



DATE: June 30, 2020

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **Senate Bill 743: CEQA
Transportation Analysis**

RECOMMENDATION

Adopt a Resolution to Adopt a Policy Implementing the California Environmental Quality Act to Comply with California Senate Bill 743 Regarding the Use of Vehicle Miles Traveled in Transportation Analysis, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

California Senate Bill 743 (SB 743) was passed in 2013 and represents a new paradigm in development planning. SB 743 requires cities to evaluate transportation-related environmental impacts to support the reduction of greenhouse gas emissions, development of multi-modal transportation networks, and more diverse land uses. As a result, the Governor's Office of Planning and Research (OPR) requires California Environmental Quality Act (CEQA) Lead Agencies to replace Level of Service (LOS) with Vehicle Miles Traveled (VMT) as the primary measure of transportation-related environmental impacts. Additional background information on SB 743 is included in Attachment 2.

OPR has published a Technical Advisory on evaluation of transportation impacts in CEQA. The Advisory contains technical recommendations for assessing VMT and are grounded in the most pertinent research on the topic of VMT reduction. While OPR gives lead agencies discretion in implementing SB 743, policies deviating from the OPR recommendations must be supported by substantial evidence in the local context.

Previous Meetings

Previous Environmental Planning Commission (EPC) and City Council meetings on this topic are summarized in Attachment 2.

EPC Public Hearing – May 20, 2020

On May, 20, 2020, the EPC recommended approval of the proposed SB 743 policy recommendations. EPC comments and recommendations are included under each of the following topics.

ANALYSIS

Transportation analysis includes three general areas, the first two of which fall under SB 743: (1) screening criteria, used to determine level of transportation review required; (2) VMT thresholds of significance, used to determine a project's transportation-related environmental impact; and (3) the Multi-Modal Transportation Analysis (MTA), for transportation review outside of CEQA. The following policy recommendations address comments and direction from the EPC and Council along with further staff research, analysis, and OPR guidance.

1. Screening Criteria

The CEQA Guidelines and OPR Technical Advisory allow for project screening criteria to identify when a proposal should be expected to cause a less-than-significant transportation impact under CEQA and not be required to prepare a VMT analysis. All screening criteria recommended in this section are supported by significant VMT reduction best practices researched by OPR.

a. Small Project Screening

OPR recommends small residential and office projects generating or attracting 110 daily trips or fewer be presumed to have a less-than-significant transportation impact.

At the Council Study Session, staff recommendation was generally consistent with OPR guidance; however, staff recommended using 30 units as a cap for multi-family projects under this screen. The recommendation was based on a review of projects over the past 10 years in the City.

However, upon further analysis of local evidence, staff notes 20 multi-family units best equates to the 110-daily-trip threshold, and 30 units would exceed the trip threshold recommended by OPR. After reviewing the most recent trip generation rates for multi-family projects, staff is now

recommending using the 20-unit size screen for multi-family residential projects.

Table 1 shows small project size criteria recommended by OPR as well as the previous and current recommendations for Mountain View.

Table 1: Small Project Screening Thresholds

Land Use	OPR	Staff Recommendation (Council Study Session)	Final EPC and Staff Recommendation
Residential	Single-family: 12 units	Single-family: 12 units	Single-family: 12 units
	Multi-family: 20 units	Multi-family: 30 units	Multi-family: 20 units
Employment	Approximately 10,000 square feet ¹	Approximately 10,000 square feet ¹	Approximately 10,000 square feet ¹

¹ 10,000 square feet or 110 daily trips. This presumption is consistent with categorical exemption Section 15301, Existing Facilities, of the CEQA Guidelines. The exemption applies to new projects or additions to existing structures of up to 10,000 square feet. This exemption should hold true for project types whose VMT increases relatively linearly with square footage (i.e., general office building, single-tenant office building, office park, and business park).

Staff also notes the multi-family residential zones subject to this screen will be extremely limited in Mountain View as most of the City is screened out from further CEQA transportation analysis after applying the three other screening factors described below.

