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January 19, 2016

The Honorable City Council, City of Los Angeles
c/o City Clerk, Room 395, City Hall
Attention: Honorable Mike Bonin, Chair, Transportation Committee
Attention: Honorable Jose Huizar, Chair, PLUM Committee

Subject: REPORT ON SPECIFIC TASKS IN ANTICIPATION OF THE STATE'S ADOPTION OF THE AMENDED CEQA GUIDELINES IMPLEMENTING SB 743, CF 14-1169

The following report is in response to a City Council request, directing the Department of Transportation (LADOT) and the Department of City Planning (DCP) to report back to the Transportation Committee with a scope of work that outlines the City's strategy to comply with Senate Bill (SB) 743. The City Council also requested LADOT and DCP to report back on the following additional items: 1) how Vehicle Miles Traveled (VMT) will be calculated in conducting CEQA analysis; 2) clarify if Level of Service (LOS) will continue to be used; 3) identify the locations within the City where new VMT metric will apply; 4) provide recommendations on additional outcomes (such as safety, economic development, and public health) that the City may want to measure in conducting CEQA analysis; 5) report on the ways the City's implementation of SB 743 will be in alignment with the Mobility Plan 2035; and 6) identify any additional resources needed to support the effort, including but not limited to, grant funding opportunities.

BACKGROUND

In 2013, the Governor signed into law Senate Bill (SB) 743 which requires the Office of Planning and Research (OPR) to develop alternative methods of measuring transportation impacts pursuant to the California Environmental Quality Act (CEQA). In their technical memo released on December 30, 2013, OPR identified goals and objectives for developing alternative criteria. In August of 2014, OPR proposed to replace criteria based on LOS, which has measured vehicle traffic flow and delay, with a new criterion based on vehicle miles traveled (VMT) in their Preliminary Draft Discussion of Updates to the CEQA Guidelines Implementing Senate Bill 743 (Preliminary Draft Discussion). Once the new State CEQA Guidelines are adopted, it is likely that automobile delay will no longer be considered to be an environmental impact under CEQA.

OPR has subsequently held a series of workshops throughout the state gathering feedback from technical experts and lead agencies, and is expected to release a revised CEQA Guidelines Update in the coming months. The draft CEQA Guidelines Update will then be transferred to the Secretary of the Natural Resources Agency, who will be responsible for certifying and adopting the new guideline language. It is expected that the updates could be incorporated in the CEQA Guidelines by mid to late 2016. Once adopted, lead agencies will most likely have two years in which to revise their transportation review methodology in line with the new framework required by SB 743.

DISCUSSION

SB 743 initiates a paradigm shift on how planning practitioners and policymakers understand the relationship between land use, transportation and the environment. The legislation seeks to correct longstanding conflicts between traditional transportation evaluation methods as applied under CEQA, and growth policies that pursue sustainable land use principles. DCP and LADOT are working to prepare the City to transition to a new approach that will synthesize environmental disclosure pursuant to CEQA with the City's sustainability goals.

Work Program Scope to Align with SB 743

On April 24th, 2015, the DCP contracted with Fehr and Peers to proceed with the Planning for Infill and Complete Streets Work Program (Work Program) to establish a methodology to review transportation impacts for both land use and transportation projects based on vehicle miles traveled (VMT) pursuant to SB 743. The Strategic Growth Council (SGC) provided the City with a \$497,000 grant to fund significant portions of the Work Program. The Work Program scope includes updating the City's Travel Demand Forecasting (TDF) model; selecting the best available evaluation tools to review VMT impacts; collecting trip and parking data from affordable housing sites and mixed use projects within the city; estimating VMT reduction benefits of transportation demand management (TDM) measures; selecting the appropriate VMT per capita threshold; updating the transportation section of the City's CEQA Threshold Guide and LADOT's Traffic Study Policies and Procedures; and conducting workshops for professionals and interested members of the public. This Work Program is estimated to take 18 months. At the completion of the Work Program, DCP will present a report to City Council that outlines the new VMT-based thresholds to be incorporated into the City's CEQA Threshold Guide.

