

Agenda Report



Watsonville
CALIFORNIA

MEETING DATE: Tuesday, February 11, 2025

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR LINDBERG
INTERIM COMMUNITY DEVELOPMENT DIRECTOR MEEK
ASSISTANT PUBLIC WORKS & UTILITIES DIRECTOR FONTES

SUBJECT: RECEIVE PRESENTATION ON THE SANTA CRUZ COUNTY REGIONAL VEHICLES MILES TRAVELED (VMT) MITIGATION PROGRAM, PROVIDE INPUT, ACCEPT REPORT AND DIRECT STAFF TO PARTICIPATE IN DEVELOPING IMPLEMENTATION OF A MULTI-JURISDICTIONAL REGIONAL VMT MITIGATION PROGRAM

RECOMMENDED ACTION:

Staff recommends that the City Council receive a presentation on the Santa Cruz County Regional Vehicle Miles Traveled (VMT) Mitigation Program, provide input on the Santa Cruz County Regional VMT Mitigation Program Preliminary Final Report (Attachment 1), accept the report, and direct staff to participate in developing the implementation of a multijurisdictional Regional VMT Mitigation program. Note that the City Council is not being asked to confirm participation in the program at this time and that the City Council will consider participation at a future meeting.

BACKGROUND:

Senate Bill (SB) 743 was signed into law in 2013 and required the Governor's Office of Planning and Research (OPR) to identify new metrics for identifying and mitigating transportation impacts under California Environmental Quality Act (CEQA). OPR identified vehicle miles traveled (VMT) as the new metric. VMT is a measure of the number of vehicle trips multiplied by the length of those trips. To comply with SB 743, the County of Santa Cruz and other local lead agencies adopted new CEQA thresholds using OPR's recommended VMT metrics for transportation impacts under CEQA. More detailed information on the thresholds is available on the Community Development webpage at: <https://www.watsonville.gov/1910/Transportation-Analysis-per-CEQA>.

Burdened with new mitigation requirements, local developers have been asking for a mechanism that will make mitigation of transportation impacts more cost predictive and manageable. Without a clearly vetted and documented VMT mitigation program, it is extremely difficult, time consuming, and expensive to establish nexus and fair share contributions to off-site VMT mitigations.

To address this need, in 2022, County of Santa Cruz staff, in partnership with the City of Watsonville and the Santa Cruz County Regional Transportation Commission (RTC), applied for a Caltrans Sustainable Transportation Planning Grant to develop a framework for a regional VMT mitigation program that would ensure compliance and provide streamlined options for project mitigation in accordance with the new metrics for transportation impacts under CEQA. The applicants were awarded a grant in the amount of \$396,614 with a required \$51,386 (11%) match, to be accomplished in staff time.

The Santa Cruz County Regional VMT Mitigation Program will provide the County and local cities with a regionally coordinated mechanism to mitigate VMT impacts associated with economic development. The fees collected through this program will fund projects throughout the region that decrease VMT and greenhouse gas (GHG) emissions, improve safety, combat climate change, and improve the quality of infrastructure within disadvantaged communities. A countywide program holds the potential to implement a more effective program than any single agency could achieve on its own in terms of these outcomes.

DISCUSSION:

Local VMT Mitigation Program

On September 27, 2022, the City Council adopted Resolution No. 205-22 (CM), approving a Vehicle Miles Traveled (VMT) Policy and on March 14, 2023, the City Council adopted Resolution No. 51-23 (CM), approving an in-lieu fee to reduce Vehicle Miles Traveled (VMT) associated with development projects. Establishing the fee allowed the City to create a local VMT mitigation bank to help developers efficiently address their project impacts. To date, the program has collected \$114,315.42, which is designated to support active transportation projects, such as those within the City's trail program, that reduce VMT.

City staff is now exploring the possibility of expanding the local VMT Mitigation Program into a regional program. A regional approach would enable collaboration on broader initiatives, such as transit and transportation demand management projects, allow for more effective pooling of resources, and create more developer certainty within the market. By involving multiple agencies in a regional VMT program, there is greater potential to fund larger-scale projects, resulting in more significant reductions in VMT and enhanced community benefits. Although the City does not anticipate substantial immediate funding increases, a regional program could provide valuable contributions to bridge funding gaps for major projects.

