

DATE: April 21, 2020

TO: Honorable Mayor and City Council

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VIA: Kimbra McCarthy, City Manager

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



PURPOSE

California Senate Bill 743 (SB 743) was passed in 2013 and represents a new paradigm in development planning. This bill requires cities to evaluate transportation impacts with metrics that support the reduction of greenhouse gas emissions, development of multi-modal transportation networks, and diversification of land uses. As a result, the Governor's Office of Planning and Research (OPR) requires California Environmental Quality Act (CEQA) lead agencies replace Level of Service (LOS) with Vehicle Miles Traveled (VMT) as the primary measure of transportation impacts.

Using LOS as a transportation metric has led to widening of streets to increase roadway capacity mainly for automobiles, which further increases congestion. This has also focused roadway improvements on motor vehicles instead of devoting limited street right-of-way for other modes, such as sidewalks, bicycle lanes, and transit stops. Conversely, using VMT as a metric for transportation analysis reduces the vehicle-centric approach to transportation analysis and mitigation, incentivizes infrastructure and policies which support modes of transportation besides the vehicle, incentivizes development near transit facilities, and creates greater policy consistency between regional and local goals when measuring traffic and greenhouse gas emissions.

State guidance from the OPR gives wide discretion to lead agencies in implementing SB 743 to establish new thresholds of significance and screening criteria in terms of VMT for development projects.

Cities in Santa Clara County have worked with Valley Transportation Authority (VTA) to develop baseline VMT reference averages for three categories for purposes of complying with SB 743: 1) individual cities; 2) Santa Clara County; and 3) the Nine-County Bay Area region.

This report includes analysis of policy options based on State guidance and best practices employed by other jurisdictions.

Staff considered the guidance from OPR, as well as best practices from other cities that have already transitioned from LOS to VMT, including the City of San Jose, in developing a proposed framework screening criteria and thresholds of significance that will streamline environmental review while resulting in more local flexibility on required transportation improvements.

Projects that meet the following criteria would have a less-than-significant transportation impact under CEQA:

- Are located in an area with low VMT;
- Are located within one-half mile of transit;
- Are considered a small project; or
- Feature 100 percent affordable residential units.

Areas of low VMT are defined according to the following suggested thresholds of significance:

- Fifteen percent (15%) below existing Nine-County Bay Area regional average VMT per capita for residential land use projects;
- Fifteen percent (15%) below existing Santa Clara County average VMT per employee for office land use projects;
- Any net increase in total VMT for retail projects; and
- Evaluate each component of the project independently, by applying the corresponding significance threshold, for mixed-use and other project types.

If a project is screened out from CEQA review by the criteria above, then it will be required to conduct a Multi-Modal Transportation Analysis (MTA). It should also be noted that an MTA may also be required for projects that are not screened out of the CEQA process on a case-by-case basis. Key components of the MTA will include, among other things, multi-modal analysis, project compliance with the General Plan

and VTA Congestion Management Program, and an analysis of the effects of a project on surrounding neighborhoods.

BACKGROUND

EPC Study Session – October 23, 2019

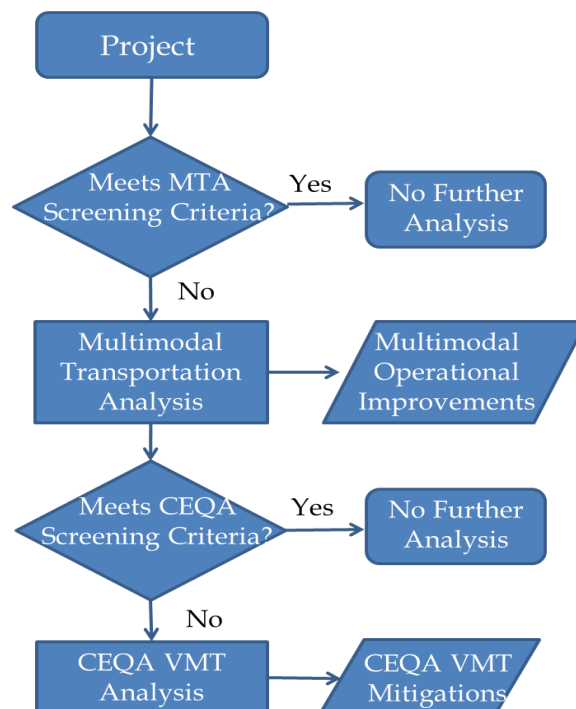
On October 23, 2019, the Environmental Planning Commission (EPC) reviewed background information on SB 743 (see Attachment 1). The EPC had general questions on what modes are counted toward VMT, how OPR arrived at its recommended thresholds, how VMT is calculated, and how SB 743 implementation fits into other City land use actions.