1. VMT Calculation

The Work Program will develop methodologies to evaluate transportation impacts of both land use and transportation projects, though the methodology may differ based on project type. In reviewing land use projects, VMT is a factor of the estimated number of trips generated by a specific land use multiplied by the estimated trip lengths to and from a designated site. VMT can be calculated in a variety of ways. As part of the Work Program, staff will be exploring several VMT-related metrics including area-wide VMT, VMT per capita, VMT per service population and VMT per employee. Based upon the Work Program analysis, the appropriate VMT metric will be selected based on the nature of the development project.

The Work Program also seeks to address potential unintended consequences that may otherwise be overlooked in transitioning to a VMT approach. A VMT-based criterion could create incentives for exclusively market-rate housing in transit-rich locations and thereby aggravate displacement of lower income households to outer lying areas. This is despite the fact that National Household Travel Survey Data indicates that lower income households drive less and take transit more than higher income households, which is not accounted for in the current congestion-based methodology. To address this disparity, the Work Program includes the collection of trip data from 50 affordable housing sites so that the VMT benefits of both new and existing affordable housing is well documented and included in future CEQA analysis. In order for the City to accurately determine the estimated number of VMT for varying types of projects, the consultants will specifically collect trip generation rates for mixed-use developments, and affordable housing.

The methodology to evaluate the VMT impacts of transportation projects would differ from the type of analysis applied to land use projects. In their Preliminary Discussion Draft, OPR indicates that a transportation project may result in an impact to VMT if it is seen to induce vehicle travel. This may apply to circumstances where a transportation project would increase physical roadway capacity for automobiles in a congested area, or add new roadways to the network. OPR further states that transportation projects that are projected to lead to net decrease in VMT (such as transit priority lanes, and bicycle and pedestrian projects) may be considered to have a less than significant transportation impacts.

2. Continued Application of Level of Service (LOS)

While delay-based analysis using the LOS criteria will no longer apply for measuring transportation impacts pursuant to CEQA purposes, OPR has expressed that lead agencies can still apply automobile delay-based analysis to inform land use and transportation related decisions as part of an agency's planning function. As part of the Work Program, the consultant shall recommend circumstances where LADOT may still require the evaluation of intersection LOS.

SB 743 does not relieve a public agency of the requirement to analyze a project's potentially significant transportation impacts related to air quality, noise, and safety, though it is uncertain to the extent that an automobile delay-based metric would continue to inform these impact categories under CEQA. Automobile delay is not necessarily directly related to these other physical impact categories, or at least less so given the recent gains in vehicle emission and engine technology. It is also uncertain how much vehicle delay is related to safety given that there is much greater risk of severe injuries and fatalities when vehicles are traveling at higher speeds. As part of the Work Program, the consultant will review the pertinent sections of the City's CEQA Threshold Guidelines to determine to what extent a vehicle delay-based metric currently informs these other impact categories.

3. Transit Priority Areas (TPA)

Through SB 743, the legislature directed OPR to replace delay-based metrics with an alternative metric within Transit Priority Areas (TPA). TPAs are generally defined as a ½ mile buffer around a rail transit station or where frequent-serving bus routes intersect. As currently proposed in their Draft Discussion, OPR proposes to initially limit the VMT methodology within TPAs. In a subsequent phase OPR proposes to completely replace the delay-based criteria with VMT-based criteria statewide, irrespective of a project's proximity to transit.

The attached map (Figure 1) shows the location of transit priority areas (TPAs) in the city. The map differentiates the TPAs by existing and planned Major Transit Stops since SB 743 expands the definition of Major Transit Stops that are based on funded services as identified in a Regional Transportation Improvement Program (RTIP). As defined by SB 743, TPAs comprises approximately 37 percent of the designated urban area within the city.