EPC Recommendation: The EPC recommends adopting the current staff recommendation of using OPR’s suggested small project screening thresholds for small residential and office projects.

b. Low VMT/Map-Based Screening

Per OPR, residential and office projects in low-VMT areas compatible with surrounding development in terms of density, mix of uses, and transit accessibility will tend to exhibit similarly low VMT. These projects would, therefore, be presumed to have a less-than-significant VMT impact. OPR guidance suggests using either Citywide or regional geographies for reviewing residential projects and regional geographies for reviewing

office development as employees often commute from outside a city boundary to their jobs.

At the EPC and Council Study Sessions, the following criteria emerged as key issues for consideration:

- Having a uniform VMT reference average geography for both residential and office land use projects; and
- Using the Nine-County Bay Area regional geography since it has a lower baseline VMT per employee for office uses (therefore, stricter on office versus residential uses) than the Santa Clara County rates, as noted in Table 2 below.

Table 2: Existing Reference Average VMT Comparison by Geography

Type	Mountain View	Santa Clara County	Nine-County Bay Area Region
Residential VMT per Capita	10.32	13.33	13.95
Office VMT per Worker	N/A	16.64	15.33

EPC Recommendation: At the public hearing, the EPC spoke of their desire to have a uniform reference average geography for office and residential uses and supported using the Nine-County Bay Area regional reference average VMT rates (as shown in Heat Maps 1 and 2 in Attachments 4 and 5, respectively). Residential and office land use projects in low-VMT areas with VMT rates at least 15 percent below the Nine-County Bay Area regional VMT average would be presumed to have a less-than-significant transportation impact.

c. Proximity to Transit Screening

OPR guidance states Lead Agencies should presume all project types proposed within one-half mile of transit will have a less-than-significant impact on VMT. Transit Proximity Map 1 (Attachment 6) shows areas in Mountain View where this screen applies. OPR notes this presumption would not apply if any of the following project characteristics are met:

- Floor area ratio (FAR) of less than 0.75;

- Provides more than the maximum parking required by the City;
- Is inconsistent with Plan Bay Area; or
- Replaces affordable residential units with a smaller number of moderate- or high-income residential units.

At both the Study Sessions and at the EPC public hearing, some members of the EPC and Council expressed concern that some transit stops and corridors, such as the VTA light rail stops and the El Camino Real corridor, had declining ridership and noted that they should not be included within the transit screening criteria. There was also concern that the COVID-19 pandemic had decreased ridership significantly. Some EPC members additionally noted office projects within one-half mile of transit should not be screened out from doing a VMT analysis.

In response to the concerns expressed by the EPC and Council, staff reviewed transit screening criteria considered in neighboring cities and conducted additional research to determine if there is flexibility in removing certain transit stops or corridors or in further deviating from OPR recommendations.

Staff notes two categories exempting projects close to transit from CEQA requirements: (i) the State-mandated exemption for Transit Priority Projects (TPPs) in Transit Priority Areas (TPAs) under SB 375; and (ii) OPR recommended transit proximity screening under SB 743.

California Public Resources Code Sections 21155 to 21155.4 outline mandatory provisions for review of TPPs as defined by SB 375 (the Sustainable Communities Strategy). Applicable projects within TPAs that meet said provisions shall be exempt from CEQA analysis. The City must apply these provisions to projects that meet the statutory criteria. These regulations and definitions are slightly different than transit screening recommendations under SB 743.

Key differences and specific criteria are shown in Table 3 below.

**Table 3: State-Mandated Transit Priority Exemptions versus
 OPR-Recommended Transit Proximity Screening**

Legislation	SB 375 – Sustainable Communities Strategy (SCS)	SB 743 – Modernization of Transportation Analysis for Transit-Oriented Infill Projects (VMT)
Lead Agency Discretion on Application	Mandated by statute	Lead Agencies have discretion ; deviations allowed if supported by substantial local evidence
Terminology and Transit Facilities Included	Transit Priority Areas (TPAs); Transit Priority Projects (TPPs)	Transit Priority Areas (TPAs) and proximity to transit or other destinations
	Major Transit Stops (Caltrain and VTA Light Rail); High-Quality Transit Corridors (El Camino Real – VTA Bus)	Same
Radius for Projects	Within one-half mile	Same
Project Criteria (if not common)	More stringent. At least 50 percent residential floor area; minimum density of 20 du/AC; 200 du max.; 8AC maximum size	More inclusive. All land uses; FAR >/= 0.75; no more than maximum parking required by City; no maximum project size
Code Section	PRC Sections 21155 to 21155.4	PRC Section 21099; CEQA Guidelines Section 15064.3b1