Transportation Analysis Under SB 743

The following flowchart describes a general approach to transportation analysis under SB 743. The sections following include a more detailed discussion, including:

1. A CEQA screening criteria for land use projects;
2. Policy options for considering VMT thresholds of significance; and
3. Analysis of a project’s transportation effects outside CEQA through MTA.

Figure 1: General Transportation Analysis Process Flowchart Under SB 743



In support of implementing SB 743 and in its capacity as the Congestion Management Agency in Santa Clara County, VTA has worked with cities to calculate existing baseline VMT data for residential and employment land uses, summarized in Table 1 below.

All maps and suggested policies in this report are created with this data from VTA. VTA has also created a VMT Evaluation Tool, where a project's address and characteristics can be entered to output project-generated VMT, applicability to screening criteria, impact significance level, and recommended mitigation measures if applicable. The tool is not yet launched for public use but is expected to go live in late spring of this year.

Table 1: Average Residential and Employment VMT Rates by Geography (2015)

Geography	2015 Average Residential Daily VMT per Capita (mi)	2015 Average Employment Daily VMT per Worker (mi)
Nine-County Bay Area	13.95	15.33
Santa Clara County	13.33	16.64
Mountain View	10.32	18.54

DISCUSSION

On April, 15, 2020, the EPC held a Study Session regarding the policy topics outlined in this report. A summary of their comments are included under each analysis topic.

1. Screening Criteria

Best Practices and Proposed Approach for Consideration in Mountain View

Development in Low-VMT Areas/Map-Based Screening

OPR advises residential and office projects in areas of low VMT 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.

Maps showing existing VMT values within a city are referred to as heat maps. These maps display colors representing the level of variation from a local or

regional average VMT value for a jurisdiction. The purpose of these heat maps is to determine if a project could be located in an area with low existing VMT.

The data informing these heat maps is from VTA and includes some anomalies in Mountain View, such as the downtown Mountain View area, shown in yellow in Heat Map 1 (Attachment 3). This area is intuitively expected to be low-VMT because it is located close to the Downtown Transit Center; is comprised of dense, mixed-use development; and is profoundly walkable. Despite these facts, the map shows much of downtown as a high VMT area. VTA has stated they do not have the ability to modify the data used within their model at this time. Staff will be reviewing areas of anomaly and bringing back implementation options for addressing these discrepancies prior to adoption of the SB 743 requirements in June 2020.

OPR recommends cities compare residential development relative to either a local (Citywide) or regional average VMT per capita and employment projects relative to a regional average VMT per employee or worker. For the purposes of this discussion, Heat Maps 1 and 2 are shown in Attachments 3 and 4, and are relative to the Nine-County Bay Area and Santa Clara County regional average VMT rates for residential and employment land uses, respectively.

Proposed Approach: Staff suggests use of Heat Map 1 for residential projects as it includes a large number of parcels with low VMT that will be screened out from further CEQA analysis. Staff also suggests use of Heat Map 2 to represent the relationship between VMT per employee and the threshold of significance for office land uses in Mountain View. Because no parcels in Mountain View are below the threshold, no locations will be screened out based on low VMT per employee.

Heat Map 1 – Residential

Heat Map 1 displays the difference from the regional average VMT per capita for different areas in Mountain View. The colors on the map represent variation from the average regional VMT per capita of 13.95 miles. Green areas on the map represent locations in the City with average VMT per capita 15 percent below the Nine-County regional average VMT per capita. Residential projects in those areas are presumed to have a less-than-significant transportation impact and would be exempted from further CEQA VMT analysis.

