamp of approval to both measures in September. Gov. Jerry Brown signed the legislation, a significant victory for supporters after it appeared unlikely that the issue would gain traction in the final month of the legislative session. More steps may be pursued next year to safeguard cap-and-trade from a lawsuit that claims the program is an unconstitutional tax.
AB 197 (2016): Require new oversight of the state's ARB, and require future rules to be designed with an eye toward the impact on low-income communities.	
Executive Order B-32-15 (July 2015): Issued by Gov. Brown to prioritize California's transition to a more efficient and less polluting freight transportation system. This transition of California's freight transportation system is essential to supporting the State's economic competitiveness in the coming decades while reducing greenhouse gas emissions and air quality impacts.	Directed State agencies to develop an integrated action plan by July 2016 that established clear targets to improve freight efficiency, transition to zero-emission technologies, and increase the competitiveness of California's freight system. It is suggested that regional transportation planning agencies consult the California Sustainable Freight Action Plan when developing the freight-related strategies in their respective RTPs.
SB 743 (2013): Requires an update in the metric of transportation impact used in CEQA from Level of Service and vehicle delay to one that promotes the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Per ARB Vision Model results, reductions in VMT growth are needed to achieve sufficient greenhouse gas emissions reduction for climate stabilization, as reflected in executive orders on 2030 and 2050 greenhouse gas targets.	The regulatory language (CEQA Guidelines changes) to implement the law are pending (as of Fall 2016), though VMT has been identified by the Governor's Office as the preferred metric to determine significant impacts. A future update of the RTP Guidelines will capture any “shoulds” or “shalls” resulting from the formal rulemaking process.
SB 375 (2008): SB 375 brings the RTP and the Regional Housing Needs Allocation (RHNA) process together to create a link between housing and transportation that will help reduce VMT and reduce the generation of GHG emissions per-capita.	Expanded the overall scope of the RTP requiring the inclusion of a SCS that includes a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the GHG emissions from automobiles and light trucks to achieve, if feasible, the GHG emission reduction target approved for the region by CARB.
AB 32 (2006): California originally passed first-of-its-kind legislation on climate change and gave broad authority to ARB to develop programs to achieve reduction goals.	