



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 3a

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Memorandum

TO: Planning Committee

DATE: April 7, 2017

FR: Executive Director

RE: MTC Resolution No. 4271: SB375 Greenhouse Gas Target Update

Background

The California Air Resources Board (ARB) released the draft Scoping Plan Update in January 2017 and is scheduled to release draft SB 375 GHG targets in late spring/early summer. Each California Metropolitan Planning Organization (MPO) is required to meet the new ARB targets for the years 2020 and 2035 in the upcoming third round of Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) plans. MTC is currently in the midst of the 2017 RTP/SCS (Plan Bay Area 2040) process for which the first and second round targets apply, so these new third targets will be applicable to the 2021 RTP/SCS.

For the first and second RTP/SCS rounds, ARB set targets for the ABAG/MTC region of a 7 percent per capita reduction from 2005 levels by 2020, and a 15 percent per capita reduction from 2005 by 2035. These targets were exceeded in the 2013 RTP/SCS, which was forecast to reduce per capita greenhouse gas emissions by 10 percent by 2020 and by 16 percent by 2035. We are on track to exceed these targets by comparable margins in Plan Bay Area 2040 as well.

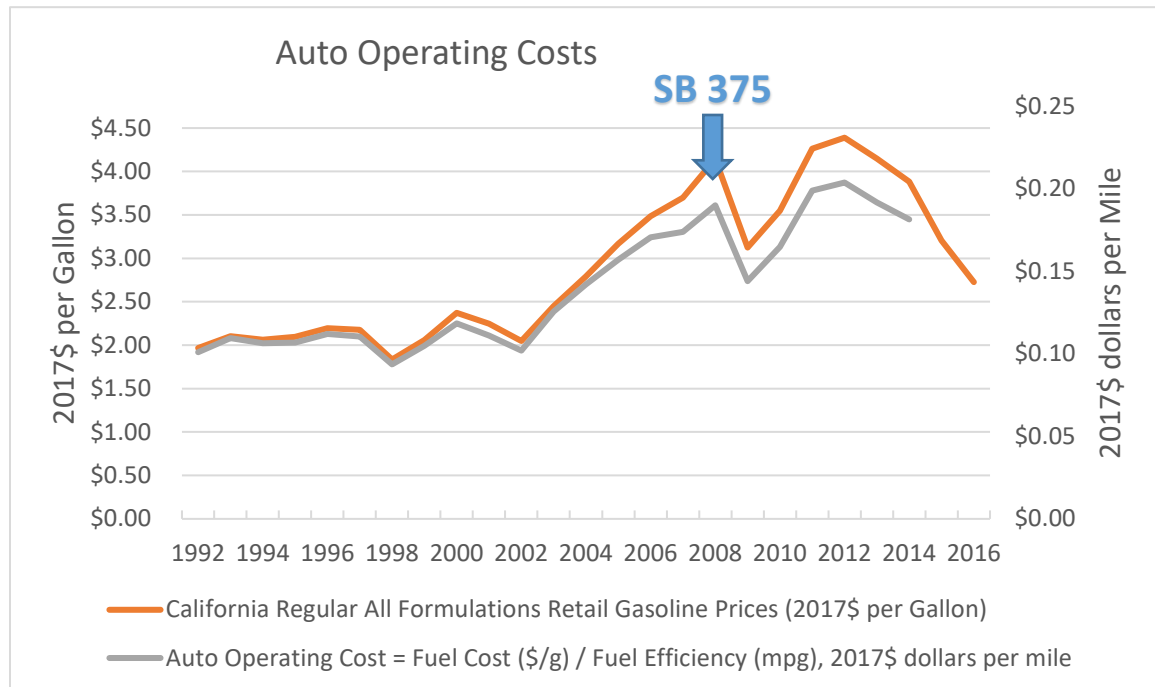
Bay Area Greenhouse Gas Target Considerations

On March 23, 2017, Executive Directors from the other large California Metropolitan Planning Organizations (MPOs) along with MTC Planning Director Ken Kirkey presented challenges and stress test results to the ARB board¹. During this presentation, MPO staff emphasized that:

- MPOs continue to push the envelope in terms of focused growth in land use, but feasible land use strategies are not sufficient to achieve the needed reductions in GHG emissions.
- Low fuel prices and increased fuel efficiency is resulting in reduced auto operating costs. This, in turn, is causing California residents to drive more (the rebound effect), making it more challenging for MPOs to achieve greenhouse gas emissions reduction targets based on less driving (see chart on next page).

