

SB 375



GATEWAY CITIES



A White Paper Addressing the Requirements of SB 375 at the Sub-Regional Level

**Prepared for
Gateway Cities Council of Governments**

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EXECUTIVE SUMMARY

The September 2008 passage of SB 375, which became effective on January 1, 2009, moved California into uncharted territory and the Gateway Cities Council of Governments (COG) found the need to be proactively and defensively engaged. The COG engaged the Los Angeles County Metropolitan Transportation Authority (MTA) as a co-partner in the SB 375 process, and its member jurisdictions assessed themselves to retain a consulting team comprised of Willdan Energy Solutions/Engineering, Iteris, and Sespe Consulting (Willdan Team) to provide technical support in responding to this complex and evolving legislation.

SB 375 essentially seeks to reduce passenger and light truck vehicle miles traveled (VMT), and the resulting greenhouse gas (GHG) emissions, and is one of many GHG emissions reduction measures that the California Air Resources Board (ARB) is relying upon to meet the Assembly Bill 32 - Global Warming Solutions Act of 2006 (AB 32) target of reducing GHG emissions statewide to 1990 levels by 2020. In order to achieve this target, the AB 32 Scoping Plan adopted by the ARB estimates that a statewide reduction of 5 million metric tons of carbon dioxide equivalent will be necessary per year. For the process of translating this statewide target into regional targets, SB 375 required the ARB to create a Regional Targets Advisory Committee (RTAC) to recommend the factors and methodology to be used by the ARB when setting the regional GHG emission reductions targets. After meeting on a number of occasions from February through September 2009, the RTAC issued its Final Report to the ARB. In this report, the RTAC acknowledges that travel demand models are not standardized or capable of fully evaluating the factors that must be considered in target setting under SB 375. Therefore, while the Committee agreed that all Metropolitan Planning Organizations (MPOs), such as SCAG, will employ travel modeling, it also supported the use of Best Management Practices (BMPs) in target setting and GHG reduction strategy development. However, the Committee stopped short of recommending the use of BMPs as the sole method of demonstrating SB 375 compliance.

The foremost requirement of SB 375 is the preparation of a Sustainable Communities Strategy (SCS). The SCS will be the land use component/underpinning of the Regional Transportation Plan (RTP) and will identify the land use and transportation measures that will be undertaken at the regional level to achieve the regional GHG reduction target to be established by the ARB. SCAG will prepare the regional SCS which must be approved by the ARB. However, unique to the SCAG region, a sub-regional council of governments, such as the Gateway Cities COG, and the county transportation commission (MTA) may work together to formulate the SCS for that sub-regional area. If the COG wishes to exercise this option, it must formally indicate to SCAG its intention to do so by December 31, 2009. If the COG elects not to exercise this option, it would then collaboratively participate with SCAG in the process of developing the regional SCS.

In order to assist in this decision-making process, the Willdan Team initially conducted a web-based survey of the sustainability measures and improvements that have already been initiated by the COG's member jurisdictions. The survey, which was completed with 100% participation of the COG's members, revealed that the COG's members have already undertaken or are considering various SB 375

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related GHG emission reduction measures. The survey results further indicated a strong institutional capacity in the Gateway cities for programs, policies and initiatives that are the foundation for complying with SB 375 and SCS requirements.

Using the results of this survey and available GHG emission data from SCAG, the Willdan Team also examined the potential or ability of the COG to meet a hypothetical GHG emission reduction target for the sub-region, recognizing that SB 375 does not require nor is the ARB or SCAG considering the establishment of sub-regional GHG emission reduction targets. This analysis revealed that current and planned policies and improvements could achieve approximately 15% of the hypothetical sub-regional GHG emission reduction target. In order to meet the hypothetical SB 375 GHG emission target of 4% reduction by 2020, 80% of the COG jurisdictions would need to adopt a wide range of land use and transportation policies such as infill, mixed use and transit oriented development; affordable housing policies; rideshare programs; bicycle and pedestrian infrastructure improvements; and transit operations and infrastructure improvements.

Based on the results of the web-based survey and hypothetical GHG reduction target analysis, as well as an assessment of the pros and cons associated with accepting delegation of SCS development from SCAG, the Willdan Team is recommending that the COG accept delegation for all components of sub-regional SCS development, while recognizing the risk of liability associated with additional responsibilities related to the Regional Housing Needs Assessment and continuing to clarify this issue with SCAG. The Gateway Cities SCS development will be a two year effort with potential follow-up activities such as General Plan update support.

Regardless of whether or not the COG exercises the option of developing a sub-regional SCS, the COG will incur additional costs as the regional SCS is developed. In working collaboratively with SCAG on the development of the regional SCS the COG would likely need outside consultant assistance to augment and support the efforts of the limited COG staff available. Based on the effort and associated cost for the Willdan Team to assist the COG to this point in the SB 375 process, the cost for a consultant to continue to assist the COG for the balance of the process could easily range up to \$250,000, recognizing the work to be remaining work to be performed over the next two years. By comparison, the cost for COG development of a sub-regional SCS could range from \$500,000 to \$750,000, assuming that SCAG would perform any required modeling and that the Program EIR prepared for the regional SCS would provide CEQA clearance for the sub-regional SCS. The COG and its members need to decide whether the benefits associated with the development of its own SCS justify the added expense to be incurred, and whether the financing for such an effort can be assembled.



1.0 OVERVIEW

The purpose of this white paper is to provide the Gateway Cities Council of Governments (COG) and its member jurisdictions analysis pertaining to, and recommendations for, further steps to respond constructively to Senate Bill 375, “Transportation planning: travel demand models: sustainable communities strategy: environmental review” (refer to Appendix A for the complete text of SB 375).¹

SB 375 is a high priority for the COG and its member jurisdictions because it has the potential to dramatically influence growth patterns and erode local land use authority. The September 2008 passage of SB 375, which became effective on January 1, 2009, moved California into uncharted territory and the COG found the need to be proactively and defensively engaged. The COG initially and logically reached out to the Los Angeles County Metropolitan Transportation Authority (MTA), which has assumed the role of co-partner to the COG in the SB 375 process. The primary Issues of concern for the COG were and still remain:

- Target Attainment;
- Growth Forecasting;
- Retention of Local Land Use Authority;
- Sustainable Communities Strategy (SCS) Development;
- Regional Housing Needs Assessment (RHNA) Implications; and
- Transportation Funding Implications.

SB 375 is landmark legislation and its complex and evolving nature necessitated outside technical support. In decisively responding to this need, the COG members assessed themselves to retain a consulting team and, after soliciting and reviewing proposals from a number of prospective teams, selected a team comprised of Willdan Energy Solutions/Engineering, Iteris and Sespe Consulting (i.e., the “Willdan Team”). Since work began in May 2009, the Willdan Team has performed the following tasks:

- Conducted an On-Line Survey of COG Sustainability Efforts (refer to Appendix B for the final survey report).
- Compared the general plans of COG jurisdictions to Southern California Association of Governments (SCAG) assumptions.
- Evaluated the current efforts of COG members as compared to the efforts that may be needed based on Best Management Practices (BMP) list and weighting factors developed as part of this task (refer to Appendix C for results of analysis).
- Monitored and reported on the SB 375 process and related meetings (refer to Appendix D for status updates and meeting highlights).
- Prepared for and conducted a series of SB 375 workshops for COG representatives (refer to Appendix E for a compilation of workshop materials).
- Prepared this white paper.