SB 743 directed OPR to provide revisions to the CEQA Guidelines establishing new criteria for determining the significance of transportation impacts of projects within TPAs, provided that the criteria would not be congestion-based pursuant to CEQA evaluation. Therefore, TPAs define the minimum area in which LADOT and DCP would no longer apply congestion-based analysis, and would instead use a VMT-based criteria as indicated in OPR's Preliminary Draft Discussion. However, OPR also suggests that VMT should replace congestion-based criteria regardless of

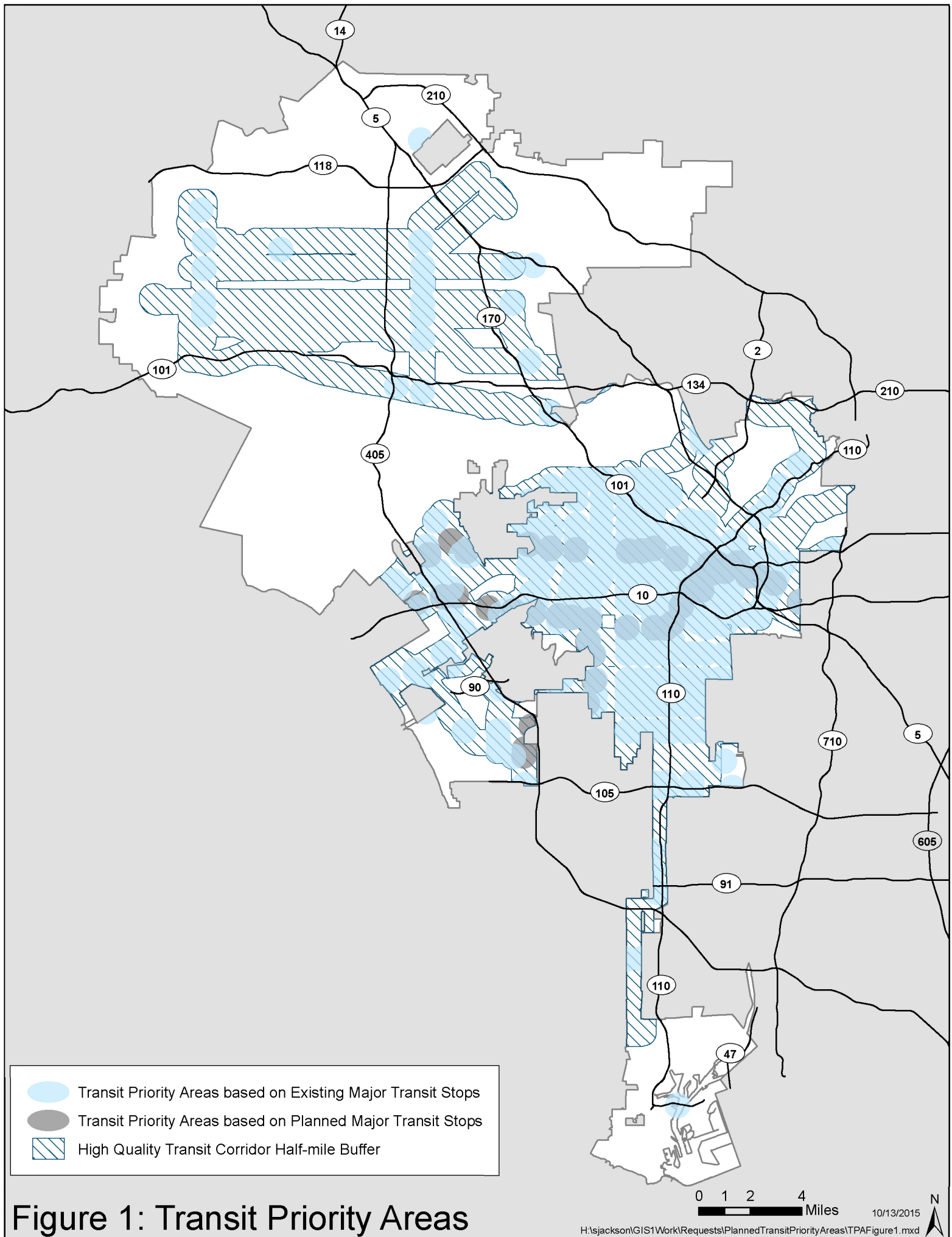


Figure 1: Transit Priority Areas

location of a project to transit services, and that TPAs should merely define the first locations where this new transportation criteria would be applied.