¹ March 2017 Planning Committee memo on stress test results:
<https://mtc.legistar.com/View.ashx?M=F&ID=5003116&GUID=4871AE42-408D-45C4-88ED-B76655BB6A8E>

ARB meeting webcast: <http://cal-span.org/unipage/index.php?site=cal-span&owner=CARB&date=2017-03-23>



- MPOs need more state funding to incentivize focused growth and transit connectivity to support state climate goals.
- In studying aggressive policies to lower GHG emissions, we are concerned about the equity impacts of both displacement as well as roadway pricing, which has a greater proportional impact on lower income travelers.

Despite these challenges, and given the urgency of reducing the impacts of climate change, we believe that it is very important to reduce GHG emissions related to metropolitan growth and transportation. To further California's leadership in this effort, the four largest California MPOs — Southern California Association of Governments (SCAG), San Diego Association of Governments (SANDAG), Sacramento Area Council of Governments (SACOG) and MTC — aspire to make our Regional Transportation Plans/Sustainable Communities Strategies both “ambitious and achievable.”

Bay Area Greenhouse Gas Target Reduction Recommendation

With these considerations in mind, MTC staff recommend increasing the 2035 target to 18% per capita reduction in GHG from 2005 levels for the 2021 RTP/SCS and beyond. This recommendation has been developed in coordination with the other three largest California MPOs, which are also recommending a standard 18% per capita reduction for their regional plans based on similar experiences with reductions in previous RTP/SCS rounds, stress test results and rebound effect challenges. This recommendation is **conditional** on several factors that we believe are critical to achieving this target:

- The state will grant pricing authority to MPOs so they can bring user auto operating costs back to levels commensurate with 2008 levels (the conditions under which SB 375 was enacted). Because roadway pricing is regressive, equity exemptions and mitigations should be included.
- The state will dedicate funding to support transit, ridesharing, and non-motorized transportation from pricing mechanisms and new state sources and programs.

- The state will provide additional funding to ensure implementation of regional plans/sustainable communities strategies, on a scale commensurate with the defunct redevelopment law.
- ARB will commit to address issues resulting from any update to the Emission Factor emissions model for target setting and target compliance, including any model-related impacts on target attainment.

In addition to the factors above, during the March 23rd Air Resources Board meeting, ARB Board Member and UC Davis Professor Daniel Sperling proposed a best practices roundtable to include representatives from ARB, the MPOs and other entities to identify and define new initiatives, incentives and regulations for achieving the RTP/SCS targets. We foresee the following strategies being part of this discussion:

- Potential regulations requiring that autonomous vehicles and Transportation Network Company (TNC) fleets such as Uber and Lyft be zero emissions.
- Enabling the reduction of emissions related to school and public transit trips through accelerating the turnover of these fleets to electric.
- Potential to strengthen requirements to site state-funded and state-licensed facilities (state agency offices, hospitals, etc.) in transit-served locations. These are large job centers and the destinations for many trips, so locating them in transit-accessible areas would reduce their impact on GHG emissions and provide significant equity benefits to low income/transit dependent individuals. (See attachment A for *San Francisco Hospital Transportation Challenges and Impacts*.)
- Potential to increase enforcement of California's Parking Cash Out law². Parking Cash Out refers to the California's 1992 legislation requiring that employers who subsidize parking for workers must also offer them the option to take an equivalent cash allowance instead of the parking subsidy. This law only applies to larger employers (50 or more employees) that rent the parking spaces they provide to their workers free or below cost.
- Expand the availability of efficient first and last mile transit solutions to provide for more carbon efficient commuting.
- In partnership with the state's air districts, consider advancing the development of an Indirect Source Review rule or similar mechanism to mitigate emissions from larger employment centers located in areas with high levels of vehicle miles traveled due to inadequate transit service or a lack of workforce housing.

With these measures in place, we believe the proposed target will be achievable in the third (2021) RTP/SCS. In short, we believe that continued progress on achieving tougher GHG targets will require a new funding and policy partnership between the state and its major metropolitan regions.


² Donald Shoup's Parking Cash Out (American Planning Association Planning Advisory Service Report Number 532): <http://shoup.bol.ucla.edu/ParkingCashOut.pdf>

Next Steps

Upon Commission approval, MTC staff will issue a report to the Air Resources Board recommending the 18% per capita greenhouse gas emissions reduction target from 2005 levels for 2035 for the next round of RTP/SCSs, conditional on the factors outlined in this memo. ARB will release a Draft Staff Report and Environmental Document in late spring/early summer 2017 including updated targets for California MPOs. Following a set of CEQA workshops in the summer, ARB plans to adopt final targets in fall 2017 and update their technical methodology for reviewing MPO SCS greenhouse gas quantification. MTC staff will engage with ARB, other MPO staff and additional participants in the best practices roundtable to advance successful attainment of the GHG targets.