¹ http://leginfo.ca.gov/pub/07-08/bill/sen/sb_0351-0400/sb_375_bill_20080930_chaptered.pdf

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At the time of writing this report, the Regional Targets Advisory Committee (RTAC) had finished its deliberations and issued its Final Report (see Appendix F). The Southern California Association of Governments (SCAG) had developed a working draft Framework and Guidelines and subsequently updated its approach when it published the draft Sustainable Communities Strategy Collaborative Process document (see Appendix G). The draft Collaborative Process document includes the working draft of what has evolved into the Subregional Framework and Guidelines for Sustainable Communities Strategy as an attachment. In preparing the draft Collaborative Process document SCAG considered the evolving factors and methodologies to target setting presented in drafts of the RTAC report and, thus, these documents should be somewhat consistent in approach. The RTAC and SCAG documents; the SB 375 Government Code sections; and knowledge gained through performance of the above tasks on behalf of the COG serve as the basis for this white paper.

2.0 LEGISLATIVE/REGULATORY FRAMEWORK

SB 375 seeks to reduce passenger and light truck vehicle miles traveled (VMT) and greenhouse gas (GHG) emissions. SB 375 is one of many GHG emissions reduction measures that the Air Resources Board (ARB) is relying upon to meet the Assembly Bill 32 – Global Warming Solutions Act of 2006 (AB 32) statewide target of attaining 1990 GHG emissions levels in 2020. The AB 32 Scoping Plan² contains the overall strategy that California will use to meet the AB 32 target. The Scoping Plan includes a range of control measures that include direct regulations, alternative compliance mechanisms, monetary and non-monetary incentives, voluntary actions, market-based mechanisms such as a cap-and-trade system, and an AB 32 cost of implementation fee regulation to fund the program. Scoping Plan Measure T-3, "Regional Transportation-Related Greenhouse Gas Targets" presents a statewide reduction estimate of 5 MMTCO₂e/yr (million metric tons of carbon dioxide equivalent per year).

2.1 Role of SCAG

As described in the SCAG draft SCS Collaborative Process document, SB 375 requires SCAG to:

- Prepare a Sustainable Communities Strategy (SCS) as part of the 2012 Regional Transportation Plan (RTP). The SCS will meet a State-determined regional GHG emission reduction target, if it is feasible to do so.
- Prepare an Alternative Planning Strategy (APS) that is not part of the RTP if the SCS is unable to meet the regional target.
- Integrate SCAG planning processes, in particular assuring that the Regional Housing Needs Assessment (RHNA) is consistent with the SCS, at the city level.
- Specific to SCAG only, allow for subregional SCS/APS development.
- Develop a substantial public participation process involving all stakeholders.

² <http://www.arb.ca.gov/cc/scopingplan/scopingplan.htm>

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Unique to the SCAG region, SB 375 provides that “a subregional council of governments and the county transportation commission may work together to propose the sustainable communities strategy and an alternative planning strategy” (APS) “for that subregional area.” In addition, SB 375 authorizes that SCAG “may adopt a framework for a subregional SCS or a subregional APS to address the intraregional land use, transportation, economic, air quality, and climate policy relationships.” Finally, SB 375 requires SCAG to “develop overall guidelines, create public participation plans, ensure coordination, resolve conflicts, make sure that the overall plan complies with applicable legal requirements, and adopt the plan for the region.”³

2.2 Role of Gateway Cities COG

SB 375 amends the Government Code sections⁴ that discuss the preparation of RTPs to include the following policies that serve as the basis for preparing this white paper:

- The COG may propose its own SCS and an alternative planning strategy (APS), if necessary.
- SCAG may adopt a framework for a subregional SCS or a subregional APS to address intraregional land use, transportation, economic, air quality, and climate policy relationships.
- SCAG shall include the subregional SCS for that subregion in the regional SCS to the extent consistent with the Government Code and federal law and approve the subregional APS, if one is prepared, for that subregional area to the extent consistent with the Government Code.
- SCAG shall develop overall guidelines, create public participation plans, ensure coordination, resolve conflicts, make sure that the overall RTP complies with applicable legal requirements, and adopt the plan for the region.

Subregional agencies must formally indicate to SCAG by December 31, 2009 if they intend to exercise this option to develop a SCS/APS. A subregion that chooses to develop a SCS/APS for its area must do so in a manner consistent with the Framework and Guidelines that SCAG has drafted. The subregion’s intent to exercise its statutory option to prepare the strategy for its area should be decided and communicated through formal action of the subregional agency’s governing board. It may also be desirable to establish a formal agreement between SCAG and the respective subregion, which can be further reviewed as the Subregional Framework and Guidelines are finalized. The final Subregional Framework and Guidelines ultimately generated by SCAG would become the governing document for subregions that elect to develop their own SCS, while the Collaborative Process document defines how subregions that elect not to develop a subregional SCS can participate in the development of the regional SCS.

Aside from SB 375 and federal law, the yet to be completed Subregional Framework and Guidelines will contain the only requirements applicable to a subregional SCS. SB 375 limits SCAG’s

³ Government Code § 65080(b)(2)(C)

⁴ Ibid.

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Subregional Framework and Guidelines to “intraregional” issues. Since a subregion that exercises the option to develop an SCS is responsible for its own SCS, “intraregional” is believed to mean between the subregion preparing the SCS/APS and the region and/or adjacent subregion(s). SB 375 states:⁵

“The metropolitan planning organization may adopt a framework for a subregional sustainable communities strategy or a subregional alternative planning strategy to address the intraregional land use, transportation, economic, air quality, and climate policy relationships. The metropolitan planning organization shall include the subregional sustainable community’s strategy for that subregion in the regional sustainable community’s strategy to the extent consistent with this section and federal law....”

The subregion’s autonomy in determining what policies are feasible will depend upon:

- The extent to which the Subregional Framework and Guidelines encroach on issues that are subregional rather than “intraregional;” and
- Whether delegation for SCS development is accepted.

SB 375 further states that the MPO (SCAG in the case of Gateway Cities) “shall” include the subregional SCS in the regional SCS. SCAG would have to advise the ARB of its views on the subregional SCS but the ARB will ultimately decide whether the subregional SCS is adequate. “Ambitious and attainable” is a standard proposed by the ARB for SCSs that is not mandated by SB 375. SB 375 requires that targets be set and leaves the methodology for setting them up to the ARB. The RTP is economically constrained and the SCS would be similarly constrained. “Ambitious and attainable” is a balance that will be further debated as the ARB implements SB 375. Accepting delegation would make the subregion a primary stakeholder in that process.