In their draft language, OPR suggests a project that is located within a TPA, or within a half mile of a stop along a High Quality Transit Corridor, may be generally considered to have a less than significant transportation impact due to availability of frequent transit service. High Quality Transit Corridors (HQTCs), also shown in Figure 1, comprise approximately 67 % of the city's urbanized area, (and combined with TPAs comprise approximately 80% of the urbanized area). In the City's feedback to OPR, staff have suggested that a less than significant impact should not be necessarily presumed given the low levels of transit ridership in some areas within HQTC, and even TPAs. The Work Program will develop a methodology for determining project level VMT impacts regardless of whether the project location is within either a TPA or HQTC locations.

4. The Use of Other Metrics in Project Analysis

This transition to VMT-based criteria presents an opportunity to consider ways in which the City's CEQA review methodology may relate to other important policy objectives. The following discussion describes the potential intersection between VMT-based analysis and other metrics of interest to the City.

a. Safety

The City's CEQA Threshold Guidelines currently includes transportation-related safety impacts. The discussion focuses on three topic areas: hazards due to design features or incompatible uses, inadequate emergency access, and conflicts with policies, plans and program supporting alternative transportation. SB 743 does not relieve a public agency of the requirement to analyze a project's significant impact related to safety. In their Preliminary Discussion Draft, OPR affirms that a public agency may consider localized effects of project-related transportation on safety. Examples of localized effects include increased exposure of bicyclists and pedestrians in vehicle conflict areas; increased crossing distance for bicycles and pedestrians; increased motor vehicle speeds; substantial travel speed differentials between adjacent travel lanes; or queuing of freeway off-ramps where queues extend onto the freeway mainline. While OPR underscored the importance of safety in a CEQA analysis, disagreement persists amongst various agencies as to whether a project level evaluation could conclusively demonstrate a causal and predictive link to some of the above safety factors. OPR has yet to provide their final guidance on this topic.

LADOT and DCP will incorporate safety evaluation methodology in the update to the Transportation Section of the CEQA Threshold Guidelines, as well as the LADOT Traffic Study Policies and Procedures.

b. Economic Development

In general, the evaluation of economic development is outside the scope of CEQA unless an impact to any of these topics would indirectly result in physical impacts identified in the CEQA Appendix G checklist. However, a revised transportation analysis, based on VMT criteria, would generally support economic development in location-efficient areas, whereas current analysis exclusively focuses on localized congestion and does not consider location efficiency. Figure 2 shows the location of TPAs relative to areas with higher job density. The new VMT criteria may also remove any CEQA-related barriers for development of job-related uses in job poor areas since it may be presumed that adding jobs closer to housing would lower average commute

