



January 5, 2017

To: Regional Planning and Highways Committee

From: Darrell Johnson, Chief Executive Officer

Subject: Regional Planning Update

Overview

The Orange County Transportation Authority's future planning efforts need to acknowledge and respond, as appropriate, to state and regional planning activities. An update on state and regional activities regarding environmental and air quality rule-making is provided for information purposes.

Recommendation

Receive and file as an information item.

Background

The Orange County Transportation Authority (OCTA) coordinates regularly with other planning and regulatory agencies within the Southern California region. This regional coordination is conducted at many levels, involving the OCTA Board of Directors (Board), executives, and technical staff. Some examples of the regional planning forums in which OCTA participates include:

- Southern California Association of Governments (SCAG) Regional Council and policy committees,
- State Route 91 Advisory Committee,
- Regional Chief Executive Officers' (CEO) meeting,
- Regional CEOs' Sustainability Working Group,
- South Coast Air Quality Management Plan Advisory Group,
- Interregional planning coordinators (OCTA, SCAG, San Diego Association of Governments, and the California Department of Transportation [Caltrans] Districts 7, 11, and 12), and,
- SCAG technical working groups.

Since the last update in May 2016, there have been a number of important developments regarding ongoing and recently completed regional and statewide planning activities led by the Governor's Office of Planning and Research (OPR), Caltrans, and the South Coast Air Quality Management District (SCAQMD). A discussion of these developments is provided below. A summary of additional regional planning activities monitored by OCTA staff is provided in Attachment A.

Discussion

OPR – Proposed Updates to the California Environmental Quality Act (CEQA) Guidelines

SB 743 (Chapter 386, Statutes of 2013) generally states that automobile delay will no longer be considered a significant impact under CEQA for infill developments. The statute directs OPR to propose revisions to CEQA guidance that identify criteria for determining the significance of transportation impacts that promote the reduction of greenhouse gas (GHG) emissions, the development of multimodal transportation networks, and a diversity of land uses. The proposed CEQA revisions from OPR, released on January 20, 2016, suggest that the best metric available to accomplish this is vehicle miles traveled (VMT). OPR also intends to exercise a provision in SB 743 statute that allows the CEQA revisions to apply to projects outside of the higher-frequency transit areas that were the focus of the bill.

The OPR proposal also includes a technical advisory component that sets expectations for significance thresholds. For example, it suggests for housing and office developments that per capita VMT should be reduced 15 percent below existing conditions with the addition of the proposed project. For transportation projects, OPR noted that the statewide total annual VMT could increase no more than four percent by 2030, over 2014 levels, without obstructing the state's emission reduction goals. Therefore, OPR proposed to allocate this growth equally to each project expected to be completed by 2030 in an approved Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS). Based on this method, most capacity projects planned for regional facilities in Orange County would likely trigger significant impacts. This includes Measure M projects that have not yet received environmental clearance.

OCTA submitted a comment letter to OPR (Attachment B), as well as a joint letter with SCAG and other county transportation commissions (Attachment C). Both letters address concerns with the proposed thresholds, as well as encourage OPR to consider exempting projects that are part of an RTP/SCS that achieves the GHG emission reduction goals established through SB 375.

Additionally, SCAG and the Sacramento Area Council of Governments (SACOG) have been working with OPR to provide data and insights from the regional level as revisions are being made to the proposal.

On September 2, 2016, Caltrans released an “Interim Guidance” for their Intergovernmental Review Program, which is their process for reviewing and commenting on planning and environmental documents that are out for public review. This reflects Caltrans’ interpretation of OPR’s proposed CEQA revisions and OPR’s associated draft technical guidance. The Interim Guidance directs Caltrans staff to submit comments that identify opportunities for reduced VMT for land use and infrastructure plans and projects. Since there are still many questions about the proposed CEQA revisions by OPR, the Caltrans Interim Guidance has raised additional concerns for lead agencies regarding potential legal challenges based on incomplete CEQA guidance.

Subsequently, SCAG hosted a meeting with OPR on November 14, 2016. At this meeting, OPR stated that they are encouraging Caltrans to rescind their Interim Guidance until the CEQA revisions are finalized. However, it appears that Caltrans is moving forward with implementing the Interim Guidance, given the direction of the recently completed California Transportation Plan 2040. Other discussions at the meeting focused on revisions to OPR’s proposal and technical guidance. Through coordination with SCAG and SACOG, and in consideration of comments submitted on OPR’s proposed CEQA revisions and technical guidance, OPR is exploring modifications that are in line with OCTA’s comment letters. The modifications under consideration include:

- Revisiting the recommended VMT thresholds; particularly, the methodology for determining the threshold for transportation projects;
- Exempting or streamlining for projects identified in an approved RTP/SCS that meets the SB 375 (Chapter 2008, Statutes of 2008) GHG emission reduction targets; and
- Regional and/or subregional mitigation bank programs (similar to the Measure M2 Freeway Environmental Mitigation Program).