2.3 Regional GHG Emissions Reduction Targets

The Scoping Plan states:

“The ARB estimate of the statewide benefit of regional transportation-related greenhouse gas emissions reduction targets is based on analysis of research results quantifying the effects of land use and transportation strategies. The emissions reduction number in Table 11 [i.e. 5 MMTCO₂e/yr] is not the statewide metric for regional targets that must be developed as SB 375 is implemented. The emissions target will ultimately be determined during the SB 375 process. [emphasis added].”⁶

There has yet to be a regional target established. However, ARB and SCAG have assumptions between 4.5 and 5.0 MMTCO₂e for the statewide emissions reduction target that they are using to

⁵ Gov. Code Section 65080(b)(2)(C)

⁶ Page 49, Scoping Plan. http://www.arb.ca.gov/cc/scopingplan/document/adopted_scoping_plan.pdf

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design their plans, programs, and models. Ultimately the regional targets will need to balance the desire to be ambitious with the reality that only attainable goals are ultimately feasible. The heart of this issue is observed by comparing two approaches: top-down (i.e., Scoping Plan estimate) and bottom-up (i.e., SB 375 approach). The roles of the SCS and APS, and their relationship through the regional targets that will be set by ARB, have yet to be determined.

2.4 Sustainable Communities Strategy Requirement

Whether prepared by SCAG or the COG, a Sustainable Communities Strategy shall:

- (i) Identify the general location of uses, residential densities, and building intensities within the region;
- (ii) 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;
- (iii) Identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region;
- (iv) Identify a transportation network to service the transportation needs of the region;
- (v) Gather and consider the best practically available scientific information regarding resource areas and farmland in the region;
- (vi) Consider the state housing goals;
- (vii) Set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the state board; and
- (viii) Allow the regional transportation plan to comply with federal air quality conformity requirements in Section 176 of the federal Clean Air Act (42 U.S.C. Sec. 7506).

2.5 Regional Housing Needs Allocation Component

Although SB 375 calls for an integrated process, subregions are not required to take on RHNA delegation as described in State law if they prepare a SCS/APS. However, SCAG encourages subregions to undertake both processes due to their inherent connections.

SB 375 requires that the RHNA allocated housing units be consistent with the development pattern included in the SCS.⁷ SCAG will be adopting the RHNA and applying it to local jurisdictions at the jurisdiction boundary level. SCAG staff believes that consistency between the RHNA and the SCS may still be accomplished by aggregating the housing units contained in the smaller geographic levels noted in the SCS and including such as part of the total jurisdictional number for RHNA purposes. SCAG staff

⁷ Government Code §65584.04(i)

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has concluded that there is no consistency requirement for RHNA purposes at the sub-jurisdictional level, even though the SCS is adopted at the smaller geographic level for the opportunity areas.⁸

2.6 Implementation Schedule

The next milestone in the SB 375 timeline will be the setting of the regional targets, followed by each Metropolitan Planning Organization (MPO) preparing its SCS (see Table 1). Each region will then be required to prepare a Program Environmental Impact Report (PEIR) and adopt their RTP. 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.

⁸ Pages 26 and 27, SCAG Draft Collaborative Process Document

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Table 1. Implementation Schedule

SB 375 Date	SB 375 / ARB Process	SCAG Phase	SCAG Process
Now Through 4/30/2010	<p>ARB Statewide Target Setting Process:</p> <ol style="list-style-type: none"> 1. SCAG prepares analysis of adopted, fiscally constrained RTP for years 2005, 2020 and 2035 and makes it publicly available. 2. ARB determines GHG “baseline” against which further reductions SB 375 strategies can be compared. 3. Using a bottom-up approach with input from regional and local officials and stakeholders, SCAG and ARB collaborate to develop sensitivity analyses and multiple scenarios to test effectiveness of various approaches. SCAG will publish this information for public comment. 4. SCAG analyzes scenarios and presents results to ARB and the public for comment. Then ARB prepares a preliminary draft uniform statewide target for public review and comment. SCAG may also submit a proposed regional target pursuant to the conditions of SB 375. 	1/2009 Through 12/2009	<p>SCAG Phase 1. Program Setup and Conceptual Scenario</p> <ol style="list-style-type: none"> 1. Participate in the Statewide Target Setting process. 2. Initiate sketch/scenario planning with subregions and local jurisdictions.
		6/2009 Through 9/2010	<p>SCAG Phase 2. Target Setting/Scenario Planning/Outreach</p> <ol style="list-style-type: none"> 1. Participate in the Statewide Target Setting process. 2. Initiate sketch/scenario planning with subregions and local jurisdictions. 3. Develop regional target recommendation.
12/31/2009	COG deadline for Subregional SCS commitment to SCAG.		
6/30/2010	ARB Staff Recommends Draft Regional Targets after considering feedback from MPOs and other stakeholders on the preliminary draft uniform statewide target , including any formal regional target submitted by SCAG.		
9/30/2010	ARB Board Approves Final Regional Targets	7/2010 Through 11/2011	<p>SCAG Phase 3. SCS Development including:</p> <ol style="list-style-type: none"> 1. Conduct Scenario Planning Workshops throughout region. 2. Prepare Draft 2012 RHNA, at the city level. 3. Prepare Draft 2012 SCS/RTP and Draft PEIR

Note: The SCAG SCS development process includes two additional phases (4 and 5), which are related to responses to public comments and public hearings on the Draft RTP/SCS and Draft PEIR and result in finalization of the two documents by 6/30/2012. See also the Draft Framework and Guidelines in Appendix G.

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2.7 Role of South Coast Air Quality Management District (SCAQMD)

The SCAQMD has an advisory role to SCAG and ARB with respect to SB 375 implementation. The SCAQMD was represented on the RTAC and SCAQMD staff prepared numerous documents and analyses for use by the RTAC and co-authored the RTAC's Final Report with ARB staff and the RTAC members. SCAQMD was the main proponent of, and fought tenaciously for the BMP approach that is recommended by the RTAC for ARB regional target setting.

SCAQMD rules and programs that affect GHG emissions sources or land use planning include:

- *Regulation 27 – Climate Change* establishes the SoCal Climate Solutions Exchange and Greenhouse Gas Reduction Program. This regulation includes three rules which set the basis for a carbon (cap-and-trade) market within the SCAQMD region (i.e., South Coast Air Basin) and establish a Greenhouse Gas Reduction Program.
- *Interim California Environmental Quality Act (CEQA) GHG Significance Threshold.*⁹ The threshold uses a tiered approach to demonstrating a less than significant impact from projects under CEQA as shown in Figure 1.
- *Proposed Rule 2301 – Control of Emissions from New or Redevelopment Projects* is an indirect source rule intended to reduce criteria pollutants that would have co-benefits on GHG emissions. Rule development has been on hold since April 3, 2009 which roughly coincides with the beginning of the RTAC process. Rule 2301 focuses on vehicle miles associated with land use development and thus overlaps with SB 375. There are a number of key issues including the proposed rules' interaction with the CEQA process; local governments' applicability threshold; authority over final project approval; inclusion of an off-site mitigation fee option; the compliance schedule (e.g., phase-in); standard uniform requirements for all projects regardless of size versus a project-by-project approach requiring local governments to make individual project decisions; and enforceability.