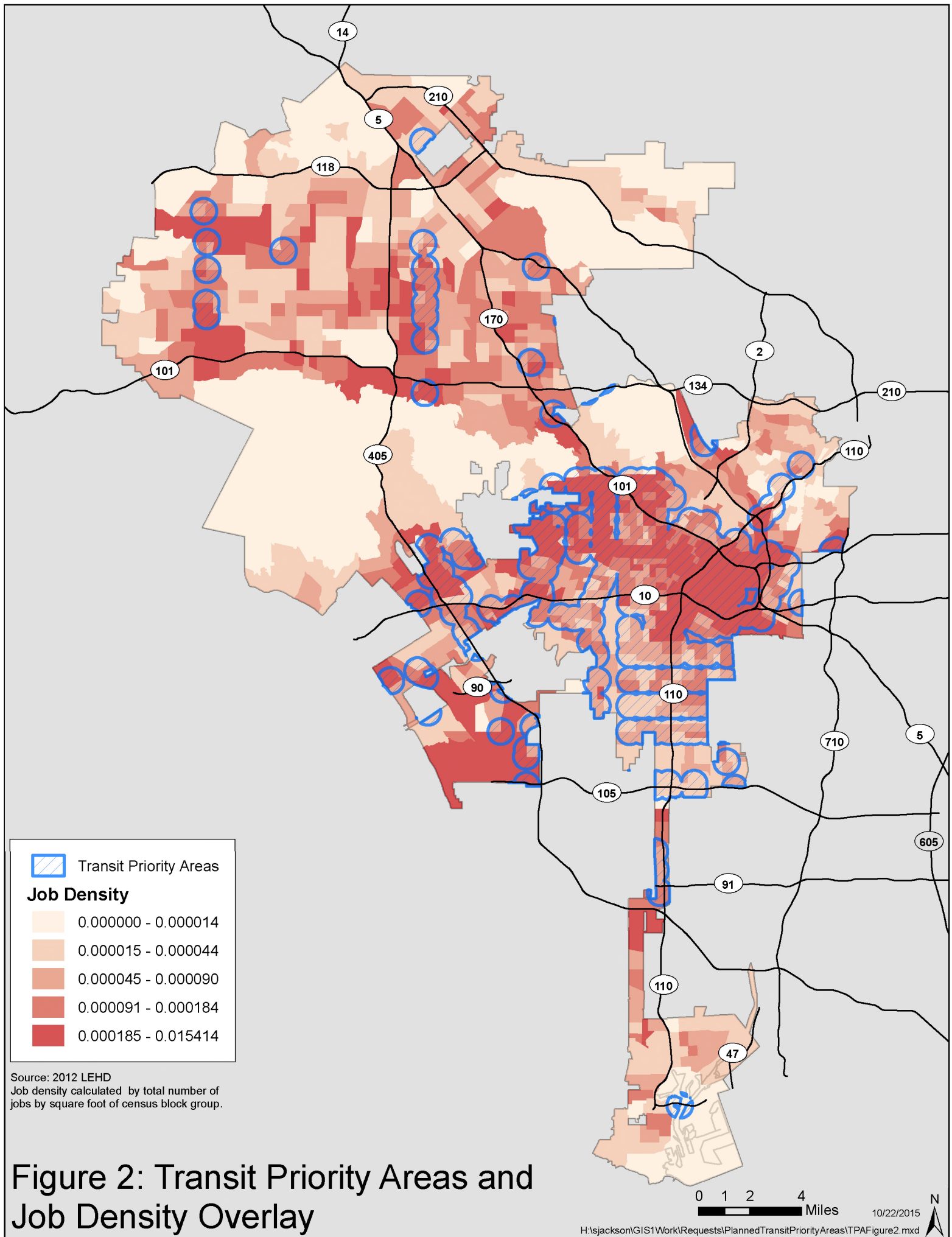


Figure 2: Transit Priority Areas and Job Density Overlay

distances. It is unclear though to what extent CEQA as it is currently applied constitutes a significant barrier to economic development in jobs-poor areas.

c. Public Health

SB 743 makes little mention of how transportation impacts should consider public health outcomes, other than stating the intent to promote public health through active transportation.

The current congestion-based approach historically linked a project's predicted congestion to operational air quality impacts, such as contribution to CO hotspots, though this relationship has declined with time given improvement in vehicle emission technology. However, since the congestion-based methodology also did not support development in infill locations, it may have constrained housing choices where it is needed the most. Current methodology rewards development in remote localities due to the reduced impacts on VMT while simultaneously imposing additional environmental burdens such as poor air quality, and wildfire risks in addition to the costs imposed by a longer commute. For example, South Coast Air Quality Management District (SCAQMD) data shows higher concentrations of ozone further east in eastern Los Angeles County and San Bernardino County where housing is cheaper relative to the coastal areas. DCP staff are hopeful that documenting the transportation benefits of affordable housing as part of the adoption of a VMT-based criteria can make CEQA incentives available to projects that include or preserve affordable housing, and reduce the pressure on lower income households to relocate to more remote locations. Documenting the transportation benefits of affordable housing would help implement Policy 1.7 of the recently adopted Plan for Healthy Los Angeles, which seeks to reduce the harmful impacts of displacement on health.

The Plan for a Healthy Los Angeles discusses a wide variety of public health challenges that go beyond aging housing stock and displacement. Figure 3 shows the overlap of TPAs with areas that also score highly on the Community Health and Equity Index. It is difficult to conclude how development in these areas would address the underlying conditions that contribute to low community health and equity, and much would depend on the extent to which new uses would provide access to basic services found lacking in the existing environment. Ultimately, staff may need to look beyond the impact evaluation tools provided by CEQA to the supporting policies and analytical framework included in the Plan for Healthy Los Angeles to identify the public health benefits and costs of proposed land use and transportation projects.

d. Transit Time Reliability

The current methodology used to evaluate impacts to transit is more concerned with transit system capacity rather than transit performance. The evaluation methodology asks to estimate demand to be generated by the project and to assess whether the available capacity of the transit system will be exceeded, and if any measures are necessary to enhance capacity or support transit use. However, there is no specific threshold to determine an impact. VMT impact evaluation will likely incentivize land use patterns that provide greater efficiency to transit operations, and may support higher utilization of transit services in general. In addition, VMT-based impact criteria will lead to greater reliance on reducing automobile trip through transportation demand management measures, which will encourage greater transit use.

