

# Senate Bill 743 Implementation White Paper Summary for the Town of Los Gatos

# Executive Summary

This executive summary is intended to provide a brief introduction of the forthcoming *Senate Bill 743 (SB 743) Implementation Document Package* that will outline and discuss the decisions that the Town of Los Gatos will need to make regarding SB 743 implementation. The forthcoming document package will begin with a background discussion about SB 743 and then transition to focus on four topic areas: Metrics, Calculation Methods, Significance Thresholds, and Mitigation Actions. When complete, the Town of Los Gatos SB 743 implementation document package will include:

- Executive Summary
- Documents by Topic Areas (to be provided later)
  - Metrics
  - Calculation Methods
  - Significance Thresholds
  - Mitigation Actions
- Appendices:
  - Appendix A: Summary of Legal Framework of SB 743 and Technical Background Information
  - Appendix B: Outreach and Education Materials

## Background

The Town of Los Gatos has begun the process of implementing the requirements of SB 743. The new law directed the Governor’s Office of Planning and Research (OPR) to update the *California Environmental Quality Act (CEQA) Guidelines* to include new criteria and metrics for determining the significance of transportation impacts. SB 743 removes the use of automobile delay or traffic congestion for determining transportation impacts in environmental review. Instead, the latest *CEQA Guidelines* now specify that Vehicle Miles Traveled, or VMT<sup>1</sup>, is the appropriate metric to evaluate transportation impacts. To comply with these new rules, the Town will need to define policies and practices regarding the evaluation of transportation impacts under CEQA, including guidance on how VMT should be calculated and presented in

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<sup>1</sup> VMT refers to “Vehicle Miles Traveled,” a metric that accounts for the number of vehicle trips generated plus the length or distance of those trips. VMT is an accessibility performance metric that evaluates the changes in land use patterns, regional transportation systems, and other built environment characteristics, which is different from what the mobility performance metric vehicle level of service measures – vehicle mobility. The white paper will use the terms Project generated VMT and Project’s effect on VMT using boundary VMT metrics for specific geographic areas. Project generated VMT is the sum of the “VMT from” and “VMT to” and within a project site. Project’s effect on VMT uses geographic boundary VMT to evaluate the change in VMT on all roadways without and with the project within a specific geographic area.



environmental documents. In short, SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving.

Additional background information on SB 743 and the *CEQA Guidelines* is included in the Summary of Legal Framework of SB743 and Technical Background Information (Appendix A).

## Approach

Under CEQA, agencies must decide what constitutes a significant environmental impact. The *CEQA Guidelines* encourage the use of thresholds of significance; they can be quantitative or qualitative performance standards by which the agency can measure the amount of impact the project causes and thereby determine if the project's impacts are significant. In fact, the new *CEQA Guidelines* Section 15064.3(b)(4) (cited below) establishes that the lead agency has discretion to choose the most appropriate VMT methods for transportation impact analysis.

*Methodology. A lead agency has discretion to choose the most appropriate methodology to evaluate a project's vehicle miles traveled, including whether to express the change in absolute terms, per capita, per household or in any other measure. A lead agency may use models to estimate a project's vehicle miles traveled and may revise those estimates to reflect professional judgment based on substantial evidence. Any assumptions used to estimate vehicle miles traveled and any revisions to model outputs should be documented and explained in the environmental document prepared for the project. The standard of adequacy in Section 15151 shall apply to the analysis described in this section.*

The expectations for environmental impact analysis highlighted within the *CEQA Guidelines* are listed below.

- § 15003 (f) = fullest possible protection of the environment...
- § 15003 (i) = adequacy, completeness, and good-faith effort at full disclosure...
- § 15125 (c) = EIR must demonstrate that the significant environmental impacts of the proposed project were adequately investigated...
- § 15144 = an agency must use its best efforts to find out and disclose...
- § 15151 = sufficient analysis to allow a decision which intelligently takes account of environmental consequences...

With the *CEQA Guidelines* expectations for an environmental impact analysis in mind, the document package will discuss questions (included by topic area below) grouped by the specific decisions that the Town of Los Gatos will need to make regarding Metrics, Calculation Methods, Significance Thresholds, and Mitigation Actions.<sup>2</sup> Options and considerations for each question will be highlighted from a technical transportation planning and engineering perspective with a

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<sup>2</sup> Typical CEQA practice focuses on environmental effects that occur on a typical weekday, so all references to VMT in this memorandum are intended to mean VMT that occurs on a typical weekday.



particular emphasis on addressing the *CEQA Guidelines* expectations for an environmental impact analysis.

For simplicity, a matrix will accompany the document package and include a summary of the decisions, options, and considerations for each question. The document package and other supporting materials will be used by the Town Council to make a decision in setting VMT significance thresholds for the Town of Los Gatos.

Because VMT is also used as an input for air quality, greenhouse gases, and energy consumption impact analyses in CEQA, the document package will also discuss how VMT significance thresholds affect other aspects of the CEQA process.

For each of the questions discussed below, there are two separate categories of projects that are subject to CEQA review and for which VMT evaluation will be needed. The Town will need to address how each of these project categories will be evaluated:

- **Land Use Projects:** Typically development projects on a single parcel or multiple adjacent parcels; and
- **Land Use Plans:** Such as the current General Plan update and future Specific Plans;

For transportation projects, lead agencies have the discretion to select their own metrics and thresholds and no change to current practice is required. Therefore, the remainder of this executive summary will focus on thresholds for land use projects and plans.

