

Senate Transportation and Housing Committee
Hon. Mark DeSaulnier, Chair
INFORMATIONAL HEARING
John L. Burton Hearing Room (4203)
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“SB 375: From Vision to Implementation”

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Chairman DeSaulnier and Distinguished Members of the Committee:

Thank you for the opportunity to testify on behalf of the Southern California Association of Governments (SCAG), representing our 191 cities and six counties containing over 18 million residents, nearly half of the state’s population. I sincerely appreciate the Committee’s time and interest in receiving testimony regarding the implementation of SB 375.

SB 375 is landmark legislation that, effective January 1, 2009, provides a blueprint for the process to achieve the ambitious greenhouse gas (GHG) emissions reduction goals set forth in California’s comprehensive climate law, AB 32, calling for the reduction of California’s GHG emissions to 1990 levels by 2020, with further reductions to be achieved through the middle of the 21st Century.

SB 375 seeks to achieve these reductions by integrating land use and transportation planning, through the development of a sustainable communities’ strategy (SCS) in conjunction the federally mandated Regional Transportation plan developed every 4 years by the metropolitan planning organization (MPO) with significant input from local government, and all affected state and local transportation, business, environmental and other stakeholders. SCAG, the nation’s largest MPO, completed its first combined RTP/SCS in 2012 after unprecedented stakeholder input in an effort that has been widely regarded throughout the state and the nation as among the most collaborative planning efforts undertaken to produce a comprehensive, integrated regional plan.

SCAG RTP/SCS Benefits

The SCAG 2012-35 RTP/SCS provides a roadmap to tremendous Quality of Life benefits to the residents of Southern California which encompass a wide range of Mobility Benefits, Economic Benefits, Health Benefits, and Sustainability Benefits. Some of these important benefits include:

- By integrating land use and transportation, 51% of new households and 53% of new jobs will be in high quality transit areas by 2035, compared to just 25% and 33% respectively without implementation of the plan;
- Despite projected population growth, congestion and commute time will reduce by 24% from 17.3 minutes today to 13.1 minutes by 2035 with implementation of the plan;
- Implementation of the RTP/SCS investment plan over 25 years will add an average of 174,500 jobs per year from construction and operations expenditures, and the resulting improved transportation network could generate an additional 354,000 jobs per year from congestion relief, increased labor mobility and efficient movement of goods;
- Implementation of the plan will provide a \$2.90 investment return for every \$1 spent;

- Implementation of the plan reduces all criteria pollutants, emissions and their precursors;
- Implementation of the plan projects a 24% reduction in health incidences related to regional emissions;
- Implementation of the plan will reduce land consumption by maintaining 408 square miles of vacant land;
- Implementation of the plan will reduce per capita GHG emissions by 9% by 2020 (vs. target of 8%) and 16% by 2035 (vs. target of 13%).

SB 375 Implementation – The First Half

As we near the “half-way point” of initial implementation of SB 375 towards achieving the desired GHG reductions by 2020, now is a very good time to look back at the implementation process to assess what has worked, what has not worked or could be improved upon, and what steps or actions might be needed going forward to most effectively implement the law.

SB 375 has been a success for the SCAG region and for regions in general, in achieving the State’s intended goals at the time it was enacted. The key point is that each region that has completed an SCS has demonstrated improved land use efficiency, reduced greenhouse gas emissions, developed other innovations, and has benefited from better engagement with stakeholders and the public.

The following highlighted examples demonstrate SCAG’s experience with the 2012 RTP/SCS, though each of the other major regions would have their own similar conclusions *including having met the State GHG targets*:

Areas of Positive Impact (Things that have worked)

- Smart Growth, Land Use Efficiency and Land Use/Transportation Coordination – the 2012 RTP/SCS maximizes the amount of growth in High Quality Transit Areas (those locations eligible for CEQA streamlining), increases the share of multi-family as a percentage of overall housing growth, and reduces the consumption of raw land.
- Greenhouse Gas Emissions – the 2012 RTP/SCS reduces GHG emissions for cars and light trucks by 8% in 2020 and 16% in 2035.
- Participation and Collaborative Process – the 2012 RTP/SCS *dramatically* increased in the overall interest and engagement in regional planning in Southern California.
- Active Transportation and Public Health – SB 375 created an interest in regional planning for Active Transportation and Public Health interest groups, and a reciprocal interest in those topics among the region’s elected leadership. As a result, the region more than tripled its investment in non-motorized modes compared to the prior plan, and has committed to on-going planning, collaboration, and implementation activities in these areas.
- Other Plan Innovations – The 2012 RTP/SCS included, of note, a groundbreaking transportation finance component that will advance the dialogue on mileage based pricing, address long-term funding issues, promote transportation alternatives, and reduce Vehicle Miles Travelled and Greenhouse Gas emissions.

Demonstrating Progress

SB 375 and the SCS have prompted focused efforts on implementation and collaboration beyond just adoption of the plan. For SCAG, this includes *the creation of MOU/ Joint Work Programs focused on RTP/SCS implementation and follow-up with the County Transportation Commissions in the region*. Currently SCAG has entered into three such MOU/Joint Work Programs – with the Los Angeles County Metropolitan Transportation Authority (LA Metro), the San Bernardino Associated Governments (SANBAG), and the Imperial County Transportation Commission (ICTC). Of note, the LA Metro Joint Work Program includes a now adopted an ambitious First-Mile Last-Mile Strategic Plan which will serve to expand the reach of transit in Los Angeles County, and can serve as a model for subsequent planning in other counties.

Each of these joint programs is unique and is tailored to the needs of each Commission's jurisdiction as well as for the region as a whole, and encompasses many programs and projects. Currently there are under development joint programs with the three other regional transportation commissions representing Orange, Riverside, and Ventura counties, which are expected to be in place prior to the next RTP/SCS.