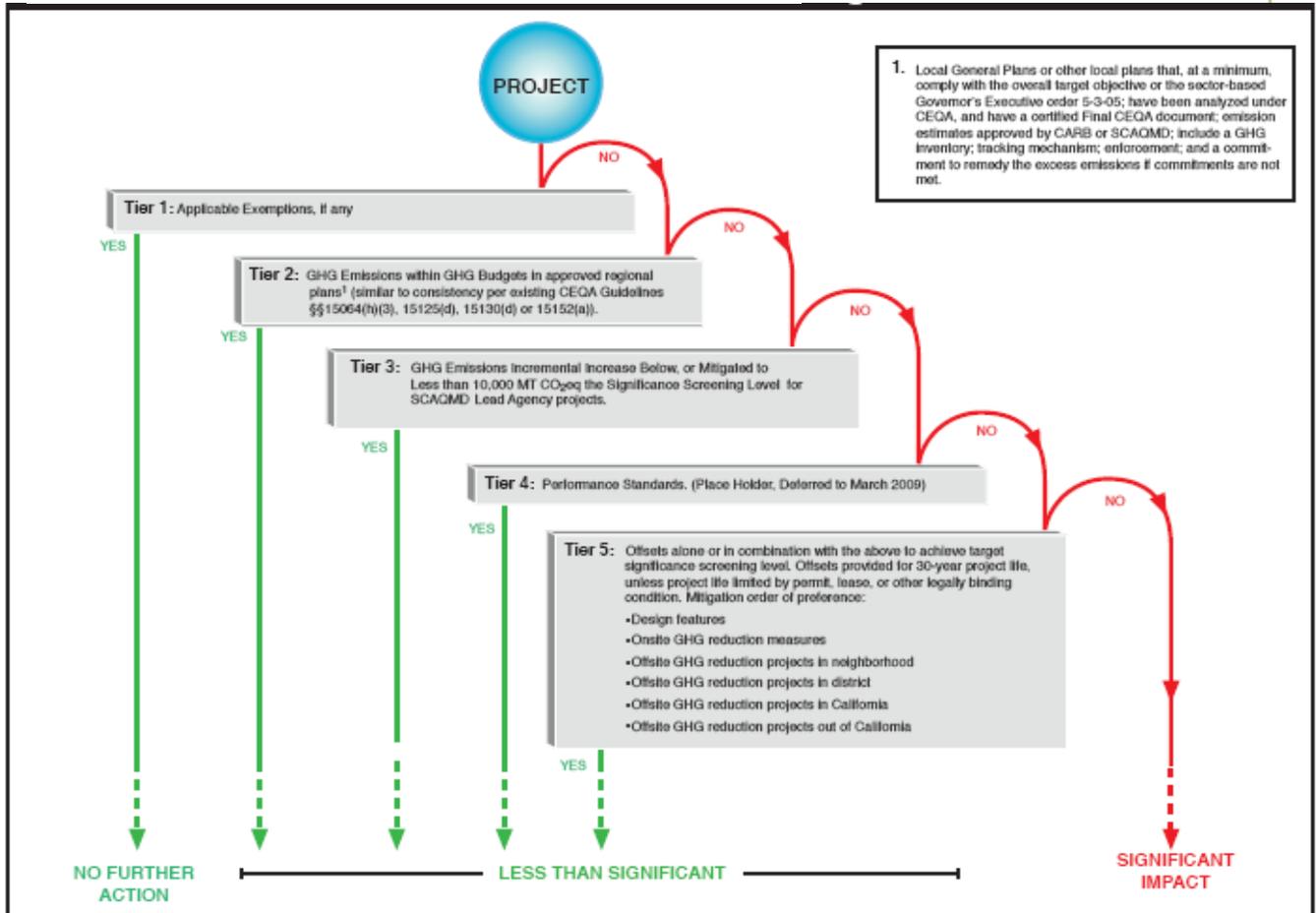
⁹ <http://www.aqmd.gov/hb/2008/December/081231a.htm>

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Figure 1. SCAQMD Interim CEQA GHG Significance Threshold



3.0 REGIONAL TARGETS ADVISORY COMMITTEE

SB 375 required ARB to create the RTAC (Committee) to recommend factors to be considered and methodologies to be used by ARB when setting targets. The ARB appointed members to the Committee in January 2009. The Committee met monthly from February through September, including several additional semi-monthly meetings for a total of 14 meetings. It is comprised of a diverse group of 21 individuals representing affected stakeholders including MPOs; air districts; local governments; transportation agencies; homebuilders; environmental, planning, affordable housing and environmental justice organizations and members of the public.

The Committee's specific charge was to prepare a report for ARB's consideration that recommends factors to be considered and methodologies to be used for regional target setting¹⁰. In doing so, the Committee considered relevant issues, including data needs, modeling techniques, growth forecasts, impacts of regional jobs-housing balance on interregional travel and greenhouse gas emissions, economic and demographic trends, the magnitude of greenhouse gas reduction benefits

¹⁰ Government Code § 65080(b)(2)(A)(i)

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from a variety of land use and transportation strategies, and appropriate methods to describe regional targets and to monitor performance in attaining those targets. All information and correspondence associated with the Committee is publicly available on ARB's website¹¹ and their Final Report is contained in Appendix F.

RTAC focused on the process of implementation for SB 375 and the need for both transparency and stakeholder "buy-in." Central to this discussion, the RTAC spent a great deal of time and energy discussing the role of travel demand models and Best Management Practices (BMPs) in the target setting process. At the conclusion of its discussions, and on the basis that the models are not standardized or capable of fully evaluating the SB 375 factors, the Committee agreed to the following:

1. "All MPOs employ travel modeling, and the results of the modeling with respect to greenhouse gas emissions will be made publicly available.
2. The Committee supports the use of a list of accepted Best Management Practices, or BMPs for:
 - One of several tools to be used in target setting;
 - Greenhouse gas reduction strategy development;
 - Target compliance demonstration by small MPOs in the first round and as an action plan to supplement model compliance by all MPOs;
 - ARB to use as an accuracy check on each MPO's submittal as part of its strategy approval process; and
 - A user-friendly tool to facilitate public review of the greenhouse gas reduction strategy for all MPOs.
3. 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 the ARB deciding on this option, the Committee recommends that the ARB consider all pros and cons related to this decision as discussed at the July 22, August 5 and 18, and September 1, 2009 Committee meetings.¹²

During RTAC meetings, the most frequently cited barriers to successful SB 375 implementation were cuts to public transit funding, and the lack of funds for jurisdictions to create new community-based plans, change zoning and do programmatic environmental reviews. The RTAC has stated that 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. This statewide planning program, which is administered by the California Department of Transportation, was initiated with the passage of SB 77 in 2005 and makes competitive grants available to MPOs and COGs to conduct comprehensive scenario planning that results in consensus by regional

¹¹ [http://www.arb.ca.gov/cc/SB 375/SB 375.htm](http://www.arb.ca.gov/cc/SB%20375/SB%20375.htm)

¹² Page 6, RTAC Final Report.

