



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 02/18/2020

ITEM NO: 9

DATE: February 10, 2020
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Vehicle Miles Traveled Transition in California Environmental Quality Act (CEQA) Analysis
a. Approve Option 2 to Set Thresholds Consistent with the General Plan Future Year Vehicle Miles Traveled (VMT) Projections.

RECOMMENDATION:

Vehicle Miles Traveled Transition in CEQA Analysis

- a. Approve Option 2 to set thresholds consistent with the General Plan future year Vehicle Miles Traveled (VMT) projections

BACKGROUND:

On September 27, 2013, Governor Jerry Brown signed Senate Bill 743 into law and started a process to change transportation impact analysis for purposes of CEQA compliance. The new law directed the Governor's Office of Planning and Research (OPR) to update the *CEQA Guidelines* to include new criteria and metrics for determining the significance of transportation impacts. OPR selected vehicle miles traveled (VMT) as the new transportation impact metric, recommended its application Statewide, and submitted updates to the *CEQA Guidelines* that were certified by the Natural Resources Agency in December 2018.

The Town of Los Gatos is the lead agency for environmental clearance under CEQA for projects within the Town's jurisdiction. As such, the Town is required to implement the new *CEQA Guidelines* immediately, but no later than July 1, 2020. Fehr & Peers has been hired to assist the Town in preparing its *Transportation Analysis Policy and Guidelines* using VMT and any other updates to the Town's local transportation policies, as the Council deems appropriate.

PREPARED BY: Ying Smith
Transportation and Mobility Manager

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Director, and Parks and Public Works Director

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BACKGROUND (continued):

The Town Council and Planning Commission held a joint Study Session on October 8, 2019 on the topic as an introduction to the new requirements, concepts, and other provisions. At its January 21, 2020 meeting, the Town Council discussed how vehicle miles travelled (VMT) and level of service analysis (LOS) would work together in evaluating future development projects.

DISCUSSION:

The Town is working towards the adoption of its *Transportation Analysis Policy and Guidelines* in compliance with the CEQA Guidelines, which would include: (1) a VMT analysis method, (2) impact thresholds that are supported by quantitative evidence, (3) determination of whether VMT impact screening is allowed, and (4) mitigation measures with associated VMT reduction impacts. Attachment 1 contains *Senate Bill 743 Implementation White Paper Summary for Town of Los Gatos*, which summarizes these four topic areas and options for the Town's consideration. In addition to the analysis method for land use projects, the Town's *Transportation Analysis Policy and Guidelines* would also address analysis for transportation projects, Specific Plans, and General Plans. It would also include an assessment of how the Town's General Plan would influence future transportation analysis.

Since these four topic areas are inter-related, staff has conducted preliminary analysis on all four questions and will present recommendations on each topic area to the Council over the next month or two. The Town Council will have the option of revisiting prior decision points with the final adoption of the new *Policy and Guidelines*. Among the four topics identified above, an initial decision on the threshold question will inform the other three decisions and is the subject of this report.

OPR Recommendation on the Threshold

Since SB 743 introduces a new mandatory VMT metric for use in CEQA analysis, lead agencies need to determine what constitutes acceptable and unacceptable levels of VMT. To help aid lead agencies with SB 743 implementation, OPR produced the *Technical Advisory on Evaluating Transportation Impacts in CEQA*. OPR recommends "that a per capita or per employee VMT that is fifteen percent below that of existing development may be a reasonable threshold."

The legislative intent is to reduce the VMT in new developments, which would lead to a reduction in Greenhouse Gases (GHG) and achieve the State's climate goals. OPR concluded that achieving 15 percent lower per capita VMT than existing developments "is both generally achievable and is supported by evidence that connects this level of reduction to the State's emissions goals." In practice, some jurisdictions can achieve this level of reduction or more among new developments, while some jurisdictions may not. This level of reduction requires

DISCUSSION (continued):

significant travel pattern shifts in the future, either resulting from new land uses, or from both existing and new uses. In practice, residents and workers in these new developments would be driving much less and finding other ways to get around, such as biking, walking, and utilizing mass transit options.