The current methodology does not specifically link transit system impacts in terms of transit performance to a LOS criteria. To the extent that vehicle congestion contributes to transit time performance, a transition to VMT may deemphasize impacts where LOS could also imply

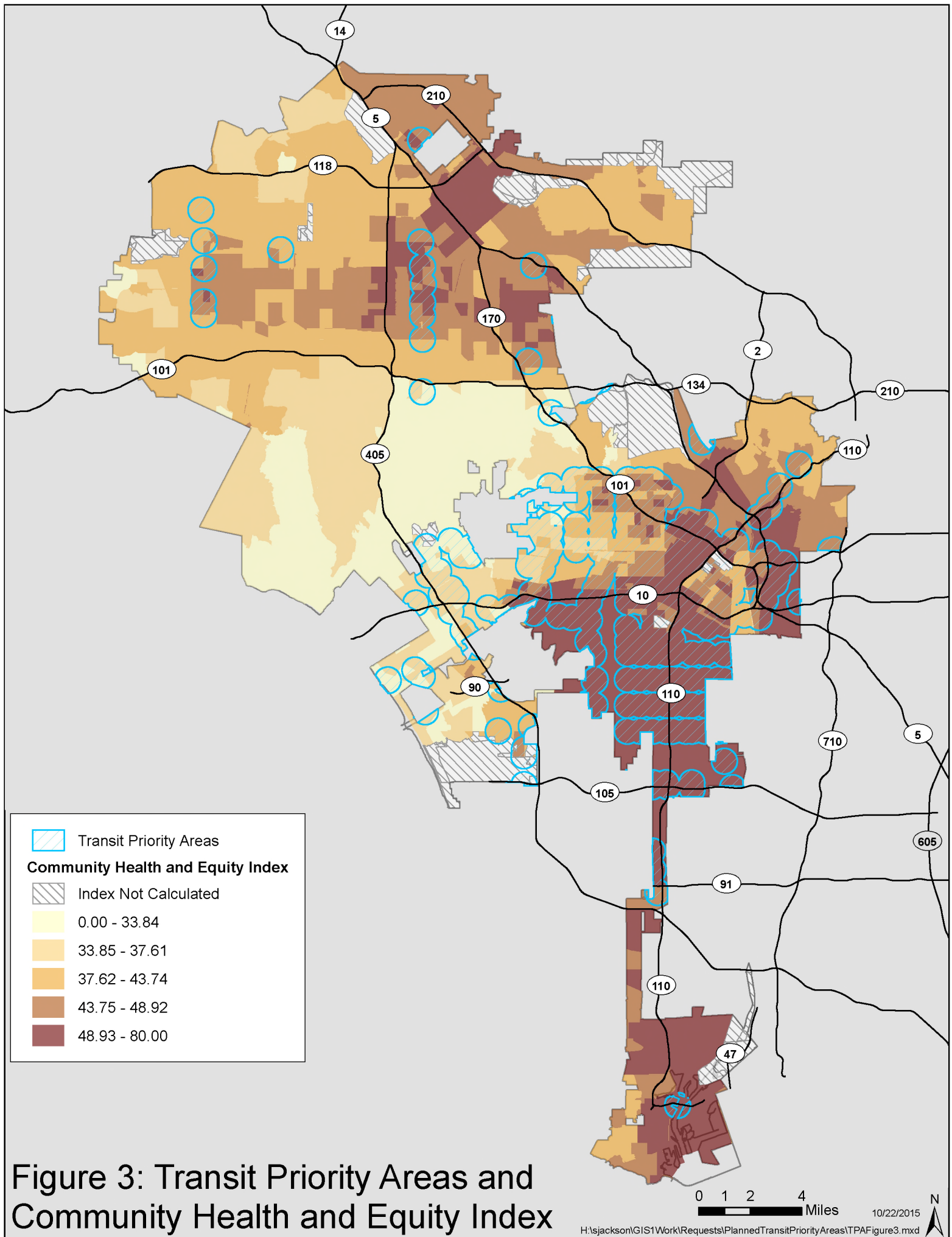


Figure 3: Transit Priority Areas and Community Health and Equity Index

increased delay in transit times. The recently adopted MP 2035 proposes treatments along a Transit Enhanced Network (TEN) that would increase transit time performance, and commitment to implementing transit enhanced treatments (e.g. peak-hour bus-only lanes, median-running bus-only lanes, median bus boarding islands, signal priority, etc.) would help to counter-balance transit response times that may be hindered by increased congestion.

5. Alignment with the Mobility Plan 2035

The Mobility Plan 2035 (MP 2035) prepares the City for the implementation of SB 743 by including a policy framework that provides safe mobility options that do not necessarily involve driving alone, and therefore contributes to reductions in VMT. Specifically, this Work Program implements MP 2035 Policy 3.3 Land Use Access and Mix, Policy 4.8 Transportation Demand Management (TDM), Policy 5.3 Alternative Metrics, and a compilation of programs that shift focus to VMT performance of land use decisions. For example, the MP 2035 supports the focus of using TDM tools to reduce transportation impacts, rather than reliance on traditional approaches of increasing travel capacity by road widening.

In addition, the SB 743 definition of TPAs complements the Transit Enhanced Network (TEN) in the MP 2035. While the TEN does not introduce new TPAs, since they are defined either by existing routes or those planned for in a regional transportation plan, the MP 2035 does propose a host of strategies to improve transit performance that will serve the TPAs.

6. Additional Funding Sources Needed