The implementation of SB 743 is just beginning for many lead agencies. Current CEQA practices have developed over several decades, incorporating a large body of case law and periodic updates to the *CEQA Guidelines*. Because SB 743 implementation is brand new, there is not yet any case law to guide our understanding or interpretation. The document package will represent our current understanding of the options, limitations, and considerations, informed by our research into SB 743 and knowledge of past CEQA practice; this understanding will evolve over time as more agencies apply SB 743 concepts to their own CEQA procedures.

## Metrics

The Town has the discretion to choose the most appropriate methods to evaluate a project's VMT, including how the results of that method are expressed. Generally, VMT is expressed in several ways: total project generated VMT, project generated rates [Total project generated VMT per service population or partial project generated VMT per resident (or per employee)], in total (all VMT associated with a project or plan), or as the net "effect" a project will have on VMT (listed as Project's effect on VMT). This section will describe the benefits and shortcomings of each metric.

CEQA impact analysis should strive to provide a complete picture of the VMT effects on the environment. Both 'project generated VMT' and the 'project's effect on VMT' should be considered to fully account for VMT effects that may include changes to VMT generation from



neighboring land uses. Total VMT includes all vehicle trips, vehicle types, project land uses, and trip purposes.

### OPR Technical Advisory Recommendations

- Residential Land Use: Home-based (light-duty vehicle) VMT per capita or household generated VMT per capita.
- Office Land Use: Home-based work (light-duty vehicle) VMT per employee, total employee VMT per employee, or work tour VMT per employee.
- Retail Land Use: Total VMT per service population.

**Question:** What form of the VMT metrics could be used?<sup>3</sup>

## Calculation Methods

VMT forecasts are generated using various models that range from simple spreadsheets (off-model) based on historic traffic growth trends, to complex computer models that account for numerous factors that influence travel demand. In some cases, VMT can be estimated using sketch models or spreadsheet tools. VMT can also be estimated directly by multiplying the number of trips by an average trip length. Given the availability of two travel forecasting modes, the document package will provide the Town with a review of Metropolitan Transportation Commission (MTC) and the Santa Clara County Valley Transportation Authority (VTA) travel forecasting models for VMT calculations in the Town of Los Gatos, including analytical strengths and weaknesses of each option.

**Question:** What methods are available to use in estimating and forecasting VMT?

## Impact Significance Thresholds

The Town has discretion to choose its threshold of significance for identifying a VMT impact. The intent of a VMT threshold is to identify whether a project has substantial environmental impacts due to traffic, and whether a project balances the needs of congestion management with statewide goals such as the promotion of infill development.

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.

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<sup>3</sup> Each VMT metric will be defined in the document package.



The document package will describe possible thresholds and summarize the supporting evidence for each, as well as a qualitative discussion of which case study projects would be likely to fall above or below each threshold.

Depending on which option a lead agency chooses in setting thresholds, one may consider the opportunity for “screening” projects that meet certain criteria, including projects located in low-VMT generating areas, local-serving retail projects, or small projects. This section includes a discussion of the OPR guidance and the considerations in the use of VMT impact screening.

**Question:** What is the VMT impact significance threshold for land use projects under baseline conditions?

**Question:** What is the VMT impact significance threshold for land use projects under cumulative conditions?

**Question:** Is the use of VMT impact screening desired?

## Mitigation Actions

The Town will also 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. The California Air Pollution Control Officers Association’s *Quantifying Greenhouse Gas Mitigation Measures* (August 2010) is the most comprehensive report on the research on the quantification of project-level mitigation of greenhouse gas emissions associated with land use, transportation, energy use, and other related project areas. The forthcoming document package will include an assessment of new research related to transportation demand management (TDM) effectiveness for reducing VMT, focusing on new TDM information that has been published in research papers since release of the *Quantifying Greenhouse Gas Mitigation Measures*. The purpose of reviewing the *Quantifying Greenhouse Gas Mitigation Measures* and the new research is to identify those strategies suited to the Town of Los Gatos given the suburban land use context.

The document package will also include a review of how other jurisdictions have incorporated TDM into their VMT mitigation measures for VMT impacts, and a discussion of the potential risks and uncertainties related to VMT mitigation measures. For some jurisdictions, program-based VMT mitigation approaches may be more effective than project-site only strategies. In response to the limitations of focusing exclusively on project site TDM strategies, new mitigation concepts are emerging that cover larger areas and rely on region- or town-scale programs to achieve VMT reductions. These program-based concepts are outlined below.

- **VMT Impact Fee Program:** This concept resembles a traditional impact fee program in compliance with the mitigation fee act and uses VMT as a metric. The main difference from a fee program based on a metric such as vehicle LOS is that the VMT reduction nexus results in a capital improvement program (CIP) consisting largely of transit, bicycle, and pedestrian projects



- **VMT Exchanges:** This concept relies on a developer agreeing to implement a predetermined VMT reducing project or proposing a new one in exchange for the ability to develop a VMT-generating project. The mitigation projects may or may not be located near the developer's project site.
- **VMT Banks:** This concept attempts to create a monetary value for VMT reduction (e.g., credits) such that a developer could purchase VMT reduction credits. The money exchanged for credits could be applied to local, regional, or state level VMT reduction projects or actions.