OPR continues to make revisions, and will submit their final proposal to the Natural Resources Agency (NRA) in early 2017. The NRA will begin formal rulemaking once they receive the OPR proposal. This will include additional opportunities for public comment. OPR indicated that the final rule and technical guidance could be in place by late 2017.

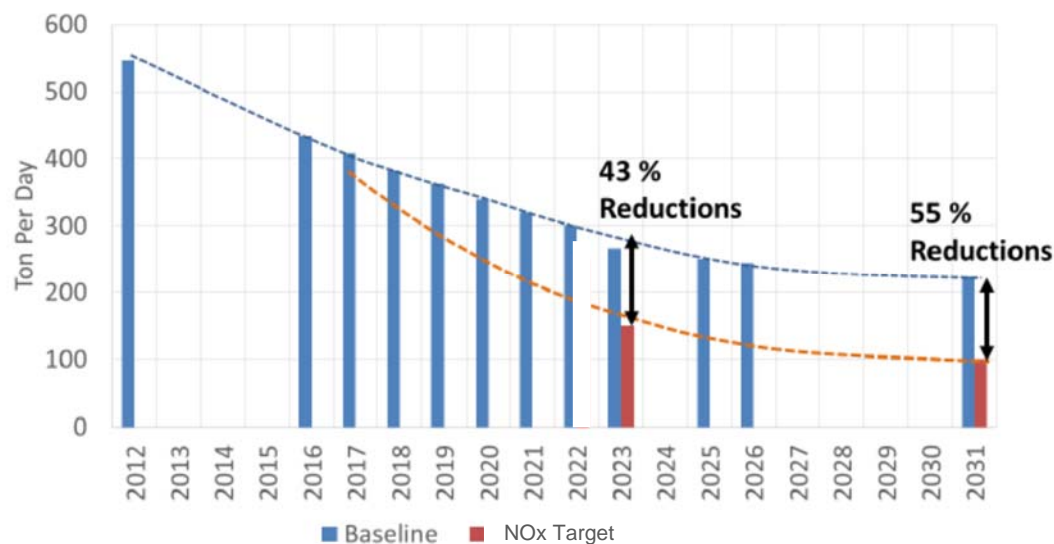
SCAQMD – Air Quality Management Plan (AQMP)

SCAQMD is charged with attaining and maintaining healthful air quality levels in the South Coast Air Basin (i.e., the counties of Los Angeles, Orange, Riverside, and San Bernardino). The federal Clean Air Act requires areas not attaining

each of the National Ambient Air Quality Standards (NAAQS) to develop and implement emission reduction strategies that will bring the area into attainment in a timely manner. If attainment is not achieved, the region could face sanctions that limit highway funding, and may require implementation of a Federal Implementation Plan that allows the federal government to identify strategies and prioritize funding.

The AQMP is the mechanism by which SCAQMD identifies the strategies and measures to attain the NAAQS, the most challenging of which are the ozone standards. As displayed in Figure 1, the 1997 eight-hour ozone standard requires that oxides from nitrogen (NO_x) be reduced 43 percent below the baseline projection for 2023. Furthermore, the 2008 eight-hour ozone standard requires that NO_x emissions be reduced by 55 percent below the baseline projection for 2031.

Figure 1: NO_x Reductions Required to Attain NAAQS for Ozone



Source: Revised Draft 2016 AQMP

Mobile sources, such as automobiles and freight vehicles, are currently contributing about 88 percent of the region's total NO_x emissions. Of these, the leading contributors of NO_x are heavy-duty diesel trucks, off-road equipment, and ships. However, SCAQMD has limited authority to regulate mobile sources. Therefore, SCAQMD must look to California Air Resources Board (CARB) and the United States Environmental Protection Agency (EPA) to implement strategies addressing mobile sources. Therefore, SCAQMD is working with CARB and EPA to identify strategies to address mobile source emissions within the AQMP.

The draft AQMP includes and supports strategies identified within CARB's Mobile Sources Strategy. Many of these strategies focus on expediting the integration of zero and near-zero emission technologies. These have an immediate impact, but are extremely costly. However, as they become more widely utilized, they could also become more cost-effective. Therefore, SCAQMD is supporting these strategies through development of incentive programs.

The incentive programs have general support from many stakeholders, because of the opt-in flexibility. However, OCTA has submitted comment letters expressing concerns over what funding sources may be targeted by SCAQMD for the incentives, in addition to other technical comments (Attachment D and Attachment E). Specifically, OCTA opposed increases in regulatory fees and any diversion of funds that OCTA depends on to deliver programs and projects.