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leaders, local governments and stakeholders on a preferred growth scenario – or “blueprint” – to effectively address future growth on a twenty-year horizon through the integration of transportation, housing, land use, environmental resources, other infrastructure, and services. SCAG’s Compass Blueprint is among the best examples of this planning program and actually predated the statewide program with SCAG’s issuance of its Compass Growth Vision report in June 2004. Since then, SCAG has funded a number of demonstration projects that have illustrated how this integrated planning process can be carried out by local governments. In the Gateway Cities subregion, these projects have included the Compton General Plan Update and Small-Area Visioning, the Long Beach Boulevard Corridor Study and the recently awarded Imperial Highway Corridor Study in La Mirada.

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. Recognizing that land use authority is the role of local governments, the RTAC Final Report contains the following discussion of the issues that local governments will face when implementing SB 375:

“The Scoping Plan uses the term “essential partner” when describing the important role that local government will play in achieving reductions in greenhouse gas emissions. SB 375 poses a new set of challenges for local government and the findings correctly state that “local governments need a sustainable source of funding to be able to accommodate patterns of growth consistent with the state’s climate, air quality, and energy conservation goals.” SB 375 also recognized the importance of rural sustainability and acknowledged the importance of financial incentives for local governments that fulfill this role. SB 375 specifically acknowledged the fiscal dilemma for jurisdictions that do not pursue development, but rather contribute towards the greenhouse gas reductions by protecting resource areas and farmland. The challenge will be to reconcile these goals with the responsibility of local governments to create safe, healthy, economically diverse, and fiscally sound communities.

The Growth Issue

Cities and counties are required by the state to plan and zone for housing for a growing population and they must continue to grow their local economies in order to pay for infrastructure and services and provide local jobs while they work to reduce carbon emissions. The Committee believes strongly that SB 375 is not a “no growth” bill and should not be implemented in a manner that turns it into one. Local agencies will need tools, such as education, retraining, state financial assistance, revenue raising authority, and loans and credits to make a smooth transition. Without such resources, it will be difficult to ask local elected officials to make decisions that may reduce emissions while, in some instances, placing economic burdens in their communities.

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The Planning Challenge

SB 375 envisions that local governments will ultimately amend their general plans and zoning to help implement the SCS adopted by the MPOs, but it does not appropriate any new funds for this purpose. A companion bill, SB 732 makes \$90 million available for MPOs and local governments for “sustainable planning,” but this is not nearly enough when a typical general plan (including public outreach and CEQA review) can exceed \$500,000 in a small community and millions in larger ones. Planning departments rely on city or county general funds and on developer fees to fund staff positions and both of these revenue sources have suffered in recent years. In the current economy, many have had to cut back planning staff—precisely at the time more planning is needed if SB 375 is to live up to its promise. Planning resources for RTPs and compatible local general plans will be critical to the success of SB 375.

The Infrastructure Challenge

Mixed-use, higher-density development in infill areas must often overcome deficiencies in existing infrastructure such as inadequate sewer or water capacity. Other infrastructure needs can include items such as fire equipment appropriate to each community’s development pattern, walkable paths, usable bike lanes, and quality open space. The current state budget issues have diminished the ability of cities to address these deficiencies by reducing redevelopment funding. In addition, current transportation funding available for operations and maintenance of the city, street, county road and transit systems falls woefully short of the needs. Further, the local transportation system serves as the right of way for transit and other alternative modes, and thus will be relied upon even more in meeting the SB 375 goals. California’s fiscal structure severely constrains the ability of local agencies to raise revenues to address these needs. Developers can only be required to pay their proportional share of the impact, not for repairing existing deficiencies. And, it is difficult for local agencies to get voter approval on measures that require a two-thirds majority for any reason, let alone to support new development.

Conflicting State Mandates and Policies

The Committee believes the state must work to reconcile conflicting mandates and policies. The most recent example of conflicting state policies is the disconnect between a emissions reduction strategy that encourages infill in built out areas and the current state budget that redirects the best source of funding for such development: redevelopment dollars. Another example is the 2009-10 Budget Act reduction of subvention payments to cities and counties, which is part of the Williamson Act’s¹³ critical effort to preserve farmland. Another concern is the conflict between reducing greenhouse gas emissions by locating more housing within existing transit corridors and

¹³ Government Code §§ 51200 to 51297.4

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the public health risk caused by existing air particulates in these same areas. Similar conflicts will arise with budget proposals to eliminate basic operations and maintenance monies for transit and the local transportation system and a number of other policies.

Making it Understandable

As the branches of government closest to the people, it will often be up to city and county officials to act on and explain the reasons for ARB on saving strategies. These officials will need support in developing reports and information and packaging it in a way that the broader public can easily understand. If the public is confused or cannot draw a connection between the action taken and the benefits to the community, they are likely to object and register their dissatisfaction next time they vote.

Resources as Incentives

The resources needed to achieve the SB 375 goals and encourage the necessary land use changes and appropriate transportation strategies, are many. Planning monies are needed for comprehensive general plan updates compatible with the new SCS and RTPs. Acquisition and conservation monies should be targeted to jurisdictions that have resource areas. Transportation revenues available to regional agencies for expansion and capital improvements should be targeted to those cities and counties with general plans and programs that are consistent with regional plans that achieve ARB set greenhouse gas targets. Consistent with SB 375, financial incentives should be made available to jurisdictions that preserve resource areas¹⁴ and farmland.”¹⁵

In summary, the RTAC recognizes the difficulties that local governments will encounter when implementing SB 375 and the Willdan Team concurs with RTAC’s assessment of these barriers as presented in its Final Report. This is one reason that the RTAC recommends the BMP approach to SCS development over the traffic modeling that is used for the remainder of the RTP. The benefit of the BMP approach is that BMPs are easy to understand whereas traffic modeling is a black box to all but a few technical individuals. The implication of the BMP approach for the COG is to make SB 375 accessible for implementation. SCAG will continue to model traffic and may use the model(s) to estimate the magnitude of effects for some BMPs. However, the BMP list and/or a simple spreadsheet tool that RTAC recommended ARB develop can more easily be used by the COG and its member cities than a subregional traffic model.

4.0 SCAG APPROACH

SCAG’s approach has evolved over the RTAC process. At the beginning of the process, SCAG’s approach was top-down from the city/subregional perspective. SCAG issued the working draft Framework and Guidelines and generated a “straw man” Conceptual Land Use Scenario (CLUS). Both of

¹⁴ Appendix H contains a list of the “resource areas” identified in SB 375.