**Question:** What VMT reduction mitigation strategies are feasible?



# **Appendix A: Summary of Legal Framework of SB743 and Technical Background Information**



# Summary of Legal Framework of SB 743 and Technical Background Information

## Legal Framework of SB 743

On September 27, 2013, Governor Brown signed Senate Bill 743 (Steinberg, 2013). Among other things, SB 743 creates a process to change analysis of transportation impacts under the California Environmental Quality Act (Public Resources Code section 21000 and following).

To help aid lead agencies with SB 743 implementation, Governor's Office of Planning and Research (OPR) produced the *Technical Advisory on Evaluating Transportation Impacts in CEQA* (December 2018). The *Technical Advisory* helps lead agencies think about the variety of implementation questions they face with respect to shifting to a Vehicle Miles Traveled (VMT) metric.

The purpose of the *Technical Advisory* is to provide advice and recommendations, which agencies and other entities may use at their discretion. The guidance is not a recipe for SB 743 implementation since lead agencies must still make their own specific decisions about methodology, thresholds, and mitigation (i.e., each lead agency will bake a different looking and tasting SB 743 cake). Further, the document was intended to include guidance that would further statewide goals tied largely to greenhouse (GHG) reduction and does not attempt to balance or resolve potential conflicts between state goals with lead agency goals such as those expressed in local agency general plans.

Lead agencies will benefit from reflecting on the two legislative intent statements contained in the SB 743 statute.

1. More appropriately balance the needs of congestion management with statewide goals related to infill development, promotion of public health through active transportation, and reduction of greenhouse gas emissions.
2. Ensure that the environmental impacts of traffic, such as noise, air pollution, and safety concerns, continue to be properly addressed and mitigated through the California Environmental Quality Act.

These statements are important because they provide direction to OPR and to lead agencies. For OPR, the direction is largely about what new metrics should achieve. For lead agencies, the direction is about expected changes in transportation analysis (and related technical areas) plus what factors to consider for significance thresholds.

To implement this intent, SB 743 contains amendments to current congestion management law that allows cities and counties to effectively opt-out of the LOS standards that would otherwise apply. However, SB 743 does not prevent a city or county from continuing to analyze delay or LOS as part of other plans (i.e. the general plan), fee programs, or on-going network monitoring, but these metrics will no longer constitute the sole basis for CEQA impacts. Cities or counties can still use vehicle LOS outside of the CEQA process if they determine it is an important part of their transportation analysis process. The most common applications will likely occur for jurisdictions wanting to use vehicle LOS to size roadways in their general plan or determine nexus relationships for their impact fee programs. Jurisdictions can also continue to condition projects to build transportation improvements through the entitlement process in a variety of ways, such as using general plan consistency findings.

The *CEQA Guidelines* and the associated *Technical Advisory* are largely consistent with the legislative direction noted above such that impacts to transportation has shifted from a focus on changes to the driving experience to changes associated with driving. This new view presents an impact filter intended to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. VMT can help identify how projects (land development and infrastructure) influence accessibility (i.e., access to places and people) and emissions so its selection is aligned with the objectives of SB 743. Accessibility is an important planning objective in many communities but so is travel time or delay experienced by users.

## **Background on the California Environmental Quality Act**

The California Environmental Quality Act (CEQA) was enacted in 1970. This statute requires identification of any significant environmental impacts of state or local action including approval of new development or infrastructure projects. The process of identifying these impacts is typically referred to as the environmental review process. A fundamental component of CEQA analysis is the determination of whether a project has the potential to significantly affect the physical environment. This determination requires careful judgment on the part of the lead agency and is based on scientific and factual data to the extent possible.

## **Level of Service and Vehicle Miles Traveled**

**LOS** refers to "Level of Service," a metric that assigns a letter grade to network performance. The typical application in cities is to measure the average amount of delay experienced by vehicle drivers at an intersection during the most congested time of day and assign a report card range from LOS A (fewer than 10 seconds of delay) to LOS F (more than 80 seconds of delay). The amount of delay is calculated relative to the amount of time to traverse the intersection if a vehicle is the sole vehicle on the road, and it arrives at a green light.

Traffic has long been a consideration in CEQA. In 1990, the Legislature linked implementation of congestion management plans, including LOS requirements, with CEQA. LOS has been an explicit part of CEQA analysis since at least the late 1990's, when the sample environmental checklist in the *CEQA Guidelines* asked whether a project would exceed LOS standards. (See former *CEQA Guidelines*, App. G. § XV, Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways). Because of the linkage of the CEQA environmental checklist and LOS, historically, the Town and other jurisdictions have used Level of Service (LOS) as the significant impact threshold for transportation analysis under CEQA.

**VMT** refers to "Vehicle Miles Traveled," a metric that accounts for the number of vehicle trips generated plus the length or distance of those trips. For transportation impact analysis, VMT is generally expressed as VMT per capita for a typical weekday. For instance, the 2012 average daily VMT per capita for the nine county Bay Area region was 15.3 miles per person per day.

## **Town of Los Gatos' Current Policies and Requirements for Transportation Impact Analysis**

The *Los Gatos 2020 General Plan* includes the following transportation policies:

Policy TRA-3.4 which states "New projects shall not cause the level of service for intersections to drop more than one level if it is at Level A, B, or C and not drop at all if it is at D or below."

Policy TRA-3.5 which states "If project traffic will cause any intersection to drop more than one level if the intersection is at LOS A, B, or C, or to drop at all if the intersection is at LOS D or below, the project shall mitigate the traffic so that the level of service will remain at an acceptable level."