Another element of the Mobile Source Strategy included in the draft AQMP is the Advanced Clean Transit Program. This program would eventually move 100 percent of public transit fleets in California to zero-emission technologies. However, concerns have been raised due to the fact that most fleets utilize low emission technologies, such as compressed natural gas; therefore, upgrading to zero-emission technology provides little benefit relative to the high cost for new buses and supporting infrastructure.

SCAQMD is also considering strategies that leverage their stationary source regulatory authority. SCAQMD is required to consider strategies that target new or infill development projects that attract trips. For example, a housing development, office park, or any other facility that could be considered a destination or vehicle attractor, would be required to mitigate the associated emissions, through fines or other means. However, the current description for this strategy (EGM-01) is so broad that it will allow SCAQMD to explore application for almost any project. Lead agencies throughout the region will need to closely monitor the development of this strategy.

In December 2016, the Draft Final 2016 AQMP was released for public review. If no major comments are received, SCAQMD staff anticipate approval at the February 3, 2017, SCAQMD Governing Board meeting. OCTA staff intends to reiterate the comments and concerns noted above and in Attachment D. This will include emphasizing the need for adequate funding and flexibility to meet the state's emissions related goals, such as zero emission bus regulations.

OCTA Look Ahead

The development of the next OCTA Long-Range Transportation Plan (LRTP) will be underway in early 2017. The LRTP is developed every four years, as local input for the SCAG RTP/SCS. The LRTP reflects OCTA's current policies and commitments, and incorporates input from local jurisdictions and stakeholders. The goal of the LRTP is to gauge how well OCTA's planned investments address the future transportation system needs, based on a 20+ year forecast of available revenues and growth in population, employment, and housing.

Studies are underway that will provide key data, policies, and strategies for inclusion in the 2018 LRTP. These include, but are not limited to, the following:

- 2016 Bus Service Plan
- Transit Master Plan
- Central Harbor Boulevard Transit Corridor Study
- Countywide Active Transportation Plan
- Orange County Freeway Study
- Orange County Freight Needs Assessment
- Pacific Coast Highway Corridor Study
- Vanpool/Park-and-Ride Study

Updates on these studies will be provided to the Board and OCTA committees as appropriate. The LRTP will also address studies developed by partner agencies, such as the Caltrans District 12 managed lanes studies and recent planning efforts by the Transportation Corridor Agencies.

The LRTP is currently scheduled for completion in 2018. Because projects must be included in an approved RTP/SCS to be eligible for state and federal funding, it is important that the Board is engaged throughout the development of the LRTP. Therefore, beginning in 2017, a series of items supporting the development of the LRTP to ensure the committees and Board are able to provide direction to staff at key decision points.

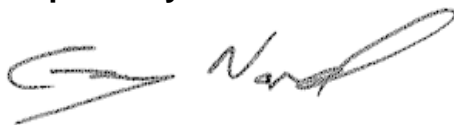
Summary

Staff has been engaged with planning activities being led by OPR, Caltrans, and SCAQMD. Drafts of the planning documents associated with these activities have been reviewed, and staff has submitted comments, as needed, to protect the interests of OCTA. Staff intends to remain engaged throughout the development of the CEQA Guidelines update and associated technical guidance, as well as the AQMP and any rulemaking efforts that may follow. Additionally, OCTA has a number of planning efforts underway that identify and address Orange County's transportation needs, and will provide key input for the development of OCTA's next LRTP.

Attachments

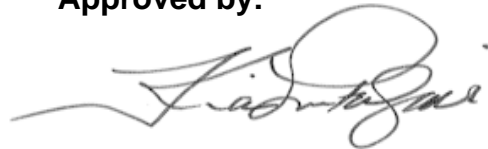
- A. January 2017 – Regional Planning Activities
- B. Letter to Christopher Calfee, Senior Counsel – Governor’s Office of Planning and Research – Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA – Implementing Senate Bill 743 (Chapter 386, Statutes of 2013) – Dated February 26, 2016
- C. Letter to Christopher Calfee, Senior Counsel – Governor’s Office of Planning and Research – Comments on the “Revised Proposal on Updates to the CEQA Guidelines on Evaluating Transportation Impacts in CEQA” to Implement SB 743 – Dated February 29, 2016
- D. Letter to Dr. Philip Fine, Deputy Executive Officer – South Coast Air Quality Management District – Draft 2016 Air Quality Management Plan – Dated August 9, 2016
- E. Letter to Ms. Jillian Wong, Planning and Rules Manager – South Coast Air Quality Management District – Draft 2016 Air Quality Management Plan Program Environmental Impact Report – Dated November 15, 2016

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