¹⁵ Pages 30-32, RTAC Final Report.

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these efforts drew criticism from local governments. SCAG developed the CLUS and then met with each city to discuss growth forecasts and other assumptions. By the end of the RTAC process, SCAG had distanced itself from the “straw man” scenario and the CLUS work indicated that growth forecasts did not adequately reflect growth patterns expected by cities and that more bottom-up work was needed. When the RTAC resolved to favor the BMP approach, SCAG’s approach became more cooperative and collaborative. Now SCAG simply wants to know, “What can your region/county/city do?”

SCAG is currently in Phase 2 of their proposed schedule (see Table 1 and Appendix G). The first step in Phase 2, “technical sketch/scenario planning exercise to inform target setting,” has been prepared by SCAG staff in consultation with the Plans and Programs Technical Advisory Committee and subregions in the form of the CLUS. The remaining steps in Phase 2 are related to “regional outreach and consensus building to inform target setting” and include:¹⁶

- Conduct a Regional Summit as a kickoff to subregional workshops.
- Hold at least one workshop per subregion. If a subregion desires to hold additional workshops, SCAG staff will be prepared to support their efforts, as needed.
- Discuss principles and assumptions used to develop the CLUS.
- Show visualizations of development types and policies that can help develop the SCS.
- Utilize real-time polling to measure the participants’ level of interest and commitment to a range of potential policies and assumptions:
 - The use of 10 percent city and county control totals for housing and employment
 - Avoiding existing single family neighborhoods for new housing and employment unless vacant land was zoned for single-family development
 - Locating new growth areas close to transit services with vacant or redevelopment land capacity
 - Land within 1.0 mile of Metro Rail and Metrolink stations
 - Land within 0.5 miles of rapid bus corridors and express bus stops
 - Land within 0.25 miles of a local bus stop
 - Focusing higher intensity new development on land within areas designated for commercial uses, areas with downtown development, employment zones, and other more urbanized areas.
 - Directing significant amounts of employment and housing development into high priority transit areas
 - Locating new housing and employment growth in a pattern and style that would foster a more complete community
 - Transportation Demand/System Management
 - Transportation investment
- SCAG will then quantify the potential GHG reduction benefits from the highest ranked policies.

¹⁶ Taken from Draft SCS Collaborative Process document.



- With input from the subregions, local jurisdictions, County Transportation Commissions (CTCs), and others, the highest ranked policies will form the basis for an “agreement” or “compact” that documents the subregion’s level of commitment to a set of policies.
- The policy input from CTCs, subregions and local jurisdictions, when quantified, will help inform SCAG’s target recommendation to ARB.

In summary, accurate growth forecasting and inclusion of existing land uses require a bottom-up approach and buy-in from local government. SCAG has proposed a detailed collaborative process regardless of whether a subregion is delegated the SCS. SCAG will require all subregions that accept delegation to comply with the Subregional Framework and Guidelines which have yet to be finalized. The Subregional Framework and Guidelines is one area where the COG may disagree with SCAG and need the leverage of having been delegated the SCS to influence that policy document.

5.0 CURRENT COG SUSTAINABILITY EFFORTS

In order to ascertain the extent of the sustainability measures and improvements that may have already been initiated by the COG’s member jurisdictions, the Willdan Team conducted an on-line sustainability survey. The survey was conducted over a four-week period and by the time it was completed 100% participation was realized on the part of the COG’s members. The survey questions encompassed general sustainability measures such as energy efficiency improvements and development of climate action plans and GHG emission inventories, as well as more specific SB 375 related questions on member jurisdictions’ efforts to reduce GHG emissions by way of transportation, housing and land use planning activities.

The survey revealed that the COG’s member jurisdictions have already undertaken or are considering various SB 375 related GHG emission reduction measures (see Appendix B for the final survey report). Of the 28 member jurisdictions, 86 % have either completed or are considering mixed use developments, 79% have either completed or are considering transit-oriented developments, 68% have either approved or are considering rezoning for new employment-generating commercial and industrial land uses, and 25% have recently approved increased residential densities in their communities. In the areas of transportation and transportation demand management, 64% of the COG’s members have instituted compressed work schedules or telecommuting for their employees, 54% have completed bicycle and pedestrian infrastructure improvements, 30% have initiated employer based rideshare programs, and 19% have implemented transit access improvements and park and ride/transit feeders. The survey results indicate a strong institutional capacity in the Gateway cities for programs, policies and initiatives that are the foundation for complying with SB 375 and SCS requirements.

6.0 POTENTIAL SUBREGIONAL GHG REDUCTION TARGETS ANALYSIS

SB 375 requires the ARB to establish metric GHG emission reduction targets for each of the 18 MPOs in California. It does not require, nor is the ARB or SCAG considering the establishment of subregional metric GHG emission reduction targets. However, in order to determine the capacity of the

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COG to undertake land use and transportation measures to reduce GHG emissions, the potential GHG emission reductions that could be realized from measures that have already been or could be initiated by the COG's member jurisdictions was quantified and compared to a hypothetical subregional target.

Using the results of the on-line Sustainability Efforts Survey and available greenhouse gas emission data from SCAG, the Willdan Team estimated that current planned policies and improvements in the Gateway Cities subregion could achieve approximately 15 percent of a potential subregional GHG emissions reduction target. The hypothetical subregional target used in the analysis, and based on a per capita allocation of an assumed statewide GHG reduction target of 5.0 MMTCO₂e/day, was a 4% reduction in GHG emissions by 2020. In order to meet a SB 375 greenhouse gas emission target of 4% reduction by 2020, 80 percent of the COG jurisdictions would need to adopt a wide range of land use and transportation policies such as infill, mixed use, and transit-oriented development; affordable housing policies; rideshare programs; bicycle and pedestrian infrastructure improvements; and transit operations and infrastructure improvements. The complete results of this analysis are contained in Appendix C.

7.0 PROS AND CONS OF SUBREGIONAL SCS DELEGATION

SB 375 and climate change regulation including cap-and-trade market mechanisms are not likely to go away. SB 375 envisions, and all agencies involved endorse, a “bottom-up” approach. Such an approach will necessarily involve the COG regardless of SCS delegation status. SCAG has proposed the following potential roles for subregions:

- Convene and facilitate workshops and other dialogue with local jurisdictions and stakeholders.
- Provide planning assistance to SCAG and/or local governments.
- Identify strategies or strategy elements that can be considered and developed for SCS.
- Identify key partners, stakeholders, and Champion Cities within their subregions.
- Compile and submit input to SCAG on growth forecast/strategy.
- Adopt subregional RHNA distribution.
- Work with CTCs to prepare transportation investment strategy.
- Develop and adopt subregional SCS/APS at their option (subject to Framework & Guidelines).¹⁷

Subregional SCSs will necessarily need to be consistent with the SCAG SCS and Subregional Framework and Guidelines. This framework is similar to the air quality regulatory framework. The ARB maintains a State Implementation Plan which is informed by Air Quality Management Plans that are developed by each air district. The SIP is a backstop for air district regulated sources and contains

¹⁷ Page 4, Draft SCS Collaborative Process document.