Regional VMT Mitigation Program

To determine the most suitable regional VMT mitigation mechanism, a study was done to explore the viability of a programmatic regional approach to fund VMT reducing projects. The results found in the study are presented in the preliminary Final Report for the Santa Cruz County Regional Vehicle Miles Traveled (VMT) Mitigation Program (Attachment 1).

As part of this study, staff evaluated the following types of programs which are described in more detail in the report: a VMT Bank, a VMT Exchange, a VMT Bank with Exchange

and a VMT Impact Fee program. The programs were evaluated based on legal considerations, their potential efficacy, their ability to equitably meet the needs for the region, their impact on the geographic distribution and approach to mitigation, the complexity of administering the program and their alignment with the goals of the overall region.

In addition to programmatic approaches, a list of VMT-reducing projects was established to evaluate the feasibility of including them in a fee-based VMT mitigation program. Projects from the County of Santa Cruz Active Transportation Plan, the SCCRTC's Regional Transportation Plan, and local Capital Improvement Programs (CIPs) were screened for feasibility of implementation, their potential for VMT reduction, and the estimated cost of VMT reduction credits.

To guide the study, a Stakeholder Advisory Committee (SAC) and a Technical Advisory Committee (TAC) were assembled to provide oversight and input during the study. The committees were comprised of subject matter experts, member jurisdictions, community-based organizations (CBOs), and developers, including those who have expertise in affordable housing. Later in the project oversight the two groups were combined to reduce repetition.

The preliminary Final Report provides more detail on the analyses performed which resulted in the recommendation of a pilot VMT Bank that includes a mix of bicycle, transportation demand management, transit, and affordable housing projects. Input from the four cities, the University of California, Santa Cruz, and the SCCRTC on the preliminary final report is being sought to finalize the report.

The report also provides a number of options to administer the program: including an option to form a Joint Powers Agreement (JPA) comprised of each of the local cities and the County, an option to form a multijurisdictional JPA without the SCCRTC, and an option for the County to move forward with a single entity pilot. At this time, input is sought on the preliminary final plan and options for administration of a regional program.

Next Steps

County staff and consultants are in the process of collecting feedback on the administration of the program and the preliminary final report. The Final Report, including final recommendations for program structure, implementation, and administration is anticipated to be delivered by March 2025. Following the completion of the Final Report, the County will continue working with the City to address concerns regarding the implementation of a pilot program if the City Council directs staff to pursue the effort. Should the City Council direct staff to continue participating in the development of this program, staff will return to Council at a later date to make a determination as to whether the City will participate in the pilot Program.

Summary

The Santa Cruz County Regional VMT Mitigation Program Report examines strategies to establish a fee-based framework for offsite mitigation of VMT projects that will fund VMT-

reducing projects in the county. Input from City Council is sought on the program's preliminary final report and the City Council is being asked to direct staff to participate and support ongoing program development efforts. Staff will return to City Council at a later date for direction on whether the City should partake in the pilot program.

STRATEGIC PLAN:

The proposed plan is consistent with the following Strategic Plan Priorities:

- 1-Economic Development
- 2-Infrastructure & Environment
- 3-Housing

FINANCIAL IMPACT:

City staff participation in developing the implementation of a multijurisdictional Regional VMT Mitigation program will have no financial impact on the City. City participation in the program, which would be done with Council approval, could create additional revenue for the City to use on specific transportation projects.

ALTERNATIVE ACTION:

The City Council may choose not to direct staff to participate in developing the implementation of a multijurisdictional Regional VMT Mitigation program. Non-participation would eliminate opportunity for the City to secure additional revenue for specific City transportation projects.

ATTACHMENTS AND/OR REFERENCES (If any)

1. [Santa Cruz County Regional VMT Mitigation Program Preliminary Final Report](#)