



TRANSMITTED ELECTRONICALLY

February 25, 2021

Ms. Jennifer Gress
Chief, Sustainable Transportation and Communities Division
California Air Resources Board
Sacramento, CA 95814

RE: COMMENTS ON THE DRAFT MOBILE SOURCE STRATEGY

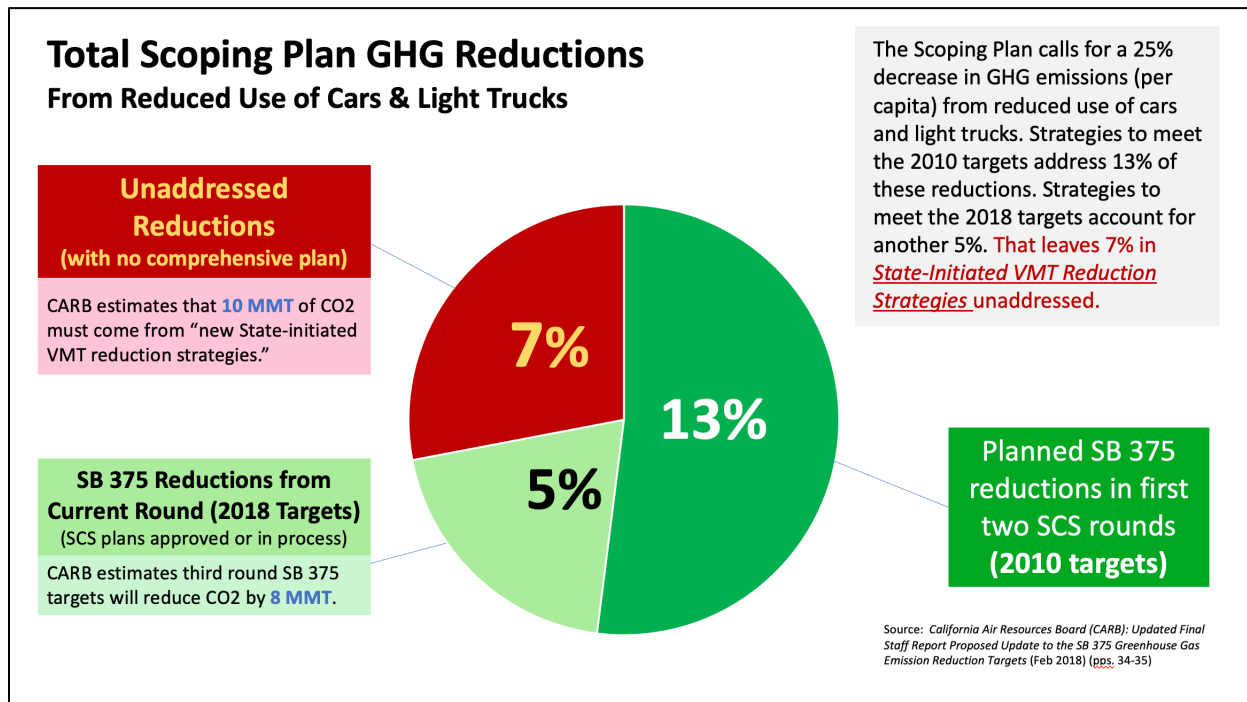
Dear Ms. Gress:

Thank you for meeting with our small group of Metropolitan Planning Organization (MPO) planning directors to discuss how the draft *Mobile Source Strategy (Draft MSS)* addresses the issue of reducing vehicle miles travelled (VMT) (see pages 69 to 75). We appreciated the informal, wide-ranging conversation regarding how both state and MPO strategies may work together to achieve the objectives in the Scoping Plan and other statutes. Our representatives were encouraged by the tone of the conversation and the potential for state-regional partnerships on strategies moving forward.

We welcome the opportunity to collaborate. This letter is intended to clarify the points we raised during our meeting and facilitate the ongoing exchange of technical information between CARB and MPOs. See Gov't Code § 65080(b)(2)(A)(ii).

1. We Are Encouraged to Learn that the next *Draft MSS* Will Discuss the “New State Initiated VMT Reduction Strategies” More Directly

The largest wedge of “unaddressed” GHG emission reductions from the reduced use of cars and light trucks falls outside of the scope of the current SB 375 targets. (See graph, next page). CARB has noted in previously that there is still a need for new “*State-Initiated VMT Reduction Strategies*” even after the current SB 375 targets are met. CARB has quantified the need from new state strategies to be 10 million metric tons (MMT)—or 2 MMTs more than the reductions expected from the SB 375 target reset in 2018. See *Updated Final Staff Report Proposed Update GHG Emission Reduction Targets* (Feb. 2018) (p 35).