Policy TRA-3.6 which states "Pedestrian and bicycle safety shall not be compromised to improve or maintain the level of service of an intersection."

The Town's *Traffic Impact Policy* (#1-05, March 2017) provides guidance in implementing the provisions of the Town Municipal Code, Chapter 15, Article VII, Traffic Impact Mitigation Fee. The Policy also defines the traffic impact analysis procedure, including the requirement of traffic impact analysis reports be consistent with the Transportation Impact Analysis Guidelines adopted by the Santa Clara Valley Transportation Authority.

The Town adopted a *Complete Streets Policy* in February 2019 (#3-01).

## **Additional Information**

Governor's Office of Planning and Research Transportation Impacts (SB 743) website:  
<http://opr.ca.gov/ceqa/updates/sb-743/>

Technical Advisory on Evaluating Transportation Impacts in CEQA, December 2018  
[http://opr.ca.gov/docs/20190122-743\\_Technical\\_Advisory.pdf](http://opr.ca.gov/docs/20190122-743_Technical_Advisory.pdf)

Town of Los Gatos Traffic Impact Policy  
<https://www.losgatosca.gov/DocumentCenter/View/18175/1-05-Traffic-Impact-Policy?bidId=>

Town of Los Gatos Complete Streets Policy  
<https://www.losgatosca.gov/DocumentCenter/View/22433/3-01-Complete-Streets-Policy>

# Appendix B: Outreach and Education Materials

# Memorandum

Date: February 11, 2020  
To: Ying Smith, Town of Los Gatos  
From: Charlie Coles, Daniel Rubins, and Matt Haynes  
Subject: **Senate Bill 743 Implementation Outreach and Education Materials**

*SJ19-1954*

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The Town of Los Gatos has begun the process of updating its General Plan and implementing Senate Bill (SB) 743. The Town General Plan and SB 743 implementation will provide guidance on and set policies regarding the evaluation of transportation impacts under the California Environmental Quality Act (CEQA). A major change in CEQA practice is being triggered by the implementation of SB 743. SB 743 removes the use of automobile delay or traffic congestion for determining transportation impacts in environmental review. Instead, the *CEQA Guidelines* (December 2018) now specify that Vehicle Miles Traveled, or VMT, is the appropriate metric to evaluate transportation impacts. To comply with these new rules, the Town of Los Gatos will need to define policies and practices for conducting VMT analysis in areas under the Town's jurisdiction.

## Purpose

This memorandum presents outreach and education materials on SB 743 to be used by the Town of Los Gatos throughout their SB 743 implementation process. Materials will be used for various purposes including the Town's website, social media, and printed materials.



# Outreach and Education Materials

The outreach and education materials presented in this memorandum (see **Attachments**) include:

- Attachment A: List of frequently asked questions (FAQs) and answers;
- Attachment B: Summary sheet on SB 743 and the transition from LOS to VMT; and
- Attachment C: YouTube link to Fehr & Peers' "What is VMT?" video.

## Additional SB 743 Websites

For those wanting more information, included below are website links to several documents including the latest *CEQA Guidelines* (December 2018), Fehr & Peers SB 743 website, and the TRB Environmental Analysis in Transportation Committee newsletter article on the basics of SB 743. These materials can be incorporated into the Town's website and other SB 743 materials.

<http://resources.ca.gov/ceqa/>

<https://dot.ca.gov/programs/transportation-planning/office-of-smart-mobility-climate-change/sb-743>

<https://www.fehrandpeers.com/sb743/>

[https://www.fehrandpeers.com/wp-content/uploads/2019/09/ADC10\\_Summer\\_2018\\_20180910.pdf](https://www.fehrandpeers.com/wp-content/uploads/2019/09/ADC10_Summer_2018_20180910.pdf)

Attachment A: List of Frequently  
Asked Questions (FAQs) and  
Answers



# FAQ | Evaluating Transportation Impacts in CEQA

## Based on New Guidelines as Directed by SB 743

The Town of Los Gatos has begun the process of implementing the requirements of Senate Bill (SB) 743. SB 743 implementation will provide guidance on and set policies regarding the evaluation of transportation impacts under the California Environmental Quality Act (CEQA). SB 743 removes the use of automobile delay or traffic congestion for determining transportation impacts in environmental review. Instead, the *latest CEQA Guidelines* now specify that Vehicle Miles Traveled, or VMT<sup>1</sup>, is the appropriate metric to evaluate transportation impacts. To comply with these new rules, the Town will need to define policies and practices regarding the evaluation of transportation impacts under CEQA, including guidance on how VMT should be calculated and presented in environmental documents. In short, SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving.

As stated in section 15064.7(b) of the *CEQA Guidelines*, *[e]ach public agency is encouraged to develop and publish thresholds of significance that the agency uses in the determination of the significance of environmental effects*. The concept of significance (and the terms that describe it) are used in an environmental document to describe the potential environmental impact under the *CEQA Guidelines*. These FAQs use several terms to refer to this concept including significant environmental impact, significant VMT impact, significance threshold, and less-than-significant impact. Another concept used in the response to these FAQs is the term “substantial evidence” to refer to the options and information considered by the Town Council to establish its VMT threshold.

Below is a list of commonly asked questions that SB 743 brings to light. These FAQs are a good way to get oriented to the key questions that the Town of Los Gatos is considering for its implementation. A forthcoming white paper will go into greater detail about the options and evidence that the Town of Los Gatos considered when developing its VMT thresholds.