The second category (VMT) is codified in CEQA Guidelines Section 15064.3, which is a product of OPR’s five-year development process. Notably, not all of its language is mandatory. Given that and the traditional latitude agencies enjoy in setting their significance thresholds, agencies appear to have the discretion to deviate from OPR’s recommendations.

However, there would be a need for substantial local evidence to support deviations in light of OPR’s established recommendations. The evidence would need to justify how the new criteria still promote land use diversity, multi-modal transportation networks, and reduced greenhouse gas emissions called for in SB 743. Additionally, this substantial local evidence would have to be weighed against the extensive body of research compiled by OPR in creation of its recommendations, which could pose a high burden for the City to meet. Staff has not been able to identify research or data that would support deviating from the OPR recommendations.

In summary, while the City has discretion to adopt different standards for projects close to transit than what is recommended by OPR, it still must comply with the mandatory provisions in the statute regarding environmental review of qualifying TPPs under SB 375. Where there is flexibility in policy adoption, the decision to use different criteria than that recommended by OPR must be supported by substantial evidence, which is not available at this time. Staff is, therefore, recommending an approach consistent with OPR guidance on screening projects close to transit.

Staff further notes that, although projects may be screened out from analyzing VMT under CEQA, the required MTA will review a project's "effects" on traffic and the transportation network and require "improvements," including Transportation Demand Management (TDM) measures, where necessary.

EPC Recommendation: The EPC expressed concern about declining transit ridership (considering conditions with and without COVID-19), specifically with VTA light rail, and noted transit screening would provide an unnecessary exemption for developers. Some EPC members suggested transit screening apply for all land uses except office development. However, when presented with the information staff had researched, the EPC ultimately recommended adopting the screening criteria in the OPR guidelines for projects close to transit, as shown in Transit Proximity Map 1 (Attachment 6).

d. Affordable Housing Screening

OPR notes that developments with a high proportion of affordable housing typically generate fewer vehicle trips than market-rate projects and evidence suggesting that projects with 100 percent affordable units should be presumed to have a less-than-significant transportation impact. OPR guidelines additionally note that lead agencies may develop their own presumptions for projects containing a particular amount of affordable housing based on local circumstances and evidence.

At the Council Study Session, the topic of allowing projects with a lower percentage of affordable units to be screened out of VMT analysis was discussed. After further research, staff was not able to confirm any reliable evidence needed to support screening projects with less than 100 percent affordable housing in Mountain View. Staff is, therefore, recommending

moving forward with screening projects with 100 percent affordable housing.

However, staff also notes in projects with lower than 100 percent affordable housing, the CEQA VMT analysis could “credit” the development with the VMT reductions from the affordable units, thereby reducing overall project VMT.

EPC Recommendation: The EPC recommends screening out projects with 100 percent affordable units from CEQA VMT analyses, as suggested by OPR.

2. VMT Thresholds of Significance

If a project is not screened out using the criteria detailed above, it would be subject to further VMT analysis. The VMT analysis would be required to use thresholds of significance to determine the project’s level of transportation impact under CEQA. The following discussion outlines recommendations for thresholds of significance for different project types in Mountain View.

a. Residential and Office

OPR advises cities to set residential land use thresholds of significance relative to existing Citywide or regional VMT rates and office land use thresholds relative to existing regional VMT rates.

At the EPC and Council Study Sessions, consistency with using the same reference average geography and thresholds as those informing low-VMT map-based screening criteria was discussed.

EPC Recommendation: The EPC recommends a threshold of 15 percent below the existing Nine-County Bay Area regional reference average VMT rates for evaluation of residential and office land use projects. This is consistent with the recommendation for the map-based screening criteria discussed above and with OPR guidance for these land uses.

b. Retail Land Use Projects

Adding retail into the urban fabric shortens trips and reduces VMT. OPR notes that local-serving retail projects may be presumed to have a less-than-significant transportation impact. Regional-serving retail projects, on

the other hand, should be subject to a VMT analysis to determine their level of transportation impact.