VMT Mitigation Actions

By measuring VMT, setting a baseline, and setting targets in relation to that baseline, jurisdictions can affect the transportation impact future development projects might have on the environment. This allows for the jurisdiction to adopt strategies to achieve those targets. An important consideration is the effectiveness of the VMT mitigation actions. Based on research conducted in suburban settings, an overall maximum reduction in VMT of 15% may be achieved. There is a diminishing return when combining VMT mitigation actions. The most common mitigation actions can be grouped into three categories based on their VMT reduction effectiveness.

Actions having the most effect on VMT (and resultant emissions) derive from regional policies related to land use location efficiency (for example providing housing near jobs) and regional infrastructure investments that support transit, walking, and bicycling. Examples of these actions include:

- Built environment and land use characteristics;
- Development of high density and mixed use;
- Locating land uses in close proximity to high quality transit services that connect desirable locations with that high-quality transit, like rail and frequent bus lines; and
- Changes to relative travel costs among different modes, typically measured in time and out-of-pocket expenses.

The second category of actions are related to site design and include such opportunities as bicycle and pedestrian network improvements, traffic calming, local transit access improvements, etc.

The third category of actions includes typical Transportation Demand Management (TDM) strategies like transit fare subsidies or employer-sponsored vanpools or shuttles. While many of these can influence VMT and emissions, they have smaller effects that are often dependent on final building tenants and generally only apply at places of employment.

DISCUSSION (continued):

Los Gatos Context

Los Gatos is a suburban community on the edge of an urban region. The 2015 Baseline VMT values (Attachment 2) show that Los Gatos is not a low VMT generator. The current VMT values result from the Town's geographic location, regional land use density and patterns, transportation infrastructure, and the travel behaviors as influenced by transportation costs. The Town currently does not have a Transit Priority Area or high-quality transit corridors. The most common transit service is a local bus. Because of this, the most effective VMT mitigation actions are not available in Los Gatos.

Intuitively, this makes sense as Los Gatos residents commute to work, travel to larger shopping locations, and rely on the automobile as the primary means of mobility.

As such, achieving a 15 percent reduction is extremely ambitious and unlikely for the Town, because the most effective VMT reduction actions are not feasible given the local setting. There is no funded major transit investment within or near Los Gatos, and no large developments that support a jobs to housing relationship. The local context is a key consideration in choosing the most appropriate threshold setting option.

Threshold Setting Options

Lead agencies generally have at least four options for setting VMT thresholds:

- Rely on the OPR *Technical Advisory* thresholds;
- Set thresholds consistent with lead agency air quality, GHG reduction, and energy conservation goals;
- Set thresholds consistent with the General Plan future year VMT projections by jurisdiction or region; or
- Set thresholds based on baseline VMT performance by jurisdiction.

Lead agencies may opt for a locally applicable threshold at a lower level than the OPR level, as long as it is backed by substantial evidence, and corresponding analysis of VMT effects is adequate and complete. The Town may consider setting its VMT thresholds consistent with its General Plan or with Statewide goals for air quality, GHG reduction, and energy conservation.

Staff believes the following two options are most appropriate for further consideration.

- Option 1: Rely on the OPR *Technical Advisory* thresholds
- Option 2: Set thresholds consistent with the General Plan future year VMT projections

Table 1 provides a comparison of these two options based on various factors.