## What was the legislative intent of SB 743 (2013)?

1. Balance the needs of congestion management with the following statewide goals

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<sup>1</sup> VMT refers to “Vehicle Miles Traveled,” a metric that accounts for the number of vehicle trips generated plus the length or distance of those trips. VMT is an accessibility performance metric that evaluates the changes in land use patterns, regional transportation systems, and other built environment characteristics, which is different from what the mobility performance metric vehicle level of service measures – vehicle mobility. The white paper will use the terms Project generated VMT and Project’s effect on VMT using boundary VMT metrics for specific geographic areas. Project generated VMT is the sum of the “VMT from” and “VMT to” and within a project site. Project’s effect on VMT uses geographic boundary VMT to evaluate the change in VMT on all roadways without and with the project within a specific geographic area.

## FAQ | Evaluating Transportation Impacts in CEQA

### Based on New Guidelines as Directed by SB 743

- a. Reduction of greenhouse gas emissions
- b. Infill development
- c. Public health through active transportation
2. Ensure that the environmental impacts of traffic such as noise, air pollution, and safety concerns continue to be addressed and mitigated through CEQA

### What does the new CEQA Section 15064.3 adopted by the state in December 2018 require?

1. A project's effect on automobile delay (i.e., Level of Service) shall not constitute a significant environmental impact under CEQA.
2. A lead agency may adopt these provisions immediately, but no later than July 1, 2020.
3. VMT is the "most appropriate" measure of transportation impacts.
4. Other relevant considerations may include effects on transit and non-motorized travel.
5. VMT exceeding an applicable threshold may indicate a significant impact.
6. Projects may be presumed to have a less-than-significant VMT impact if they are located in a transit priority area (TPA) or would reduce VMT.
7. A lead agency has discretion to choose the most appropriate methodology to evaluate a project's VMT.
8. A lead agency may use models to estimate a project's VMT and may revise those VMT estimates based on substantial evidence.
9. Any assumptions used to estimate VMT must be documented and explained.

### What decisions do a local agency need to make to implement these new guidelines?

1. VMT Metric?
  - a. VMT in absolute terms; or
  - b. VMT per capita, VMT per employee, or VMT per service population.
2. VMT Calculation Methods?
  - a. How to calculate VMT – Travel model, spreadsheet tool, or other methods;
  - b. Total VMT or partial VMT associated with select vehicle types, land uses, and/or trip purposes/tours; or
  - c. Project generated VMT versus project effect on VMT.
3. VMT Impact Significance Thresholds?
  - a. Threshold: Level of reduction in VMT below existing conditions;
  - b. Thresholds: (1) Project VMT and (2) Cumulative Impacts (project's effect on VMT);
  - c. Thresholds: (1) Land Use Projects, (2) Land Use Plans, (3) Transportation Projects;
  - d. Is the level of VMT reduction compared to regional VMT, townwide VMT, or other baseline; and
  - e. For towns, cities, and counties, are VMT impacts best addressed at the general plan level given that all land use decisions only influence land use supply and CEQA Section 15183

# FAQ | Evaluating Transportation Impacts in CEQA

## Based on New Guidelines as Directed by SB 743

provides streamlining for subsequent projects?

4. VMT Mitigation Options?
  - a. VMT mitigation options for land use projects involve either changing the physical design of the project (i.e., its density, mix of use, street design, etc.) or requiring trip reduction strategies as part of a transportation demand management (TDM) program.
    - i. Are towns, cities, and counties willing to require stringent TDM programs with annual monitoring and adjustments if projects do not accomplish required VMT reductions?
    - ii. Should towns, cities, and counties instead rely on mitigation programs such as impact fee programs that are based on a VMT-reduction nexus?

## How does the OPR Technical Advisory recommend implementing CEQA Section 15064.3?

1. If the Town of Los Gatos (a lead agency in CEQA terms) uses a travel model as the basis for establishing thresholds, that same model must be used for subsequent project level VMT analyses.
2. For land use projects and plans, the *Technical Advisory* states, “OPR recommends that a per capita or per employee VMT that is fifteen percent below that of existing development may be a reasonable threshold” based on substantial evidence related to the state’s GHG reduction goals.
  - a. Residential Project Threshold: A proposed project exceeding a level of 15 percent below existing VMT per capita may indicate a significant transportation impact. Existing VMT per capita may be measured as regional VMT per capita or Town VMT per capita.
  - b. Office Project Threshold: A proposed project exceeding a level of 15 percent below existing regional VMT per employee may indicate a significant transportation impact.
  - c. Retail Project Threshold: A net increase in total VMT may indicate a significant transportation impact.
  - d. Mixed-Use Projects: Lead agencies can evaluate each component of a mixed-use project independently and apply the significance threshold for each project type included. Alternatively, a lead agency may consider only the project’s dominant use. In the analysis of each use, a project should take credit for internal capture.
3. For transportation projects, the *Technical Advisory* states:
  - a. Because a roadway expansion project can induce substantial VMT, incorporating quantitative estimates of induced VMT is critical to calculating both transportation and other impacts of the projects; and
  - b. Transit and active transportation projects generally reduce VMT and therefore are presumed to cause a less-than-significant impact on transportation.