On January 7, 2015, the City Council authorized Department of City Planning (DCP) to execute the grant agreement, and authorized the Controller to establish a grant receivable account for reimbursement and disbursement of funds pursuant to the \$491,770 Strategic Growth Council grant award. As part of this action, the City Council also authorized the City Controller to appropriate an initial \$200,000 from the Reserve Fund to DCP Grant Trust Fund No. 46Y/68, for advanced disbursement of the grant funds. In order to proceed with the remaining Work Program set to commence this fiscal year, the remaining balance of \$291,770 for the Strategic Growth Council grant reserve funds will need to be encumbered to the DCP Grant Trust Fund No. 46Y/68, in order to provide the required advanced funding to complete the Work Program.

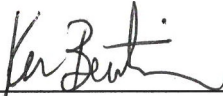
RECOMMENDATIONS

AUTHORIZE the Director of City Planning to execute any necessary funding and contractual documents, subject to the approval of the City Attorney as to form and legality, for grants to the Department of City Planning approved in the Sustainable Communities Planning Grant and Incentives Program; and

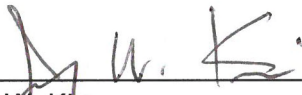
1. Appropriate a funding advance of \$291,770 from the Reserve Fund to Fund No. 100/68, Account No. 3040 for Fiscal Year 2015-16.

Fiscal Impact

The City would be required to pay consultant invoices in advance of reimbursement by the Strategic Growth Council for the \$491,700 to be spent over a three year period. The Controller has already appropriated a funding advance of \$200,000 from the Reserve Fund to Fund No. 100/68, Account No. 3040 for Fiscal Year 2014-15. DCP and LADOT are including in the Work Program additional consultant services that are necessary to implement the changes in the transportation review process pursuant to CEQA. The additional services include updating the City's travel demand forecasting model, establishing cost recoverable fees, as well as staff training and outreach efforts. The funding required for the complete program is estimated not to exceed \$800,000, which requires approximately \$310,000 above SGC grant award. The net difference of \$310,000 has been allocated through money set aside in the Fiscal Year 14/15 DCP budget from the Measure R local return. In addition, the City will provide in kind staff support from both DCP and LADOT to manage this program. The staff positions are generally funded through the City's special transportation funds, such as Measure R and Proposition C.



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