

September 17, 2009

The following comments were provided by the Orange County Transportation Authority, for consideration by the committee.

I. Introduction

B. Senate Bill 375 Requirements for Target Setting

SB 375 is landmark legislation that aligns regional land use, transportation, housing and greenhouse gas reduction planning efforts. It requires ARB to set greenhouse gas emission reduction targets for passenger vehicles and light trucks for 2020 and 2035. Cal. Govt. Code § 65080(b)(2)(A). The targets are for the 18 Metropolitan Planning Organizations (MPOs) in California. MPOs are responsible for preparing Sustainable Community Strategies (SCS) and, if needed, Alternative Planning Strategies (APS), that will include the region's strategy for meeting the established targets. Cal. Govt. Code § 65080(b)(2)(B). An APS is an alternative strategy that must show how the region would, if implemented, meet the target if the SCS does not. Cal. Govt. Code § 65080(b)(2)(H).

In the region governed by the Southern California Association of Governments (SCAG), SB 375 proscribes a specific process for the development of a subregional SCS and APS (as applicable) jointly by the subregional council of governments and the county transportation commission. In this region, SCAG shall include the subregional SCS and APS in the regional SCS and APS if it complies with the applicable provisions, after reconciling any conflicts and ensuring overall coordination. Cal. Govt. Code § 65080(b)(2)(C). This unique regional process should be recognized as the ARB moves forward with target setting and the overall SCS/APS process, ensuring the crucial participation of the subregional entities in this region.

Prior to setting targets for a region, ARB is required to exchange technical information with each MPO and the affected air districts. Cal. Govt. Code § 65080(b)(2)(A)(ii). In establishing the targets, ARB must take into account greenhouse gas emission reductions to be achieved by improved vehicle emission standards, changes in the carbon-intensity of fuels and other measures it has approved that will reduce greenhouse gas emissions in affected regions. Cal. Govt. Code § 65080(b)(2)(A)(iii). As these factors may change, ARB may revise the targets every four years, and at a minimum, must update them every eight years. Cal. Govt. Code § 65080(b)(2)(A)(iv).

The targets may be expressed in gross tons, tons per capita, tons per household, or in any other metric deemed appropriate by ARB. Additionally, each MPO may recommend a target for its region. Cal. Govt. Code § 65080(b)(2)(A)(v).

Once regional strategies that meet the targets are in place and approved by ARB (Cal. Govt. Code § 65080(b)(2)(I)(ii)), SB 375 includes California Environmental Quality Act (CEQA) incentives, which allow for streamlined environmental review of projects that meet specific criteria outlined in the bill. Cal. Pub. Res. Code §§ 21155.1, 221159.28.

Once the targets are set, SB 375 requires MPOs to integrate their region's greenhouse gas emission reduction target for automobiles and light-duty trucks into their next Regional Transportation Plan (RTP) development process. Under federal and state

law, each of the 18 California MPOs are required to develop an RTP. SB 375 adds a new state requirement to include an SCS, which includes an underlying land use allocation for the RTP tied to the regional transportation system and resulting greenhouse gas reduction. The SCS is a fourth element added to three other existing elements (policy, financial, and action) that constitute a region's long range RTP.

RTPs are approved by an MPO's board, along with the certification of the RTP Environmental Impact Report (EIR) and a transportation conformity determination that ensures the region is on track to meet federal air quality requirements. The documents are then transmitted to the Federal Highway Administration, Federal Transit Administration, and U.S. Environmental Protection Agency for joint consideration. The RTP serves as one of the key documents used by the federal government to identify and fund transportation projects, programs, and services in a region. Since the SCS is part of the RTP, the resulting document must comply with all applicable state and federal requirements, including financial constraint and the use of latest planning assumptions.

SB 375 requires an additional document, the APS, to be created by an MPO, or subregional entity, as appropriate, that has determined it will not reach its region's target through its SCS. The APS is a separate document and is not required to meet federal and state requirements for RTPs, however, the APS may be adopted concurrently with the RTP. The APS is meant to "bridge the gap" between the greenhouse gas emission reductions an SCS can achieve and a region's target, set by ARB.