## FAQ | Evaluating Transportation Impacts in CEQA

### Based on New Guidelines as Directed by SB 743

4. The *Technical Advisory* expands Section 15064.3 options for VMT impact screening using the presumption that certain projects will have less than significant VMT impacts based on location within a low VMT generating area or by being a locally serving retail project.
5. Impacts to Transit: *lead agencies should consider impacts to transit systems and bicycle and pedestrian networks. ...a project that blocks access to a transit stop or blocks a transit route itself may interfere with transit functions.*

### Is a lead agency required to follow recommendations in the *Technical Advisory*?

1. The *Technical Advisory* helps lead agencies think about the variety of implementation questions they face with respect to shifting to a new VMT metric.
2. The guidance is not a recipe for SB 743 implementation since lead agencies must still make their own specific decisions about methodology, thresholds, and mitigation. For towns, cities, and counties, these decisions must be consistent with their general plan, which may not be aligned with state GHG reduction goals upon which the *Technical Advisory* is based.
3. A lead agency has the discretion to choose the most appropriate methodology and thresholds to evaluate a project's VMT. A lead agency may take into account both its own policy goals and context in developing a VMT methodology and thresholds.

### What are the pros and cons of following the *Technical Advisory* guidance with respect to CEQA defensibility?

#### PROS

1. Aligns with state goals for GHG reduction, infill development, transit, active transportation, and public health.
2. Requires limited effort to implement.
3. Creates VMT impact screening opportunities for housing, employment, transit, bicycle, pedestrian, and minor roadway projects.
4. Includes specific thresholds.

#### CONS

1. Recommends only reporting partial VMT for individual land uses, trip purposes/tours, and vehicle types. For air quality, GHG, and energy impact analysis sections of an environmental document, total VMT is used.
2. Includes evidence that a 15 percent reduction from baseline may not be sufficient to achieve statewide goals for GHG reduction.
3. Does not consider local general plan role in setting threshold expectations.
4. Includes inconsistent threshold expectations based on the same land use and transportation context.

# FAQ | Evaluating Transportation Impacts in CEQA

Based on New Guidelines as Directed by SB 743

## What other challenges should a lead agency consider?

1. Direct application of the *Technical Advisory* results in significant and unavoidable VMT impacts for projects in jurisdictions with limited transit service and low land use densities even when those projects are consistent with the local general plan.
2. Lead agencies have often used transportation demand management (TDM) strategies as mitigation to reduce VMT. Most TDM strategies are project site and building tenant dependent. Since this information is typically unknown during the project entitlement and environmental review process, a lead agency must think about whether it can guarantee TDM mitigation outcomes. This implies that ongoing monitoring and adjustment of the TDM strategies may be required and that impacts are likely to remain significant even with mitigation due to the uncertainty associated with building tenant performance over time.
3. Caltrans has published [Local Development – Intergovernmental Review Program Interim Guidance](#) (September 2016) that recommends the use of VMT impact analysis now and that intergovernmental reviews include comments about VMT methodology and thresholds if not consistent with the *Technical Advisory* (Page 6).

Attachment B: Summary Sheet on SB  
743 and the Transition from LOS to  
VMT

## SB743 | Senate Bill (SB) 743 and the Transition from LOS to VMT

# Background

On September 27, 2013, Governor Jerry Brown signed SB 743 into law and started a process intended to fundamentally change transportation impact analysis as part of CEQA compliance. These changes include elimination of auto delay, level of service (LOS), and other similar measures of vehicular capacity or traffic congestion as a basis for determining significant impacts. Further, parking impacts will not be considered significant impacts on the environment for select development projects within infill areas served by frequent transit service. According to the legislative intent contained in SB 743, these changes to current practice were necessary to *"[m]ore appropriately balance the needs of congestion management with statewide goals related to infill development, promotion of public health through active transportation, and reduction of greenhouse gas emissions."*

# Implementation

To implement this intent, SB 743 required the Governor's Office of Planning and Research (OPR) to update the *CEQA Guidelines* and establish, *"... criteria for determining the significance of transportation impacts of projects within transit priority areas."* The new criteria, *"... shall promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses."* Once the Secretary of the Natural Resources Agency certified the new guidelines, then *"...automobile delay, as described solely by level of service or similar measures of vehicular capacity or traffic congestion shall not be considered a significant impact on the environment..., except in locations specifically identified in the guidelines, if any."*

OPR and the Natural Resources Agency completed their responsibilities under SB 743 as of December 2018. They recommended vehicle miles of travel (VMT) as a replacement to vehicle LOS and are applying this replacement statewide effective July 1, 2020. Lead agencies can opt-in sooner at their own discretion. The specific *CEQA Guidelines* changes can be found at <http://resources.ca.gov/ceqa/> and additional technical guidance is available from OPR at [http://opr.ca.gov/docs/20190122-743\\_Technical\\_Advisory.pdf](http://opr.ca.gov/docs/20190122-743_Technical_Advisory.pdf).

The OPR Technical Advisory includes specifications for VMT methodology and recommendations for significance thresholds and mitigation measures. As noted above, SB 743 requires impacts to transportation network performance to be viewed through a filter that promotes *the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land*

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uses. VMT can help identify how projects (land development and infrastructure) influence accessibility (i.e., access to places and people) and emissions so its selection is aligned with the objectives of SB 743. Accessibility is an important planning objective in many communities but so is travel time or delay experienced by users. SB 743 does not prevent lead agencies from continuing to analyze delay or LOS as part of other plans (i.e. the general plan), fee programs, or on-going network monitoring, but these metrics will no longer constitute the sole basis for CEQA impacts.