The collaboration from development of the SCS has also spawned the creation of a \$10 million Sustainability Program that funds implementation planning at the local level. Program criteria require strong linkages to implementation of RTP/SCS strategies, and a commitment to implementation from recipients. The Sustainability Program significantly expands SCAG's previous Compass Blueprint effort which provides planning incentive grants to member agencies. The new program includes categories of funding supporting active transportation and overall sustainability planning. The 73 eligible submittals for the Sustainability Program demonstrate a broad interest among SCAG's member cities and counties in implementation actions in support of the RTP/SCS.

SCAG is also currently conducting a Local Implementation Survey from 197 local jurisdictions. The Survey will collect information on local implementation of the RTP/SCS through initiatives such as General Plan Updates, zoning updates, active transportation plans and local climate action plans. In addition to these core programmatic activities for SCAG and its partners, we have made progress in the following key areas:

- Transportation Finance: Completed Initial Pricing Study;
- Transit Expansion: Major transit infrastructure improvements in operations, or under construction;
- Over \$250 million programmed for Transportation Demand Management.

Finally, SCAG has retooled its own operations in line with RTP/SCS identified priorities by:

- Completing a round of ad-hoc subcommittee deliberations around key RTP/SCS policies;
- Creation of a permanent department on staff focusing on Active Transportation and Public Health.

Challenges (Things that are not working or are inconclusive)

- Ties to Funding – The State has not consistently taken advantage of opportunities to incentivize successful SCSs through its funding processes for transportation, planning, development, infrastructure, and GHG reduction. Additionally, it is apparent that the need for additional funding to implement identified programs and projects significantly exceeds current, available funding.
- CEQA Modernization – The CEQA benefits included in SB 375 have not, to our knowledge, been used in the region. Our interactions with the business community and other external stakeholders lead us to conclude that the provisions are too cumbersome, or potentially risky. More recent pieces of legislation (SB 226, SB 743) may have improved this situation, but it is too early to reach any conclusion. Modernizing CEQA provisions should clearly provide greater business *certainty* to incentivize making the long term investment decisions necessary to develop the kinds of projects that achieve GHG emission reduction benefits.
- Role and appropriateness of GHG targets – ARB is given broad discretion to establish GHG targets under SB 375. For the first round, the targets were largely effective in prompting aggressive action on the part of MPOs. However, due to the long lead time it takes to implement and see results of major components of an SCS, the initial SB 375 regional GHG targets should be maintained through the second round of SCS development for MPOs.
- Litigation – While SCAG was not sued on its RTP/SCS, we view the proliferation of lawsuits among the major regions of the State as an obstacle to long term progress on sustainability planning.
- Integration of Other Planning Issues – While SB 375 was successful in helping to integrate land use, housing, and public health within the transportation planning process, there are untapped opportunities to further integrate issues such as water, open space conservation, and technology.

SB 375 Implementation – The Second Half

The policies and actions implemented over the next six years by the state, regions and local governments will determine whether or not California reaches the GHG emissions reductions called for by AB 32 and directed through the provisions of SB 375. To fully implement these visionary plans, a greater partnership from the state is needed. A recent example of such a partnership is the Active Transportation Program which fosters even closer working relationships between MPOs and the county transportation commissions. Another example is the state taking a leadership role, in collaboration with MPOs and other stakeholders, to develop analytical tools on public health (related to Active Transportation) that could be used by all MPOs in their RTP/SCS development.

However, more partnership is needed. Based upon the summary above of the things that have and have not worked through the process of implementing SB 375 since 2009, we can offer the following suggestions for consideration by the Committee and the Legislature for actions we believe will most effectively meet the requirements set forth in both laws.

- Dedicated Funding. SB 375 calls upon the regional and local implementing agencies to achieve the required GHG emissions from the transportation sector, the largest single sector

emitter at approximately 40% of all GHG emissions - but provides no funding. Cap-and-Trade revenues are presumed to be the primary source of funding from the state to achieve SB 375 objectives, and the Governor's initial 2014-2015 budget proposal included an \$850 Million Cap-and-Trade expenditure plan, of which \$100 Million is allocated for Sustainability. SCAG, together with LA Metro, has called for an increase of this allocation to \$500 Million by repaying to the Greenhouse Gas Fund from the General Fund the monies previously borrowed, in order to effectively implement the sustainability and emissions reductions objectives of SB 375. Additionally, as the legislature considers how to best invest Cap and Trade revenue in the future, a dedicated and sustainable funding source for implementing sustainable communities' strategies should be a priority.

- Modernizing CEQA. Our interactions with the business community indicate that the most important single thing to their investment decision is *business certainty*. The streamline benefit currently afforded by SB 375 provisions do not provide this as they are viewed still as risky with the benefits not certain over the life of the development of the project, or the requirements to obtain the streamline benefits themselves are too stringent to be met by the great majority of projects.

Additionally, according to Caltrans, the average major transportation project takes 17 years to complete. SCAG engaged independent prominent economists from throughout the SCAG region to analyze the economic benefits from implementing SCAG's adopted Regional Transportation Plan/Sustainable Communities Strategy 5 years faster. This would not only accelerate the GHG reductions, but the result was a decrease in construction cost by \$1.25-1.95B, 5-9% of construction cost, per year and creating nearly 300,000 jobs from construction, enhanced economic competitiveness, and road safety and system preservation.

This is a policy area that calls for continued attention from the Legislature with the overarching objective to find way to accelerate project delivery in California and provide greater certainty to project developers to encourage private investment.

Thank you very much for your consideration of my testimony and including me in your important hearing today. I look forward to responding to questions at the hearing.