OPR notes that, in general, retail land use projects larger than 50,000 square feet may be considered regional-serving and that cities should undertake an analysis to determine whether such projects might increase or decrease VMT. Given that cities understand their own communities and likely travel behavior of project users, they are encouraged to use local data and analysis to determine when a retail project will likely be local-serving.

Since retail development typically redistributes existing shopping trips rather than creating new ones, VMT analysis for retail is calculated as the difference in total VMT in the affected area with and without the project, where a net increase in total VMT may indicate a significant transportation impact.

Council discussed retail projects at the Study Session and supported the presumption of less-than-significant for local-serving retail projects.

The staff recommendation is consistent with this approach in that:

- It would exempt local-serving retail projects under 50,000 square feet from a VMT analysis; and
- Retail projects greater than 50,000 square feet would undergo VMT analysis. Projects that result in a net increase in total VMT would have a significant impact.

EPC Recommendation: Consistent with staff's recommendation and OPR guidance, the EPC recommends retail projects resulting in any net increase in total VMT be considered to have a significant transportation impact.

c. Mixed-Use and Other Project Types

OPR advises cities to evaluate mixed-use projects based on each separate use or by considering a project's primary use. OPR does not require all mixed-use projects be evaluated with the same approach and gives cities discretion on how to evaluate these projects. Staff notes that VMT reductions inherent to mixed-use development, such as trip internalization, could be captured in a detailed VMT analysis.

At the Council Study Session, in the case of mixed-use and other projects such as General Plan Amendments, Precise Plans, and Zoning Ordinances, staff recommended that the VMT analysis and application of thresholds of significance be separate for each land use in a mixed-use development.

EPC Recommendation: The EPC recommends mixed-use projects and other project types not already discussed be evaluated by analyzing each land use separately with its applicable threshold of significance.

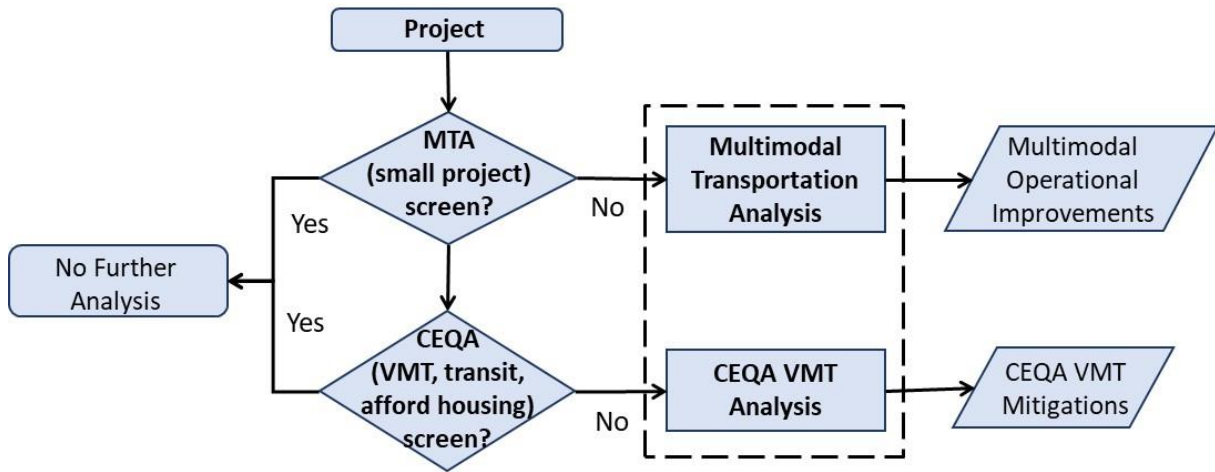
3. Multi-Modal Transportation Analysis

The new VMT metric for assessing transportation environmental impacts does not measure how local roads function and does not identify issues related to site access and circulation, intersection safety and queuing, bicycle/pedestrian/public transit accessibility, and neighborhood impacts or spillovers.