### Lead Agency Decisions

To implement SB 743, lead agencies will need to answer key implementation questions, including the following:

1. What form of VMT metrics could be used?
2. What methods are available to use in estimating and forecasting VMT?
3. Is the use of VMT impact screening desired?<sup>1</sup>
4. What is the VMT impact significance threshold for land use projects under baseline conditions?
5. What is the VMT impact significance threshold for land use projects under cumulative conditions?
6. What is the VMT impact significance threshold for transportation projects under baseline conditions?
7. What VMT reduction mitigation strategies are feasible?

In addition, there are three separate types of projects that are subject to CEQA review and for which VMT evaluation will be needed, so lead agencies will need to address how each of these three types will be evaluated:

- Land Use Projects: Typically development projects on a single parcel or multiple adjacent parcels;
- Land Use Plans: Such as the current General Plan update and future Specific Plans;
- Transportation Projects: Infrastructure changes such as building or removing roads, bicycle facilities, and transit facilities.

More information about SB 743 implementation can be found at <http://www.fehrandpeers.com/sb743/>.

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<sup>1</sup> *CEQA Guidelines* Section 15064.3 states that projects that would reduce VMT or are located in a Transit Priority Area (TPA) should be presumed to have a less-than-significant impact on VMT. The OPR Technical Advisory contains other potential screening options.



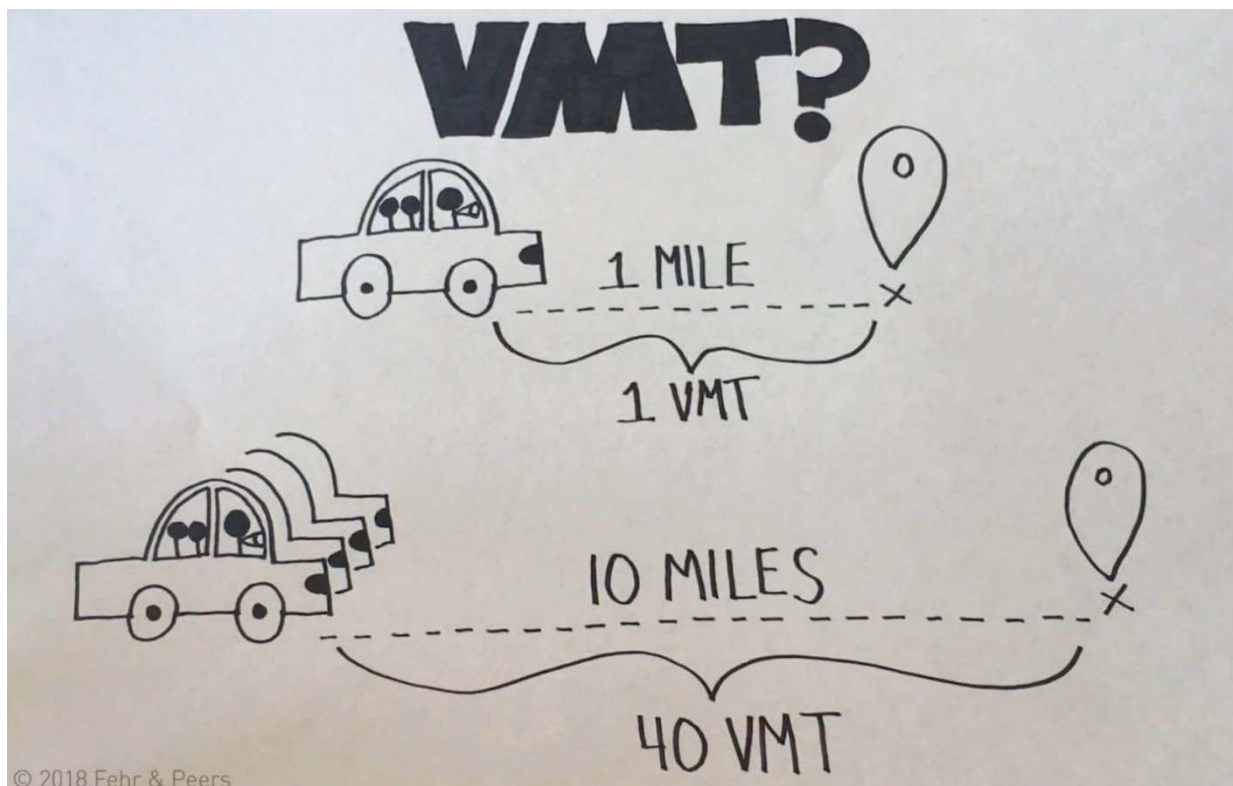
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# Key Terms

## Vehicle Miles Traveled (VMT)

VMT refers to “Vehicle Miles Traveled,” a metric that accounts for the number of vehicle trips generated plus the length or distance of those trips. VMT is an accessibility performance metric that evaluates the changes in land use patterns, regional transportation systems, and other built environment characteristics. For transportation impact analysis, VMT is generally expressed as VMT per capita for a typical weekday. For instance, the 2012 average daily VMT per capita for the nine county Bay Area region was 15.3 miles per person per day.

For those new to VMT analysis, [this short video](#) explains VMT. We routinely analyze VMT for air quality and greenhouse gas impact analysis. SB 743 adds VMT to the transportation impact analysis of CEQA documents.