Heat Map 2 – Employment (Office)

Heat Map 2 shows the percent difference from the Santa Clara County average VMT per employee of 16.64 miles. No areas in Mountain View exhibit VMT per employee below a 15 percent reduction from the Countywide mean. The Santa Clara County average VMT per employee (16.64) is higher than the Bay Area Nine-County regional average VMT per employee (15.33). Heat Map 2 cannot be used as a low-VMT map for office project screening analysis, given the high VMT per-worker values.

EPC Comments:

The EPC supported using the Santa Clara County reference average for both residential and office project screening because of the desire to have uniformity in the averages used and noted the Santa Clara County average is more realistic for residential uses.

Proximity to Transit Screening

Per CEQA guidelines, if a project is proposed within a transit priority area (TPA), defined as areas within one-half mile of an existing major transit stop or an existing stop along a high-quality transit corridor, then the project may be presumed to have a less-than-significant impact on VMT. TPA Map 1 (Attachment 5) shows buffered areas in Mountain View that would be screened out from further CEQA VMT analysis by virtue of their proximity to transit.

In TPA Map 1, the TPA buffer zone is shown with a black outline to show the street network and employment heat map beneath. The TPA buffer would also apply to residential projects. This map illustrates that even if a land use project is located in an area with high VMT, it may be presumed to have a less-than-significant transportation impact.

Proposed Approach: Use TPA Map 1 for screening projects close to transit.

EPC Comments:

The EPC expressed concern regarding the suggested approach for screening projects close to transit. Their concerns were based on declining transit ridership, specifically VTA light rail, and that TPA screening would provide an unnecessary exemption for developers. The EPC also expressed a desire to reduce the radii of TPAs from one-half (1/2) mile to one-quarter (1/4) mile, or even eliminate TPAs

altogether. The EPC also discussed the idea of only adopting TPAs around highly used transit, such as Caltrain and VTA bus. The EPC suggested conducting ridership analyses to help inform TPA screening.

Staff Comments:

Staff suggested defining TPAs as one-half (1/2) mile from existing transit facilities pursuant to the State’s legal definitions and OPR recommendations. Staff also notes that the purpose of screening projects close to transit is to streamline development close to transit and to incentivize Transit-Oriented Development (TOD) which is central to meeting the State’s greenhouse gas reduction targets.

Small Project Screening

OPR recommends that certain small residential and office projects can be presumed to have a less-than-significant VMT impact. Table 2 shows small project size criteria recommended by OPR; criteria adopted by the City of San Jose; and suggested criteria for Mountain View.

Table 2: Small Project Screening Thresholds

Land Use	OPR	San José	Mountain View
Residential	Single family: 12 units	Detached housing: 15 units	Single family: 12 units
	Multi-family: 20 units	Attached housing: 25 units	Multi-family: 30 units
Employment	Approximately 10,000 square feet ¹	Office: 10,000 SF Industrial: 30,000 SF	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).

OPR recommends if an employment project is consistent with the City’s General Plan and Plan Bay Area and would generate fewer than 110 trips per day, which is approximately 10,000 square feet, then it may be presumed to have a less-than-significant transportation impact. Cities have discretion to set their own small project criteria, provided the thresholds are supported by substantial evidence.

Proposed Approach: Employment land use projects of approximately 10,000 square feet or less can qualify for small project screening.

Staff notes the OPR-recommended thresholds for residential project size are low relative to new housing typically approved in Mountain View. New single-family development in the City generally does not involve construction of more than 10 detached units. However, the City does routinely entitle new multi-family projects in excess of 20 units. To inform the suggested threshold for small project size, staff analyzed 25 multi-family projects entitled in the last 10 years, ranging from four to 115 units in size. All example housing projects were located in areas where multi-family residential development is permitted by right. The average project size among these examples was 33 units, and that size dropped to 30 units when the 115-unit project was removed, as an outlier.