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regulations for inter-district sources (e.g., mobile sources, consumer products, etc.). Some districts choose to regulate certain sources more aggressively than others. Similarly, some subregions implementing SB 375 will prefer certain BMPs over others. This approach allows the subregions to focus on local solutions while preventing any one subregion from proposing policy or projects that are inconsistent with the overall objective.

SCAG states that “development of a SCS presents a unique opportunity to focus less on capital intensive investments, and to develop better approaches to system management and operational improvements, implementing pricing policies, and improving the coordination between transit services and non-motorized transportation, with the goal of creating more livable communities.”¹⁸

Table 2 summarizes the pros and cons of accepting delegation of the SCS/APS development from SCAG.

Table 2. Pros and Cons of Delegation

Pros	Cons
More local control and certainty	More administrative burdens/costs
Constructive	COG may have to assume new roles in arbitrating disputes and reconciling uneven participation by member cities
Delegation for initial SCS is irrevocable, once accepted, but could be relinquished for subsequent SCS preparation cycles.	Potential for liability relating to COG members’ issues over development of a subregional SCS
Authority under the law rather than subject to SCAG or SCAQMD interpretation.	COG may need to assume responsibility for monitoring performance in implementing subregional SCS
Splits oversight and enables COG to comment to ARB on a more equal basis with SCAG if there are disagreements.	Expanded role in an increasingly contentious RHNA process.
Ability to selectively control portions of SCS that are appropriate for COG.	Potential for unfulfilled commitments.

8.0 RECOMMENDATIONS

The COG will expend resources in support of either a SCAG-driven or delegated Gateway Cities SCS. There is little doubt that delegation involves more expenses, administrative burdens and potential legal liabilities than being collaboratively involved in the broader regional SCS. The decision to accept

¹⁸ Page 5, Draft SCS Collaborative Process document.

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delegation needs to balance the additional resources needs and policy issues of accepting delegation with the increased certainty that comes from local control of the SCS process.

The consistency requirements may be reason for the COG to oppose the SCAG framework, guidance, and/or policy. In that case, the ARB would likely need to arbitrate the dispute. The autonomy provided by the subregional SCS will be useful in influencing policy at both SCAG and ARB. Given the uncertainties that remain in the SB 375 process, the possibility of future disagreement with SCAG, and SCAG's encouragement to accept delegation, the Willdan Team recommends that the COG accept delegation of the Subregional SCS.

The level of delegation may be viewed by the COG as full delegation, but this is not necessarily the case due to SCAG's consistency needs. The COG's ability to negotiate the roles it sees as appropriate arises from its statutory authority to conduct an SCS, not a collaborative SCAG process. SCAG's consistency needs will likely require that any components of the SCS not conducted by the COG will have SCAG assumptions in their place.

The Willdan Team recommends the COG form a SCS subcommittee or equivalent body to ensure that the Gateway Cities SCS is a member jurisdiction driven process. This body can review the recommendations of this white paper and address both policy and technical issues. Initial SCS delegation decisions will include the allocation of resources in order to meet SCS responsibilities, scope and schedule. The following tentative framework of a Gateway Cities SCS program discusses these issues further.

SCS Responsibilities

Several of the SCS components are redundant with previous RTP components; the COG will be able to rely on previous RTP efforts to provide a framework for preparing these components. The COG should accept the following levels of responsibility, which are described in relation to each of the SB 375 required components of a regional SCS (shown below in *italic*), in developing a delegated subregional SCS:

- *Identify the general location of uses, residential densities, and building intensities within the region:* The COG should work with each member jurisdiction to appropriately reflect their current land uses for use in the Gateway Cities SCS and facilitate participation of each member in the SCAG regional growth forecasting. The active participation of each COG member in SCAG's growth forecasting is critical to the SCS development and RHNA processes and the establishment of reasonable/realistic local growth projections and housing unit allocations. Integration of the SCAG regional growth forecasting in the Gateway Cities SCS should be presented on a subregional level.
- *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:* This is a component of the above activity.

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- *Identify areas within the region sufficient to house an eight-year projection of the regional housing need for the region:* Given the increasingly contentious and potentially litigious nature of the RHNA process, the COG should carefully consider the implications of accepting expanded responsibilities in the RHNA allocation process.
- *Identify a transportation network to service the transportation needs of the region:* The COG should work with Metro and SCAG to identify fiscally-constrained transportation improvements that meet the transportation needs of the Gateway Cities—this is the same process already occurring in conjunction with the preparation of the RTP.
- *Gather and consider the best practically available scientific information regarding resource areas and farmland in the region:* The Gateway SCS will identify and catalog subregional resource areas as defined by SB 375.
- *Consider the state housing goals:* The Gateway Cities SCS will consider state housing goals and demonstrate plans and projects that promote those goals.
- *Set forth a forecasted development pattern for the region, which, when integrated with the transportation network, and other transportation measures and policies, will reduce the greenhouse gas emissions from automobiles and light trucks to achieve, if there is a feasible way to do so, the greenhouse gas emission reduction targets approved by the state board:* The Gateway SCS will include land use patterns, transportation infrastructure projects, and transportation measures and policies that will be used as inputs into the SCAG regional travel demand model to determine consistency with the regional GHG emission reduction target.
- *Allow the regional transportation plan to comply with federal air quality conformity requirements in Section 176 of the federal Clean Air Act (42 U.S.C. Sec. 7506):* The SCS will be a component of the RTP.

In summary, the Gateway Cities SCS should accept all of the components of the SCS development, while recognizing the risk of liability associated with additional RHNA-related responsibilities and continuing to clarify this issue with SCAG.

SCS Scope

The most important components of the SCS will be 1) land use including housing, 2) capital transportation improvements, and 3) transportation operations, measures, and policies. Each of these should be addressed from both the “top-down” and “bottom-up” approach at four levels: statewide, regional, sub regional, and local. These layers will combine to form a complete subregional SCS that will be integrated into the SCAG RTP.

Land Use: Existing and future projected land use conditions should be a City-driven component of the SCS. SCAG growth projections can be addressed by individual cities or by the COG in terms of aggregate growth. The SCS Subcommittee should determine the appropriate means of addressing disparities between individual city and regional projections, as well as a protocol for addressing non-participating local entities, if any.

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Capital Transportation Improvements: The capital transportation improvement component of the SCS will parallel the RTP process with the COG partnering with the MTA, SCAG, and municipal transportation and public works departments to identify fiscally-constrained transportation projects. Two areas of additional attention will be the potential inclusion of local capital improvement projects that have the potential to reduce GHG emissions.

Transportation operations, measures, and policies: The COG should play a central roll in determining operational and policy measures with the potential to reduce GHG emissions. This includes participation in BMP development by SCAG, SCAQMD or ARB; working with its member jurisdictions to identify current and potential measures; and potentially developing subregion-wide policies.