Recommendation

Staff recommends that the Planning Committee refer Resolution No. 4271 to the Commission, which sets forth the conditional "Bay Area Greenhouse Gas Target Reduction Recommendation" to inform and guide ARB in setting these targets for the Bay Area.


Steve Heminger

Attachment:

- Attachment A: SF Hospital Transportation Challenges & Impacts

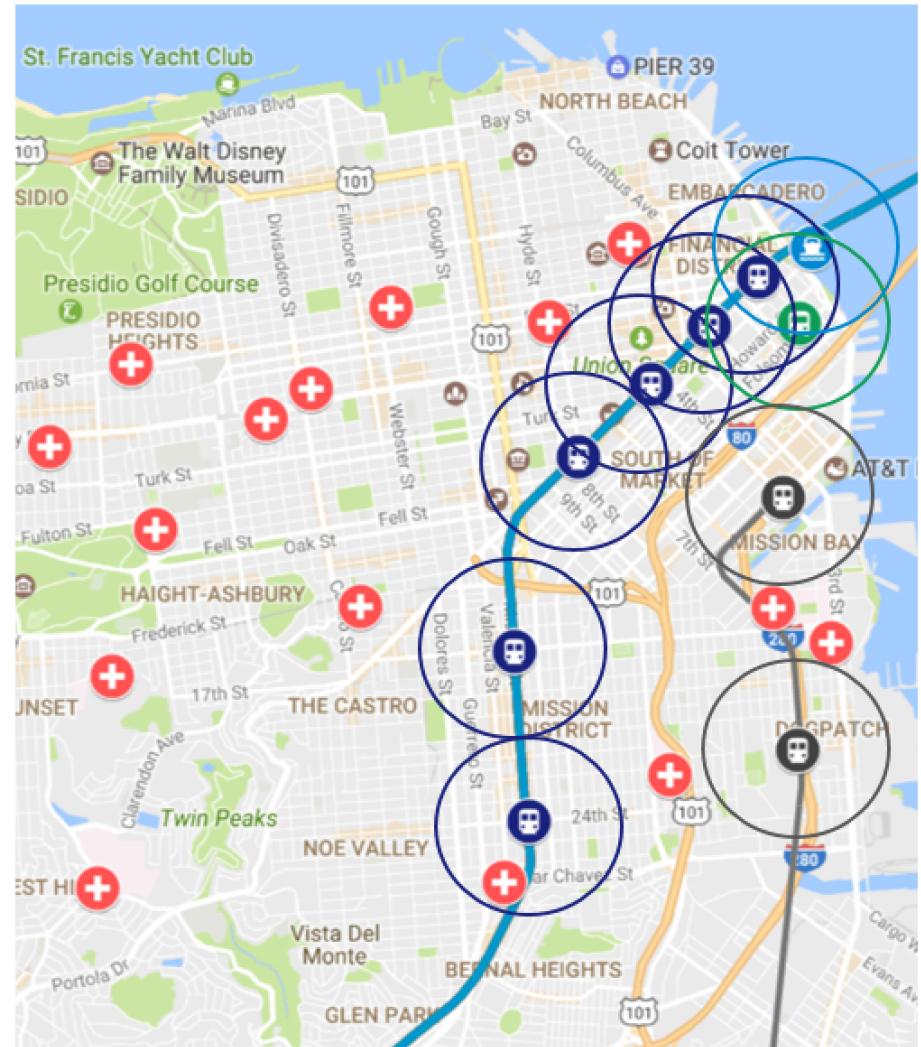
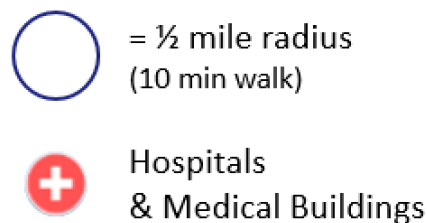
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SF Hospital Transportation Challenges & Impacts

No direct service by BART, AC Transit, WETA, or WestCAT

- Hospitals are dense employment centers and are not located near regional transit stations
- Many employees (48%*) live outside SF (23% East Bay*)
- Working and middle class employees can't afford to live close to best employment opportunities
- High turnover of frontline employees who transfer to jobs closer to home
- High cost of recruiting and training new employees



Date: April 26, 2017
Referred by: Planning

ABSTRACT

Resolution No. 4271

This resolution approves the recommendation to the Air Resources Board of an 18% per capita greenhouse gas reduction target for 2035 compared to 2005 levels for the 2021 Bay Area Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and beyond.