Proposed Approach: To be consistent with the approach of supporting the development of additional multi-family housing close to regional job centers, staff suggests projects with 12 single-family or 30 multi-family units, or fewer, be classified as small residential projects.

EPC Comments:

The EPC supported the proposed screening approach for small residential and employment land use projects.

Affordable Housing Project Screening

OPR notes that developments with a high proportion of affordable housing (more specifically, “subsidized” housing) typically generate fewer vehicle trips than market-rate projects when located on infill sites. Evidence suggests that projects with 100 percent affordable units should be presumed to have a less-than-significant transportation impact. OPR advises that cities develop their own affordable housing screening criteria, including proportion of affordable units, based on local circumstances and evidence, and recommends requiring VMT analyses for projects resulting in tenant displacement.

Proposed Approach: Screen out projects from further CEQA analysis which feature 100 percent affordable units.

EPC Comments:

The EPC supported the suggested approach of screening land use projects with 100 percent affordable housing.

2. **VMT Thresholds of Significance**

Best Practices Overview

Residential and Office Land Use Projects

OPR recommends lead agencies use an efficiency metric (reduction per capita or employee) to define thresholds of significance for residential and employment land use projects. OPR suggests a 15 percent VMT reduction relative to local or regional average VMT levels is achievable at the project level in a variety of land use contexts and is consistent with achieving the State's climate goals.

Table 3 summarizes thresholds of significance for residential and office land use projects that have been recommended by OPR and adopted by the cities of San Jose and Oakland, including suggested thresholds for the City of Mountain View, with additional discussion below.

Table 3: Thresholds of Significance for Residential and Office Projects

	OPR	San Jose	Oakland	Mountain View
Residential	15% below existing citywide average VMT per capita, or 15% below existing regional average VMT per capita.	Whichever is lower: 15% below existing citywide average VMT per capita; or 15% below existing regional average VMT per capita.	15% below existing regional average VMT per capita.	15% below existing regional (Nine-County Bay Area) average VMT per capita.
Office	15% below existing regional average VMT per employee.	General employment: 15% below existing regional average VMT per employee. Industrial Employment: below existing regional average VMT per employee. ¹	15% below existing regional average VMT per employee.	15% below existing regional (Santa Clara Countywide) average VMT per worker.

¹ San Jose generally followed OPR’s recommendations for all uses with an added exception: industrial land uses. San Jose created a distinct threshold for industrial land use because most areas zoned for industrial use are disconnected from other land uses and tended to have a higher VMT per worker. Therefore, the threshold for industrial uses was adjusted to acknowledge that industrial projects are a valuable part of their local economy.

VMT Thresholds of Significance: Proposed Approach for Consideration in Mountain View

Thresholds of significance can be set relative to existing Citywide or regional VMT averages. The discussion below compares the differences between using the Citywide, Countywide, or regional VMT reference averages for different land uses, including potential strategies for Mountain View.

Existing baseline average VMT has been mapped and analyzed for Mountain View, Santa Clara County, and the Nine-County Bay Area regional geographies. The average VMT values that correspond to these three geographies, as well as the 15 percent reduction from these averages, are summarized in Table 4 below.

Table 4: Existing City and Regional Average VMT Comparison

	Residential Daily VMT per Capita (miles)		Employment Daily VMT per Worker (miles)	
Geography	Average for 2015	15% reduction below average (miles)	Average for 2015	15% reduction below average (miles)
Mountain View	10.32	8.77	18.54	15.76
Santa Clara County	13.33	11.33	16.64	14.14
Nine-County Bay Area	13.95	11.86	15.33	13.03

Residential

Mountain View’s average residential Citywide VMT per capita (10.32) is lower than the average Countywide or Nine-County Bay Area residential VMT per capita values. Therefore, if the Citywide average VMT is adopted, more projects would be subject to CEQA VMT analysis, which would result in less streamlining of residential projects. In other words, if adopting a threshold based on a more permissible regional average VMT per capita (in this case, the Nine-County Bay Area average), then residential projects would require less CEQA VMT analysis, and the process would be more streamlined. This approach is generally consistent with City policy goals balancing the high amount of office development with new residential land uses.