Finally, SB 375 sets out a very limited role for ARB in determining how the targets will be achieved. Specifically, after assigning targets, ARB's role is to assure the accuracy of the methodology selected by each MPO and then to determine whether the SCS, or the alternative, the APS, would achieve the target if implemented. Thus, the policy choices relating to how the MPO will achieve the target are left to the region.

D. RTAC Guiding Principles

To guide its efforts, the Committee agreed to the following principles:

- Minimize administrative burden in program implementation or tracking;
- Encourage regional and sub-regional cooperation rather than competition;
- Avoid conflicting statutory requirements, if any;
- Maximize integrated system-approach allowable under the law;
- Maximize co-benefits of air quality, mobility, and economic growth;
- Maximize transparency and clarity to gain public support;
- Use metrics that measure cost-effectiveness;
- Maximize social equity; and,
- Emphasize the need for a secure, state source of transit funding.

II. Regional Targets Advisory Committee Recommendations

Meeting the Target

The Committee understands and expects that with SB 375 implementation the science and data underlying land use and transportation planning will evolve and improve rapidly. As a result, we recognize that the tools and information ARB will have for setting targets by September 2010 may be different, depending on each region's schedule, from the tools and information that MPOs will have when they demonstrate how they will meet their targets. It is crucial that ARB, MPOs, and other stakeholders address this reality and design a process that can apply new tools and data to the RTP update process ~~as soon as they come available~~ in the next applicable RTP cycle, and can reconcile the new tools and data with the tools and data used to set the targets. It is similarly crucial that MPOs demonstrate the ability to reconcile the outputs of the various existing methodologies available to demonstrate attainment of their targets.

The Committee is recommending a strong role for the BMP list and BMP spreadsheet tool. Foremost is the value these bring as communication tools for the public and local governments. The BMP list and BMP spreadsheet tool provide actions that can be taken by local governments that include some indication of the magnitude of greenhouse gas emission reductions that can be expected. This makes articulation and implementation of the greenhouse gas reduction strategies easily identifiable and understandable to the public and elected officials.

For all MPOs, the BMP list can help form an action plan to supplement model compliance. And, the Committee recommends an option to allow small MPO regions the ability to use only the BMP tools to demonstrate compliance with the SB 375 targets set by ARB. The Committee discussed the option of recommending that all MPOs have the option of using the BMP list as the sole method of demonstrating compliance, and could not come to resolution. Prior to ARB deciding on this option, the Committee recommends ARB consider all pros and cons related to this decision.

Finally, as ARB staff proceeds into the next phase of SB 375 implementation, we recommend that ARB continue to maintain its high degree of transparency throughout the target setting process and beyond. As described in more detail below, ARB interactions with all stakeholders are key to the target setting process and to the success of the methods recommended by this Committee.

A. Target Setting Process

1. MPO/ARB Interaction

SB 375 encourages a high level of ARB interaction with key stakeholders throughout the target setting process as evidenced by the representation on the Committee as well as specific direction for ARB to exchange technical data with MPOs and the affected air districts. The success of the target setting process, therefore, is described best through

the collaborations that must continue to occur. Interaction with local governments, the public, air districts, other state agencies, and transportation and land use experts is important as discussed elsewhere in this report. The interactions between ARB and the MPOs are particularly critical given that the planning requirements of SB 375 fall to the MPOs to carry out.

The proposed process for setting greenhouse gas emission targets under SB 375 should center on collaboration among the MPOs and ARB, with support from Caltrans and the California Transportation Commission regarding modeling and regional transportation plan guidance. Technical input may also be solicited from other agencies, such as the Federal Highway Administration, Federal Transit Administration, and U.S. Environmental Protection Agency.

The target setting process will also require direct participation and buy-in from local jurisdictions, county transportation commissions (particularly for the ~~Southern California Association of Governments~~ SCAG region), affected air districts, and other major stakeholders. The MPO/ARB interactions and the emission reduction target setting process will be greatly enhanced with such a “bottom-up” process.