Discussion of this resolution is contained in the Executive Director's Memorandum to the Planning Committee dated April 7, 2017.

Date: April 26, 2017
Referred by: Planning

RE: Resolution to recommend to the Air Resources Board a conditional 18% per capita greenhouse gas reduction target for 2035 from 2005 levels to the Air Resources Board for the 2021 Regional Transportation Plan/Sustainable Communities Strategy and beyond

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4271

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning, financing and coordinating agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, the Sustainable Communities and Climate Protection Act of 2008 ((Chap. 728, Stats. 2008) Senate Bill 375, or SB 375, as amended) requires each California Metropolitan Planning Organization (MPO), as part of its Regional Transportation Plan (RTP) planning process, to develop a Sustainable Communities Strategy (SCS) or an Alternative Planning Strategy (APS) that meets regional greenhouse gas (GHG) emission reduction targets (targets) set by the Air Resources Board (ARB);

WHEREAS, SB 375 also recognizes ARB's target-setting responsibility as a recurring process, requiring ARB to update the targets every eight years and permits target updates every four years;

WHEREAS, low fuel prices and increased fuel efficiency is resulting in reduced auto operating costs, which is resulting in California residents driving more (the rebound effect), making it more challenging for MPOs to achieve GHG reduction targets;

WHEREAS, ARB Board Member, UC Davis Professor Daniel Sperling will convene a best practices roundtable to include representatives from ARB, the MPOs and other entities to identify and define new initiatives, incentives and regulations for achieving the RTP/SCS targets, including: 1) potential regulations requiring that autonomous vehicles and Transportation Network Company (TNC) fleets such as Uber and Lyft be electric; 2) enabling the reduction of emissions related to school and public transit trips through accelerating the turnover of these fleets to electric; 3) potential to strengthen requirements to site public facilities/state-funded facilities (state agency

offices, hospitals, etc.) in transit-served locations; 4) potential to increase enforcement of California's Parking Cash Out law; 5) expand the availability of efficient first and last mile transit solutions to provide for more carbon efficient commuting; 6) in partnership with the state's air districts, consider advancing the development of an Indirect Source Review (ISR) rule or similar mechanism to mitigate emissions from larger employment centers located in areas with high levels of vehicle miles traveled due to inadequate transit service and/or a lack of workforce housing; 7) the development of zero emission vehicles and alternative transportation fuel systems that should be promoted and incentivized.

WHEREAS, **conditional** upon the state granting pricing authority to MPOs to bring user auto operating costs back to levels commensurate with 2008 levels (the conditions under which SB 375 was enacted);

WHEREAS, **conditional** upon the state dedicating funding to support transit, ridesharing, and non-motorized transportation from pricing mechanisms and new state sources and programs;

WHEREAS, **conditional** upon the state provide additional funding to ensure implementation of regional plans/sustainable communities strategies, on a scale commensurate with the defunct redevelopment law;

WHEREAS, **conditional** upon ARB committing to address issues resulting from any update to the Emission Factor emissions model for target setting and target compliance, including any model-related impacts on target attainment; now, therefore, be it

RESOLVED, that the Metropolitan Transportation Commission hereby recommends an 18% per capita greenhouse gas emissions reduction target for 2035 from 2005 levels for the third round of RTP/SCS and beyond.

METROPOLITAN TRANSPORTATION COMMISSION

Jake Mackenzie, Chair

The above resolution was entered into by
the Metropolitan Transportation Commission
at a regular meeting of the Commission
held in San Francisco, California on April 26, 2017