Source: <https://youtu.be/UE4TJItVdJ8>

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## Level of Service (LOS)

LOS refers to “Level of Service,” a metric that assigns a letter grade to network performance. The typical application in towns and cities is to measure the average amount of delay experienced by vehicle drivers at an intersection during the most congested time of day and assign a report card range from LOS A (fewer than 10 seconds of delay) to LOS F (more than 80 seconds of delay). Vehicle level of service is used to measure vehicle mobility.

## California Environmental Quality Act (CEQA)

CEQA refers to the “California Environmental Quality Act.” This statute requires identification of any significant environmental impacts of state or local action including approval of new development or infrastructure projects. The process of identifying these impacts is typically referred to as the environmental review process.

## Significance

As stated in section 15064.7(b) of the *CEQA Guidelines*, *[e]ach public agency is encouraged to develop and publish thresholds of significance that the agency uses in the determination of the significance of environmental effects.* The concept of significance (and the terms that describe it) are used in an environmental document to describe the potential environmental impact under the *CEQA Guidelines*. Common terms used to refer to this concept of significance include significant environmental impact, significant VMT impact, significance threshold, and less-than-significant impact.

## Substantial Evidence

Another concept used in the *CEQA Guidelines* is the term “substantial evidence” to refer to the options and information considered by the Town Council to establish its VMT threshold. Specifically, section 15384 defines “substantial evidence” as:

- (a) *“Substantial evidence” as used in these guidelines means enough relevant information and reasonable inferences from this information that a fair argument can be made to support a conclusion, even though other conclusions might also be reached. Whether a fair argument can be made that the project may have a significant effect on the environment is to be determined by examining the whole record before the lead agency. Argument, speculation, unsubstantiated opinion or narrative, evidence which is clearly erroneous or inaccurate, or evidence of social or economic*

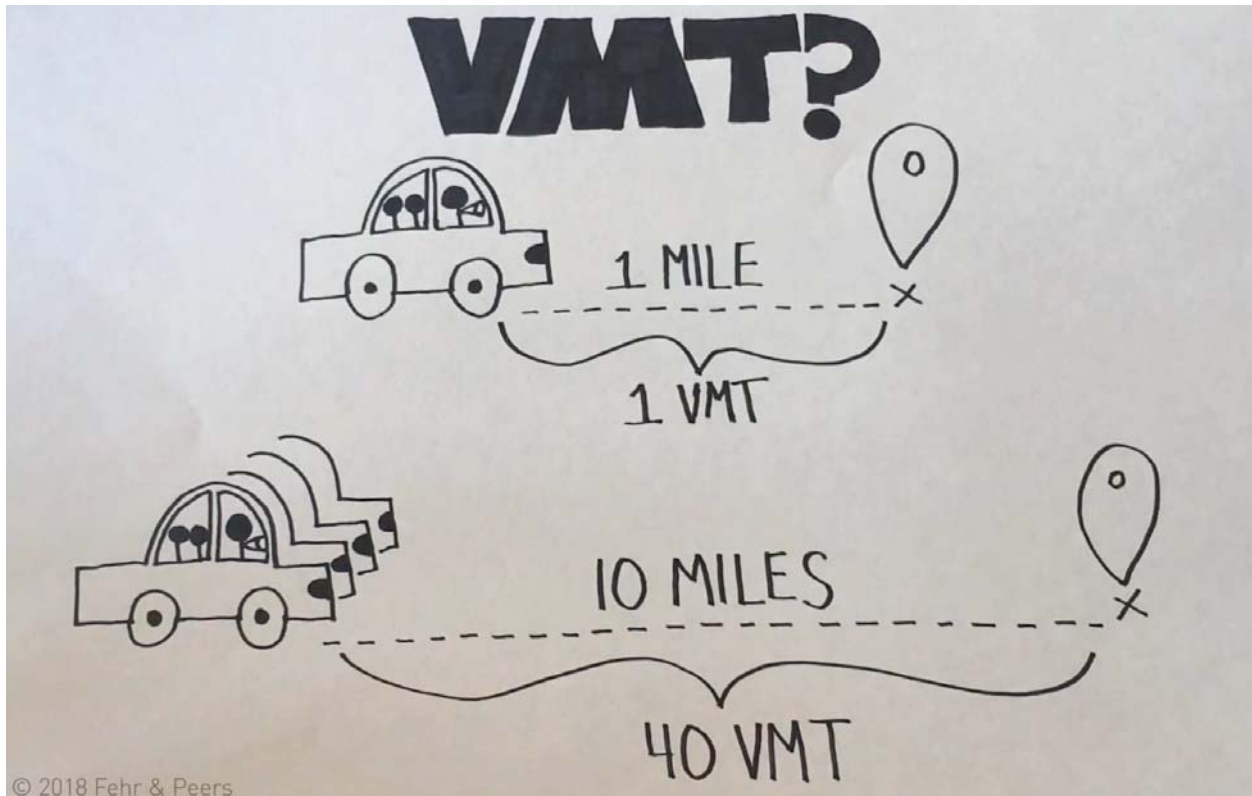
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*impacts which do not contribute to or are not caused by physical impacts on the environment does not constitute substantial evidence.*

- (b) *Substantial evidence shall include facts, reasonable assumptions predicated upon facts, and expert opinion supported by facts.*

Attachment C: YouTube Link to Fehr  
& Peers' "What is VMT?" Video

SB743 | YouTube Link to Fehr & Peers' "What is VMT?" Video



Link to "What is VMT?" YouTube Video: <https://youtu.be/UE4TJtVdJ8>