Proposed Approach: Use a threshold of 15 percent below existing Nine-County Bay Area regional VMT per capita for residential projects.

EPC Comments:

The EPC supported using the Santa Clara County reference average for both residential and office projects, as noted earlier.

Staff comments:

Staff had presented the most permissible reference average for residential land use projects (Nine-County reference average) to provide for the most CEQA

streamlining of projects. However, the differences between the two regional reference averages are relatively minimal.

Office

The Santa Clara Countywide average is higher than the Bay Area Nine-County regional average VMT per employee and, therefore, a threshold based on this higher reference average would be the most permissible. As such, staff notes that it may be most appropriate for Mountain View to adopt the Santa Clara County regional VMT average for the office project threshold. This would require less CEQA VMT analysis and resulting mitigations than using the more stringent Nine-County Bay Area average VMT. Most importantly, this approach is more realistic in that the City of Mountain View has more local control over office entitlements and transportation conditions of approval as described below.

Proposed Approach: Use a threshold of 15 percent below existing Santa Clara Countywide VMT per worker for office land use projects.

EPC Comments:

The EPC supported the suggested approach of using the Santa Clara County reference average for employment land use projects.

Retail Land Use Projects

Table 5 provides a summary of the OPR recommendation and the adopted policies in San Jose and Oakland for retail land use projects along with staff’s suggestion for Mountain View.

Table 5: City Comparison of Thresholds of Significance for Retail Land Uses

	OPR	San Jose	Oakland	Mountain View
Retail	Net increase in total VMT or 50,000 square feet	Net increase in total VMT	15% below existing regional average VMT per employee	Net increase in total VMT

New retail development typically redistributes existing shopping trips rather than creating new ones. That said, the effect new retail has on trips is best understood by estimating how overall VMT changes in a geography. The change in total VMT is calculated as the difference in total VMT in the affected area with and without the project.

Proposed approach: Consistent with OPR guidance, staff suggests using a threshold of any net increase in total VMT for retail projects.

EPC Comments:

The EPC supported using the suggested approach for evaluating retail projects by determining if they lead to an increase in total VMT.

Mixed-Use Projects and Other Project Types

OPR advises cities to evaluate mixed-use projects based on each separate use or by considering the primary use in the project. For example, if the mixed-use project contains mostly housing with some local-serving retail, the lead agency should only analyze the residential use because local-serving retail is presumed to not cause a significant impact on VMT. OPR does not require all mixed-use projects be evaluated with the same approach and gives cities discretion on how to evaluate these projects.

Proposed approach: Staff suggests mixed-use projects and other project types not already discussed be evaluated by analyzing each land use separately with its applicable threshold of significance.

EPC Comments:

The EPC supports the suggestion of evaluating each land use independently for mixed-use and other project types.

Implications of Suggested Policy Options: Example Projects Analysis

Staff reviewed numerous recently approved land use projects in Mountain View to visualize how the threshold and screening policies suggested in this report would affect project review and development if adopted. See Attachment 6 for a table of the example projects and their transportation outcomes from applying the thresholds and screening criteria suggested in this report.

Screening Criteria Implications

Of the several example projects analyzed, all residential components of the projects, with the exception of a mixed-use development in North Bayshore, are presumed to have a less-than-significant transportation impact. Notably, however, the residential component of the North Bayshore mixed-use project would likely be able to mitigate the VMT impact with modest investment in TDM because the project lies in a yellow area of the residential threshold map, meaning the project's VMT is between the average and 15 percent below the average VMT per capita.

None of the employment projects analyzed complied with the threshold for that land use, but one large office project analyzed was located within a TPA and would thus be screened out from further CEQA VMT analysis.

Thresholds Implications

The discussion below includes some example projects overlaid on heat maps showing variation from *local, Santa Clara Countywide, and Nine-County Bay Area regional average VMT per capita* to illustrate implications of choosing among thresholds options for the example projects (see Attachments 7, 8, and 9).