See footnote ¹ below

These new *State-Initiated VMT Reduction Strategies* are closely related to the reductions expected from SB 375:

*“Currently adopted SCSs would achieve, in aggregate, a nearly **18 percent** reduction in statewide per capita on-road light-duty transportation-related GHG emissions relative to 2005 by 2035, if those SCSs were successfully implemented. However, the full reduction needed to meet our climate goals is an approximately **25 percent** reduction in statewide per capita on-road light-duty transportation-related GHG emissions by 2035 relative to 2005. CARB explored setting the updated 2018 SB 375 targets at the level necessary to attain state climate goals, and determined that those targets would be **infeasible** for MPOs to achieve with currently available resources.*

See 2017 Scoping Plan-Identified VMT Reductions and Relationship to State Climate Goals (hereinafter Relationships Report) (January 2020; Page 3; footnote omitted; emphasis added). Given this proximity, the *State-Initiated VMT Reduction Strategies* must be clearly defined to avoid confusion. Without such clarity---and the use of vague phrases like “SCSs are not being implemented” (addressed in Section 2 below)—we believe many people will

¹ We appreciate that the 25 percent is an estimate that derives from the goal to reduce VMT by 15 percent by 2050, which was the basis for the scenario used in the *2016 Mobile Source Strategy*. We use the 25 percent figure here to focus on the relationship between the *SB 375 Targets* and the new *State-Initiated VMT Reduction Strategies*. We also understand that CARB staff calculates this difference at 6 percent (basically: 25% less the 19 percent targets equal 6 percent). We used the 7 percent figure from the *Reasonable Relationships* report we cite above. But on the larger point, we concur that a substantial portion of the 25 percent in needed emission reductions remains unaddressed.

continue to incorrectly assume that the SCSs are the only mechanism that the state intends to apply toward the needed 25 percent reduction.

Part of the confusion on this point may be that, unlike SB 375, there is no comprehensive plan to address the emissions gap between the Scoping Plan and the reductions expected from the SCSs. Although Appendix C of the Scoping Plan includes a list of policy options, it lacks the analysis and prioritization needed for an implementation plan. We acknowledge that current and planned state actions—like the implementation of SB 743 and potentially the Climate Action Plan for Transportation Infrastructure (CAPTI) when adopted—may contribute toward reducing VMT. It would make sense to count them *as State-Initiated VMT Reductions* if VMT reductions can be quantified from these actions.

Accordingly, we recommend that these unaccounted reductions be a central part of the *Draft MSS*. They equate to more than a quarter of the needed 25 percent in reductions identified in the Scoping Plan (7 percent of the 25 percent). We appreciate that some *State-Initiated VMT Reductions* may fall outside of CARB’s authority. And we anticipate that some CARB actions would overlap with MPO strategies. Nevertheless, the *Draft MSS* should identify (or estimate) the portion of reductions that can be addressed through additional CARB-initiated strategies; and clearly label the remaining as outstanding reductions that require additional state action or support in a way that clarifies that they are different from (or at least in addition to) strategies that can be implemented by an MPO in an SCS.

Similarly, the *Draft MSS* should call for the same implementation rigor of the *State-Initiated VMT Reduction Strategies* (whether within or outside of CARB’s authority) that is applied to reviewing SCS implementation. We understand that this is no easy task. Effective VMT reduction strategies are often interconnected with other state policy outcomes, vulnerable to economic externalities, constrained by funding limitations, and often must be reconciled with other policy objectives. We are sympathetic (*see* Section 5). To our own technical staff, this sounds a lot like a Sustainable Communities Strategy. But even though such processes are challenging and not always certain, the discussion and resulting framework often leads to on-the-ground policy change.

In short, we look forward to more clarity and progress on the plan to reduce VMT from *State-Initiated VMT Reduction Strategies*. We are optimistic that there will be several points where programs will overlap with our own regional strategies and that we can form a deeper partnership and work together to find the best pathways to achieve state objectives.

2. Singling Out “SB 375 Implementation” for the State’s Rise in VMT Impedes Progress Toward State Climate Goals

During our meeting, we shared a concern that the *Draft MSS* misidentified “SB 375 implementation” as the primary reason that VMT is increasing. For example:

“SCSs are not being implemented, VMT per capita is increasing instead of decreasing, and the State is not on track to achieve the light-duty transportation-related GHG emissions reductions envisioned under SB 375.” (Page 71.)

Here, the *Draft MSS* can be read to attribute the failure to curb VMT growth solely to the lack of “implementation” of Sustainable Communities Strategies (SCSs). We understand from our conversation that this was not the intent. We agreed at our meeting that the SCSs are subject to a number of variables, several of which are outside of the control of MPOs and CARB. Any definition of this problem needs to account for these variables.