Specifically for the SCAG region, SCAG shall work directly with local county transportation commissions and councils of government within its region to develop the required information for each step in the process.

To ensure effective and efficient communication between ARB and the MPOs between now and September 2010, the Committee recommends the following process as a way to set the level of expectation about how that interaction could occur.

Step 1 MPOs, with input from applicable subregional entities, should prepare an analysis of their adopted fiscally constrained RTP, which includes its assessment of the location and intensity of future land use that is reasonably expected to occur by examining general plan based growth distribution and land use versus those without recent general plan land use policies. The analysis would include estimates of respective regional 2005 base year, 2020 and 2035 greenhouse gas emission levels (e.g., for defined “No Project” and “Project” alternatives included in a RTP EIR or other related assessment), using their existing models. MPOs would work together with ARB to ensure that consistent long-range planning assumptions are used statewide, to the degree practicable, in this analysis, including, but not limited to:

- Existing and forecasted fuel prices and auto operating costs
- Reasonably available federal and state revenues
- Assumptions about fleet mix and auto fuel efficiency standards provided by ARB
- Demographic forecasts (e.g., aging of population and changes to household income and cost of living)
- Assumptions about goods movement-related travel impacts (e.g.

heavy-duty trucks, rail, seaports and airport)

Step 2 ARB uses the results from Step 1 to compile greenhouse gas emission estimates for each of the MPOs individually in the base year of 2005 and the target years of 2020 and 2035. ARB staff would then meet with the MPOs to share those results. This would result in a greenhouse gas emissions “baseline” against which further reductions from regional strategies developed in Step 3 and 4 can be compared.

Step 3 Using a bottom up approach with input from regional and local officials and stakeholders, the MPOs, and applicable subregional entities, would work with ARB to develop parameters

for preparing sensitivity analyses and multiple scenarios to test the effectiveness of various approaches that would help identify the most ambitious achievable greenhouse gas emission reduction strategies for 2020 and 2035. The policies and practices that could be incorporated into these alternative scenarios include, but are not limited to, those identified in the BMP list and may include such things as:

- Increased transportation funding and system investments in modes that will reduce greenhouse gas emissions, such as public transit, rail transportation, non-motorized transportation, and the like
- Shifts towards better land use / transportation integration, through means such as funding for supportive local infrastructure near public transit (e.g., smart growth incentive programs), and funding for regionally coordinated preservation of natural areas
- Changes in land use planning to promote infill, higher densities, mixed uses, improve pedestrian and bicycle connections, etc.
- Increased use of transportation demand management measures to reduce single-occupant vehicle (SOV) travel demand
- Increased use of transportation systems management measures that will improve system efficiency
- Various pricing options, including but not limited to express lanes, parking, and various fuel taxes
- Acceleration of more fuel efficient/clean fuels autos into the fleet mix than what is already required by adopted state vehicles and fuels programs
- Increase funding for and/or supply of housing affordable to the local workforce

In this step, the MPOs, applicable subregional entities and ARB would also identify the data inputs and

outputs that should be obtained from existing or new scenario assessments developed with existing travel demand and land use models, off-model tools, sketch planning analyses, or the BMP spreadsheet tool.

The Committee recommends that the data outputs be related to the performance indicators discussed in the performance monitoring section

later in this report.

Outputs may include those listed in the Performance Monitoring section, and may include:

- Greenhouse gas levels at target years
- Transportation performance measures
- Economic performance measures
- Other environmental performance measures
- Social equity performance measures

Efforts will also be made in this step to allow public participation in formulating alternative scenarios and determining output.

In identifying the measures to be used in developing these alternative scenarios, MPO staffs, applicable subregional entity staff, and ARB staff would use information from existing scenario assessments and cost-effectiveness studies wherever possible.

Step 4 MPOs ~~and~~ with input from applicable subregional entities, will analyze the alternative scenarios using a sketch planning tool, BMP spreadsheet tool, or other acceptable means, and forward the results to ARB, explaining the reasons for any difference in key outputs resulting from the various methodologies used to analyze scenarios. ARB would compile the results, and, combined with its review of empirical studies and other relevant information that relates to passenger vehicle and light truck greenhouse gas emissions (including new auto fuel efficiency standards and clean fuels), prepare a preliminary draft uniform statewide target for public review and comment.