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DISCUSSION (continued):

Table 1 - Comparison of Two Options for SB 743 Implementation

| Subject | Option 1: Rely on the OPR Technical Advisory thresholds | Option 2: Set thresholds consistent with the General Plan future year VMT projections |
|--|--|---|
| Thresholds | Residential: 15% reduction from Town baseline Employment: 15% reduction from County or regional baseline Other land use types: TBD | Set baseline and cumulative VMT thresholds based on long-term General Plan expectations for air quality and GHG emissions. The analysis to determine these thresholds would be completed if the Town Council selects this option. |
| Metrics | Partial Project generated VMT for most projects. May need Total VMT and/or boundary VMT for projects that don't screen out or for unique land uses. | To be determined (TBD) based on above analysis. |
| Method | Most likely the VTA Travel Forecasting Model | TBD based on above mentioned analysis. Method would be aligned with Metrics decision(s). |
| Mitigation Actions | Options: Project-by-project mitigation measures or a Town-wide VMT reduction program (e.g., VMT fee, VMT Bank or VMT Exchange) | Most likely a Town-wide VMT reduction program (e.g., VMT fee, VMT Bank, or VMT Exchange). |
| Relationship to General Plan Update (GPU) | If the VMT reduction in the General Plan update (GPU) preferred land use alternative is higher than the OPR thresholds, significant transportation impacts will result. The Town will need to adopt overriding considerations. | The GPU CEQA analysis is consistent with the VMT significance thresholds. No overriding consideration needed. |
| Evaluation of Development Projects | Project-by-project VMT analysis with VMT screening. Most projects will likely have significant transportation impacts. | CEQA streamlining provision: All projects consistent with the General Plan will be considered to have less than significant impacts. |
| Examples | San Jose, San Francisco, Oakland, and a few others | Pasadena, Woodland |

DISCUSSION (continued):

In addition to the discussion on the thresholds, the VMT metrics and methodology are important technical considerations in providing substantial evidence. VMT forecasts are generated using various models that range from sketch models and spreadsheet tools to complex computer models that account for numerous factors that influence travel demand. In addition to several sketch models and tools, two established travel forecasting models are available for the Town's consideration, the Metropolitan Transportation Commission (MTC) and the Santa Clara County Valley Transportation Authority (VTA) travel forecasting models. The decisions on the metrics and the method must align with each other.

The Town will need to determine if projects will be able to mitigate significant VMT impacts, and whether those measures can reduce the severity of a potential VMT impact. In the next steps, staff will evaluate new research related to the effectiveness of the VMT mitigation actions, review other jurisdictions' practice(s), and compare a program-based VMT mitigation approach with a project-by-project mitigation approach.

The Town's General Plan update is also very relevant to the VMT transition discussion. This is a great opportunity to consider concurrently the CEQA transportation analysis policy for individual future developments, the General Plan future year VMT projections, and the relationship with air quality, GHG reduction, and energy conservation goals.

CONCLUSION AND NEXT STEPS:

Based on review of CEQA transportation policies adopted by other jurisdictions, analysis of the Town's baseline VMT values, consideration for the relationship with the General Plan update, and upon consultation with Fehr & Peers, staff is recommending proceeding with Option 2: Set thresholds consistent with the General Plan future year VMT projections.

This option is expected to provide a threshold that is more realistic for the local context of Los Gatos and allows the Town to take advantage of the CEQA streamlining provision. The challenge with choosing this option is providing substantial evidence if the resulting threshold is lower than the 15-percent reduction recommended by OPR in the *Technical Advisory*.

If the Town Council chooses this option, staff and Fehr & Peers will prepare the required analyses and return with the results. The Council would then be able to consider the thresholds, metrics, and method(s) along with applicable mitigation actions. Once the Council decides on these factors, staff and consultants will prepare a draft *Transportation Analysis*

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CONCLUSION AND NEXT STEPS (continued):

Policy and Guidelines. Staff will conduct outreach to the general public and to the development community on the Draft before bringing it for Council consideration. After the adoption of the *Transportation Analysis Policy and Guidelines*, the staff and consultants will ensure alignment with the General Plan update and bring forward potential modifications to other Town transportation policies.

COORDINATION:

This report was coordinated with the Community Development Department.

FISCAL IMPACT:

There is no fiscal impact as a result of this report.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Senate Bill 743 Implementation White Paper Summary for the Town of Los Gatos
2. 2015 Baseline VMT values