Staff, therefore, proposes that projects be required to complete an MTA separate from, and in addition to, the CEQA VMT analysis. The MTA would analyze and address a project's "effects" on local transportation infrastructure and require design modifications and operational improvements to address any adverse effects. At a minimum, the MTA will encompass the level of traffic analysis previously analyzed under CEQA while adding broader emphasis of analyzing a project's effects related to all transportation modes.

These procedures would be included in the City's proposed MTA Handbook, which would outline the technical details of how projects should be analyzed. This would be, in some ways, similar to VTA's Transportation Impact Analysis (TIA) guidelines currently used to prepare CEQA documents. The Draft MTA Handbook is scheduled to be completed by July 1, 2020. A project's MTA is proposed to be completed prior to, or concurrently with, the project's CEQA transportation review.

The following flowchart represents the City's proposed transportation review process under SB 743, including coordination of projects with the MTA.

Figure 1: General Transportation Analysis Process Flowchart

The MTA will analyze and evaluate:

- Site access and circulation;
- Conditions for active transportation users (pedestrians and bicyclists);
- Signalized intersection operations;
- Local transportation safety;
- Neighborhood impacts or spillovers;
- Compliance with the relevant City plans and projects planned or under way; and
- Compliance with the applicable County Congestion Management Program (CMP).

Based on the results of the analysis, operational improvements will be identified to address any adverse effects and included in the project's conditions of approval. Examples of operational improvements include trip reduction requirements through TDM programs, off-site bicycle and/or pedestrian improvements, and intersection improvements.

The analytical techniques and methodologies will generally be based on existing City and County practices and requirements (such as the VTA TIA guidelines

mentioned above) and best practices for evaluating project effects on pedestrian, bicycle, and transit facilities. The policy considerations related to the MTA include the following:

- Determining which projects require an MTA—Staff proposes that all development projects that do not meet the small project screening criteria (discussed in the VMT analysis section) will be required to prepare an MTA; and
- The geographic study area for analyzing impacts—Staff proposes a half-mile radius around the project site as the study area for potential adverse effects on pedestrians and a two-mile radius for potential adverse effects on bicycles, transit, and motor vehicles.

Staff will complete the Draft MTA Handbook by July 1, 2020, which will then be used as technical guidance for preparing MTAs for individual development projects. The Handbook may be amended administratively by the Public Works Director as staff gains experience with the MTA process and results. Attachment 7 provides more information about the MTA process and requirements, including preliminary draft excerpts from the Handbook currently being developed. Once the MTA Handbook is completed, it will be posted on the City's website. Staff plans to return to Council in fall 2020 for approval of the final policy guidelines for the MTA.

EPC Public Hearing Comments: The EPC had several questions and comments on the MTA framework, including expected contents, screening criteria, legal basis, and how the MTA fits into the overall development review process. As noted above, much of the analysis in a development project's MTA will be similar to what has been occurring under CEQA in the past. These will now be conducted through the MTA rather than CEQA and will focus more on localized "effects." Design changes, TDM programs, and operational improvements will be required as conditions of approval instead of as CEQA mitigations.

ENVIRONMENTAL REVIEW

Adopting new thresholds of significance itself is not considered a project under CEQA and staff intends to file a Notice of Exemption (NOE).

FISCAL IMPACT – None.

CONCLUSION

The EPC recommends adoption of the proposed SB 743 compliance policy as outlined in this report.

ALTERNATIVES

1. Do not adopt the proposed SB 743 policy.
2. Adopt the proposed SB 743 policies with amendments.

NEXT STEPS

As noted above, staff will be returning to Council in fall 2020 for final approval of the policy guidelines used in the MTA.

PUBLIC NOTICING

The Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's Internet website. All interested stakeholders were notified of this meeting.

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- Attachments:
1. Resolution
 2. Previous Meeting Materials and Background
 3. Existing Supporting Policies
 4. Heat Map 1 – Variation from the Nine-County Bay Area Regional Average VMT per Capita
 5. Heat Map 2 – Variation from the Nine-County Bay Area Regional Average VMT per Employee
 6. Transit Proximity Map 1
 7. MTA Overview
 8. SB 743 Fact Sheet and FAQ