At this time, an MPO may also submit a proposed regional target pursuant to provisions of SB 375, based on feedback from the applicable subregional entities, as appropriate.

Step 5 ARB considers feedback from MPOs and other stakeholders on the preliminary draft uniform statewide target, as well as any formal MPO regional target submittals received as part of Step 4, to assess whether any region's target should be adjusted either above or below the preliminary draft uniform statewide target.

Step 6 ARB staff recommends draft targets to its Board.

Step 7 ARB, MPOs, applicable subregional entities, and others continue to exchange technical information and modeling results prior to final target setting by September 2010. Efforts would be made in every step above to allow public participation in formulating alternative scenarios and determining output.

The process outlined above will require a significant effort by all participants within a relatively short period of time in order to allow ARB staff to submit draft targets to its Board by June 30, 2010 and final targets by September 30, 2010 in accordance with SB 375. Therefore, it is recommended that a specific schedule be developed by the participants, based on the following key milestones:

- Steps 1 through 4 should be completed by March 1, 2010;
- Steps 5 and 6 should be completed by June 30, 2010; and,
- Step 7 will be completed by September 30, 2010.

III. RTAC Recommendations and Comments on Implementation

H. Flexibility in Designing Strategy

Consistent with SB 375 and the Scoping Plan, the Committee recognizes that flexibility in designing strategies will be important to the State's ultimate success in reducing greenhouse gas emissions from passenger vehicles and light-duty trucks. As noted on page 48 of the Scoping Plan, "SB 375 maintains regions' flexibility in the development of sustainable communities strategies...The need for integrated strategies is supported by the current transportation and land use modeling literature." The Committee strongly recommends that the Board and ARB staff provide the MPOs with the flexibility to incorporate relevant local and regional measures that allow the MPO's to meet the ambitious and achievable targets appropriate to the region's unique characteristics.

The "bottom up" approach to regional planning that is being promoted through the California Regional Blueprint Planning Program and has been implemented by several MPOs throughout the State has proven to be the model that provides the flexibility that will be important for successful implementation of SB 375. Inherent in this approach is that each of the regions are able to develop strategies that fit the profile of the region in terms of demographics, economic development, market preferences, infrastructure, growth and the built environment. Central to the "bottom up" approach, as well, is the retention of local land-use decision making. It will be critical for the local governments to "buy-in" to the strategies developed to meet the greenhouse gas reduction targets and the collaborative nature of the Blueprint process involves the cities, counties and community to a great extent.

An additional reason for providing flexibility in designing strategies is due to the extended timeframe for changing land use patterns that will help achieve greenhouse gas reductions from urban infill, transit-oriented, and other master-planned community type developments. The first milestone in the timeline will be the setting of the regional targets, followed by the MPOs preparation of the SCS. Each region will then be required to prepare an EIR as part of the and adopt their RTP adoption process.

Local governments will then decide whether and how to amend their general plan and do the necessary zoning to accommodate the land-use changes in the SCS, which will require their own EIR and adoption process (some cities may have general plans and zoning already consistent with the SCS and may not have to go through this step). The general plan update and zoning changes will allow for a consistent project to be proposed and to begin the project entitlement process. Once the project is approved, it can begin seeking financing for the development costs and then pre-selling the required number of units in order to allow for construction to begin and the project built.

The Committee discussed that even in regions that are able to move efficiently through this process, development projects in response to the SCSs and APSs would be built in about the middle of the next decade. If a region were delayed in getting through the steps, the projects would come in around 2020 and beyond. In light of this, regions will need the flexibility to employ a suite of greenhouse gas reduction measures in order to

meet the 2020 targets. Nonetheless, land use changes will clearly realize a greater greenhouse gas reduction benefit for the 2035 target and such changes should begin as soon as possible to maximize those future benefits.