



**Government Relations and Public
Affairs Committee**

Meeting Date: 3/5/2018

Agenda Item No.: 2018-March-9.

Subject: Senate Bill 375 Target Update

Information:

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Approved by: Matt Carpenter

Attachments: No

1. Issue:

What is the status of the California Air Resources Board action on the SACOG Senate Bill 375 greenhouse gas reduction target?

2. Recommendation:

None, this is for information only.

3. Background/Analysis:

SB 375 is the portion of the state's overall greenhouse gas (GHG) reduction goals related to the combined effects of land use patterns and transportation investments on passenger vehicle travel. SB 375 is assigned to Metropolitan Planning Organizations (MPOs) like SACOG for implementation, with oversight by the California Air Resources Board (ARB). SACOG's "target" for GHG reduction is stated as a percentage decrease in per capita GHG, as compared to the 2005 base year. SACOG has targets for 2020 and 2035. The target reduction by 2020 is 7 percent, and 16 percent by 2035. Through its quadrennial Metropolitan Transportation Plan/Sustainable Communities Strategy (MTP/SCS), SACOG must demonstrate that its combined future land use and transportation plans would lead to per capita GHG 7 percent less than the 2005 level by 2020, and 16 percent less by 2035. SACOG has adopted MTP/SCS plans in 2012 and 2016 which achieved these GHG reduction targets, and has had programs in place for supporting lead agencies in utilizing the various CEQA relief options provided by SB 375.

SB 375 gives the ARB the authority to reset the GHG reduction targets, and the ARB intends to increase the targets for what will be the third round of SCSs for all MPOs in California. The intention to increase the targets is due largely to higher overall state goals for GHG reduction from all sectors. Higher GHG reduction goals overall leads to more pressure on what MPOs can achieve through the SB 375 target setting process.

Prior discussions and actions by SACOG on this topic:

- March 2017-Information item on the ARB target update and issues relevant to SACOG.

- April 2017-Board action recommending to ARB that GHG reduction target be increased from 16 to 18 percent. October 2017-Information item, notifying the Board of the ARB staff report recommending 19 percent GHG reduction target.
- In addition, the CEO has periodically briefed the Board on ongoing discussions with the other MPOs and the ARB regarding the difficulties of achieving the 19 percent target.

4. Discussion/Analysis:

The ARB is scheduled to act on the staff recommendation at their upcoming Board meeting in Riverside on March 22, 2018. CEO James Corless will publicly comment on the item at the meeting, in concert with CALCOG and the other MPOs.

The ARB staff recommendation for the SACOG target is different than for other MPOs in the state. SACOG's target is structured as a pilot test of an incentive-based target. The base target is set at 19 percent reduction, as with the other three major MPOs in the state. However, the 19 percent target is conditional on the implementation of a pilot test in the SACOG region supported by additional state funding, flexibility, and other commitments. SACOG will have responsibility to develop new, innovative programs in the MTP/SCS that address the specific conditions and challenges in the region relating to GHG emission reductions. If the state funding and other commitments are not secured to support the programs, SACOG's target would be 18 percent.

SACOG staff appreciates the active engagement of the ARB staff and believes the ARB staff recommendation recognizes some of the difficulties the SACOG region has experienced in achieving higher GHG reductions. These difficulties have been subject of the prior briefings to the Board, such as the Regional Progress Report in June 2017. Key findings from that report:

- Housing production is starting to come back, but very slowly. The types of housing growth that would drive GHG reductions (attached and infill) are happening in Sacramento at a much slower rate than in the coastal MPOs (San Francisco Bay Area, Los Angeles, San Diego).
- Housing growth that is happening is lower density than projected in the SCS—land is being consumed at a faster rate than expected.
- Transit service delivery is lagging, and ridership and service productivity is slipping. Given that a significant component of GHG reduction in SACOG's Sustainable Communities Strategy is based on shifting passenger vehicle trips into transit, this trend is concerning.
- Cost of passenger vehicle travel, starting with gasoline prices, has declined significantly over the last 10 years, at the same time that transit fares are increasing. While SB1 partially offset this decline, higher efficiency and non-gasoline-powered vehicles will continue to drive average cost of driving downward in the foreseeable future. This decline increases passenger vehicle travel, which undermines SACOG (and the other MPOs) ability to achieve SB 375 GHG reductions.

For the update of the MTP/SCS, additional policies, projects and programs will need to be developed in order to address these difficulties, and, with appropriate funding and

resources, generate additional GHG reductions. The additional actions could include:

- Create incentives and remove barriers to develop affordable housing, with a focus on infill and transit-oriented- development. The recent Board workshop on housing discussed some of the issues and potential solutions. Additional actions related to the land use growth allocation in the coming months will provide additional opportunities to address this.
- Implement next generation transit solutions to re-invigorate transit and assist in adaptation to a host of new modes and challenges. This will be the topic of a Transportation Committee workshop in March.
- Deploy innovative transportation solutions, and develop policies and programs to ensure that deployment of new modes like automated and connected vehicles support mobility goals, but also support goals to reduce congestion, and provide sustainable transportation. This will be the topic of the April Board workshop.
- Consider replacements to the traditional fuel tax, including pricing, to fairly share the cost of using the road system and to potentially support other goals like reducing congestion and providing sustainable transportation. This will be the topic of the May Board workshop.

Staff supports the incentive-based approach proposed by the ARB and believes it is consistent with the prior Board action. Of course, this item can be scheduled for further Board action or consideration if desired by the Committee.

5. Fiscal Impact/Grant Information:

There is no fiscal impact to SACOG's operating budget, as the staff time for this effort is already included in the current Board-adopted budget.

Failure to meet the target with the 2020 MTP/SCS would put the region at a disadvantage, or disqualify the region, for some competitive state grant programs, such as cap-and-trade.