SCS Schedule

The Gateway SCS development will be a two year effort with potential follow-up activities such as General Plan update support.

The Gateway Cities should be a partner in the regional target setting process currently underway at SCAG in preparation for the submission of draft targets to ARB. The COG can build on the subregional survey to provide data to SCAG regarding regional target setting and its current and potential ability to reduce GHG emissions through land use and transportation measures. The COG should also be involved in the concurrent process of developing best management practices at SCAG, SCAQMD and ARB.

The next phase will be the development of the Gateway Cities SCS, which will culminate with the certification of the 2012 SCAG RTP. In addition to the activities listed above under the SCS Responsibilities and SCS Scope, the COG should be prepared to coordinate the SCS integration into the SCAG RTP and support in the development of the RTP EIR.

Cost

Regardless of whether or not the COG exercises the option of developing a subregional SCS, the COG will incur additional costs as the regional SCS is developed. In working collaboratively with SCAG on the development of the regional SCS the COG would likely need outside consultant assistance to augment and support the efforts of the limited COG staff available. Based on the effort and associated cost for the Willdan Team to assist the COG to this point in the SB 375 process, the cost for a consultant to continue to assist the COG for the balance of the process could easily range up to \$250,000, recognizing the work to be remaining work to be performed over the next 30 months. By comparison, the cost for COG development of a subregional SCS could range from \$500,000 to \$750,000, including coordination with member cities/SCAG/ARB, data collection, and public outreach. This also assumes that SCAG would perform any required modeling and that the Program EIR prepared for the regional SCS would provide CEQA clearance for the subregional SCS. The COG and its members need to decide whether the benefits associated with the development of its own SCS justify the added expense to be incurred, and whether the financing for such an effort can be assembled.



9.0 POTENTIAL FUNDING SOURCES FOR FUTURE ACTIVITIES

Current economic trends include a nationwide recession which has impaired the ability of state government to provide reliable and steady funding for community planning and infrastructure delivery. The State of California in its recent budget severely curtailed resources for transit services and redevelopment. These resources are essential to support sustainable development – both at the planning and implementation stages – by local governments and transit agencies. The effects of the recession are expected to continue for at least the near term.

The RTAC was sensitive to the need for the current and future economic trends to be taken into account in determining what is actually achievable. However, the RTAC was also confident that the forecasting methods currently required in the RTP process will reflect changes in the economy, and account for economic fluctuations over time. Thus, the impact of the recent unusually severe recession and economic restructuring will be reflected as these forecasts are updated for regional plans developed under SB 375.¹⁹

The responsibility for developing an SCS falls on MPOs, and much of the implementation falls to transportation commissions and local governments. While many MPOs have put in place exemplary policies and visions to create additional transportation choices, significant portions of their operating budgets are committed to maintenance and operation of existing systems, and only a small percentage is typically available to create new transportation options. Similarly, local government planning funding is in short supply, and existing planning staffs are struggling to keep pace with current planning demands, leaving little capacity for comprehensive, sustainable long range planning. These entities would benefit from additional funding, other mechanisms, and incentives to realize their visions for mixed-use, walkable communities with transportation options.

The RTAC recommends that the State consider the following actions to support the implementation of SB 375:²⁰

- **Transit Funding.** The Committee urges the state to address this discontinuity between the elimination of state transit funding in its budget and the mandates of SB 375. Public transit is a key tool for achieving the objectives of SB 375, and sustained and consistent investment in alternative transportation modes will be essential to support the development and implementation of RTPs (and SCSs) that will get needed emissions reductions.
- **Local Transportation System Funding.** The city street and county road system is relied upon as the right of way for transit, cycling, pedestrians, etc., yet budget proposals would have eliminated the local portion of the state gas tax or highway user tax account (HUTA) funding. The local HUTA serves as a critical source for the operations and maintenance of this system. A safe and efficient local transportation network is critical to creating viable, livable communities.

¹⁹ Page 25, RTAC Final Report.

²⁰ Pages 34 and 35, RTAC Final Report.

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- **Planning Funding.** In the short term, encourage the Strategic Growth Council to expedite the distribution of Prop 84 funds to assist state and local entities in the planning of sustainable communities. In the long term, provide a stable source of additional funding to fully enable local governments to meet the planning challenges presented by SB 375. Provide local authority to impose a surcharge on motor vehicle registration for the purpose of developing a sustainable communities strategy.
- **Redevelopment Funding.** Address the discontinuity between reduction in redevelopment funds and requirements of SB 375. Support infrastructure modernization funding to overcome imbedded disincentives to redevelopment. Restore and protect the property tax increment for redevelopment
- **Affordable Housing Funding.** Provide a permanent funding source for affordable housing. This type of state investment will be essential to achieving the jobs-housing fit necessary to reduce greenhouse gas emissions.

Two major pieces of upcoming federal legislation, a climate bill and the re-authorization of the six-year transportation spending bill which is expected to leverage \$500 billion, each present opportunities to advance reform that will both help ensure California is successful in implementing SB 375 and encourage improved land use planning to meet climate goals nationwide. The RTAC identifies Federal transportation funding and supporting policies that present opportunities for SB 375 implementation including.²¹

- **Climate Funding for Transportation Planning.** Some portion of funds generated from the auction of carbon emissions allowances from any future cap and trade system be set aside to fund regional transportation planning that reduces greenhouse gas emissions.
- **Integration of Greenhouse Gas Reduction into Transportation Planning.** The State should request that the transportation bill should establish clear national transportation objectives, consistent with reducing carbon emissions, oil savings and congestion mitigation. State and regional long-range transportation blueprint plans should incorporate greenhouse gas reduction goals, with funding tied to implementing projects. Local governments play an absolutely vital role in the successful implementation of SB 375 in California. Unfortunately, many local governments are facing severe funding shortfalls, and funding for comprehensive planning is in short supply. The transportation bill should create a new program that sets funding aside for states and MPOs to provide incentive grants to local communities to update zoning and support local projects that achieve regional blueprint goals that contain greenhouse gas control strategies.
- **Removing Policy Barriers and Providing Incentives to Effective SB 375 Implementation.** Now that the federal interstate highway system is in place investments should turn towards safety and maintenance of existing systems, and the buildout of robust transit networks in major

²¹ Pages 36 and 37, RTAC Final Report.

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metropolitan areas. Cities and counties no longer receive federal monies directly, but regions should provide incentive programs to support safety and maintenance of city streets and county roads for areas that forward climate change policies. The State should support reform in the federal legislation to level the playing field between different modes, simplify the process for building new transit, free up some of the proposed \$500 billion available over the next six years to support the operations of the state's transit agencies, and provide financial incentives in the form of safety and maintenance funding for jurisdictions that contribute towards GHG emission reductions by protecting critical resource areas and farmland, or implement strategies to support city-oriented growth.

Finally, the Climate Action Plan presentation materials in Appendix E contain a list of funding sources that was previously distributed to member jurisdictions.