SB375 GHG Target Update Recommendation

Ken Kirkey, MTC

April 14, 2017

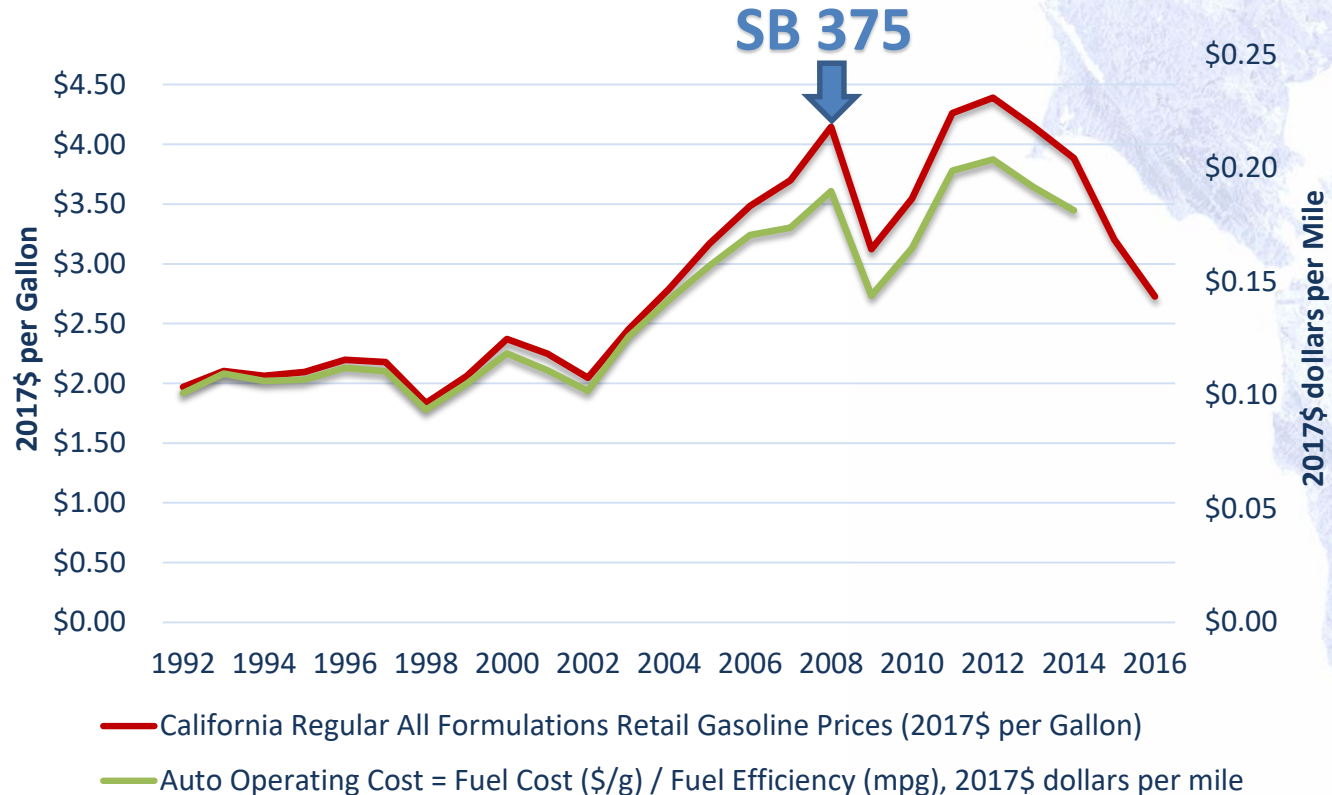
Background

- California Air Resources Board (ARB) updating GHG Targets
- Includes SB375 Targets for Regional Transportation Plans/Sustainable Communities Strategies
- 1st Round Targets for MTC/ABAG (Achieved):
 - 2020: 7% per capita
 - 2035: 15% per capita

What We've Learned

- **Denser** development pattern can further reduce GHG, but only with more aggressive market intervention and with greater risk of displacement
- **Road Pricing** is a highly effective tool to reduce VMT and hence emissions, but can have equity impacts
- **Treadmill** effect related to cleaner fleets driving down the cost of driving – higher SB375 targets more challenging

Auto Operating Costs



Bay Area Greenhouse Gas Target Reduction Recommendation

- **18%** per capita reduction from 2005 levels for 2035 **conditional** upon
 - The state granting pricing authority to MPOs to bring auto operating costs back to levels commensurate with 2008
 - The state dedicating funding to support transit, ride-sharing and non-motorized transportation, and other RTP/SCS strategies
 - The state will provide additional funding to ensure implementation of RTP/SCS on a scale commensurate with redevelopment law
 - ARB committing to address issues resulting from any update from the Emission Factor model for target setting and compliance

Next Steps

- **April:** MTC Staff will issue a report to ARB recommending the 18% per capita reduction target
- **Spring/Summer:** ARB Board Member and UC Davis Professor Daniel Sperling will lead a best practices roundtable including representatives from ARB, the MPOs and other entities
- **Spring/Summer:** ARB will release a Draft Staff Report and Environmental Document with updated targets and lead CEQA workshops
- **Fall:** ARB adopts final targets and updates their technical methodology