Residential

Use of the Citywide VMT reference average yields a map with fewer low-VMT areas than either the Santa Clara County or Nine-County Bay Area regional reference average maps. Thus, using the Citywide average VMT per capita for the threshold would require more housing projects to mitigate transportation impacts. It can be seen that the low-VMT areas on the Santa Clara County and Nine-County Bay Area regional maps are more similar in size than those on the Citywide average VMT per capita map.

As evident in the maps in Attachments 7, 8, and 9, a threshold of 15 percent below the existing Nine-County Bay Area regional average VMT per capita is the most permissible among the options and would allow for the most streamlined environmental review for residential land use projects.

Employment

The following discussion analyzes implications of adopting a threshold of significance for employment (office) projects that is 15 percent below existing VMT

per worker for either the Santa Clara County or Nine-County Bay Area regions (see Attachments 10 and 11).

The maps in Attachments 10 and 11 show a significant amount of red, meaning neither shows a large number of parcels in low-VMT areas. Given the Santa Clara County average VMT per worker (16.64) is higher than the Nine-County Bay Area average (15.33), the Santa Clara County map shows more areas with average employment VMT that are closer to the mean and is consequently the more permissible of the two options presented.

Council Question: Does the City Council support staff's suggested screening criteria and VMT thresholds of significance?

3. **Multi-Modal Transportation Analysis**

VMT does not provide a means for understanding the functionality of local roads for users and does not identify potential issues related to site access and circulation, intersection safety and queuing, bicycle/pedestrian/public transit accessibility, and neighborhood impacts or spillovers. For this reason, there continues to be a need to manage a project's adverse effects on local roadways by imposing conditions related to design changes and operational improvements during the project review and permitting phases. This process is proposed to be called a Multi-Modal Transportation Analysis (MTA) and will be conducted outside the CEQA process. The City of San Jose has developed a similar process and has been using it since early 2018.

Components of an MTA will include:

- Identification of existing multi-modal transportation conditions;
- Identification of relevant City plans and projects under way or planned;
- Consistency with the General Plan or other City requirements;
- Analysis of project adverse transportation effects related to site access and circulation, pedestrian and bicycle quality of service, public transit effectiveness, local automobile operations, local transportation safety, and neighborhood impacts or spillovers;
- Compliance with the applicable County Congestion Management Program; and

- Proposed design changes and operational improvements to address adverse effects.

As part of the project conditions of approval, the City may require: design changes; multi-modal operational improvements; multi-modal transportation improvements from City planning documents, or a combination of the above. During the environmental review process, applicants may also be credited for VMT benefits associated with project design and operational improvements. The City may choose to recommend project approval with or without multi-modal operational improvements.

EPC Comments:

The EPC had general comments about the expected contents and approach of the City's MTA. Staff noted that the MTA would be completed at the staff level and that staff could share the MTA with the EPC following the July 1, 2020 SB 743 deadline.

RECOMMENDATION

That the City Council review information and policy options regarding the implementation of California Senate Bill 743.

NEXT STEPS

Staff will address EPC and City Council comments and incorporate direction received on policy options presented in this Study Session and return to EPC and City Council for final adoption public hearings later this spring.

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.

SA-RHL/6/CAM/870-04-21-20SS/200110

- Attachments:
1. EPC October 23, 2019 Study Session Staff Report
 2. Existing Supporting Policies
 3. Heat Map 1 – Variation from the Regional Average VMT per Capita
 4. Heat Map 2 – Variation from the Santa Clara Countywide Average VMT per Employee
 5. Transit Priority Area Map 1
 6. Example Projects Analysis Table
 7. Example Projects Mapped on Variation from Citywide Average VMT per Capita
 8. Example Projects Mapped on Variation from Santa Clara County Average VMT per Capita
 9. Example Projects Mapped on Variation from Nine-County Bay Area Average VMT per Capita
 10. Example Projects Mapped on Variation from Santa Clara County Average VMT per Employee
 11. Example Projects Mapped on Variation from Nine-County Bay Area Average VMT per Employee
 12. Glossary
 13. SB 743 Fact Sheet and FAQ