To the extent that CARB will use the *Draft MSS* to frame accountability for increasing statewide VMT, it should do so in a way that mirrors the analysis in both the *Relationships Report* and the *2018 Progress Report: California’s Sustainable Communities and Climate Protection Act (2018 Progress Report)*. The *Draft MSS* must acknowledge that multiple factors are responsible for increased VMT, including gaps in state policy. Doing so will yield a more comprehensive analysis that is more likely to lead to effective policy options.

A starting point would be to recast the sentence identified above:

“SCSs are not always followed, being implemented, VMT per capita is increasing instead of decreasing, and the state has yet to identify a comprehensive plan to achieve the full VMT reductions needed from strategies outside of the scope of the SCSs. Moreover, there are a variety of external factors such as funding availability and changes in the economy, that affect how people choose to travel. As a result, the State is not on track to achieve the light-duty transportation-related GHG emissions reductions envisioned under SB 375 in the Scoping Plan.”

In addition, the following sentences from the *Draft MSS* (followed by short comments) should be reconciled to reflect the information in the *Reductions and Relationships Report*:

“This update to the Mobile Source Strategy builds on the same ambitious, exploratory scenario from these previous plans, which assumed that regional transportation plan/sustainable communities strategies (RTPs/SCSs) prepared by metropolitan planning organizations (MPOs) under Senate Bill 375 are successfully implemented statewide, and that light-duty VMT is reduced by an additional 15 percent by 2050.” (Draft MSS; Page 69. Our Comment: this sentence seems to connect the SCS directly to the 15 percent VMT reduction objective without accounting for the 7.5 percent 2035 goal or acknowledging state responsibility for new State-Initiated VMT Reduction Strategies. Nor does it acknowledge that the 15 percent target is derived from a top-down planning scenario assumption in the 2016 MSS).

“Few jurisdictions are implementing RTP/SCSs as envisioned such that the State is not on track to meet current SB 375 targets or related regional air quality attainment requirements under the federal CAA in certain regions.” (*Draft MSS; Page 72. Our Comment: It would be equally correct to say that few state agencies have developed comprehensive plans as envisioned in the Scoping Plan such that the State is not on track to meet current VMT reduction goals. We suggest language that encompasses both points of view.*)

3. Greater Inter-State Agency Cooperation is Needed to Address VMT Challenges

During its December Board Meeting, a number of CARB Board Members called for improved cooperation with agencies that share authority over the transportation system. We concur. The sheer challenge before us should compel better inter-agency cooperation. As a result, we look forward to seeing how the Board’s direction is incorporated into the next draft. Fortunately, other CARB reports provide a starting point:

“While no single agency or level of government alone bears the responsibility for this work: there is an important opportunity to partner across many agencies... on taking collaborative action toward better results.” (2018 Progress Report, Page 4.)

“More discussion among a broad suite of stakeholders from transportation, the building community, financial institutions, housing advocates, environmental organizations, and community groups are needed to develop the needed set of strategies to achieve VMT reductions necessary to reach the state’s emission targets.” (2017 Climate Change Scoping Plan, Page 76.)

“California – at the state, regional, and local levels – has not yet gone far enough in making the systemic and structural changes to how we build and invest in communities that are needed to meet state climate goals. Meeting the potential of SB 375 will require state, regional, and local agency staff and elected officials to make more significant changes across multiple systems that address the interconnected relationship of land use, housing, economic and workforce development, transportation investments, and travel choices.” (2018 Progress Report, Page 6.)

4. Use the Draft MSS to Identify Areas of Improved CARB-MPO Partnerships.

In his comments at the CARB Board Meeting in December, Dr. Sperling also identified the need for the *Draft MSS* to fully consider opportunities for better cooperation between local, regional and state government. We agree. In the spirit of these comments, we recommend recasting some of the strategies identified in the *Draft MSS* as points where CARB and the MPOs could work cooperatively.

- **VMT Mitigation Banks.** The *Draft MSS* includes a recommendation to develop a VMT/GHG mitigation bank. A more specific strategy would be to help seed and establish regional mitigation banks around the state to get other agencies involved in the mission and funding the same types of programs. The corresponding grant and funding agreements could allow CARB to identify the types of projects and programs for which its funding could be used, and in this way could leverage its own policy framework at the regional and local level.
- **Conservation.** The *Draft MSS* suggests that these mitigation banks should focus at least in part on land conservation easements. This seems reasonable. One issue we would flag is how to quantify and account from such credits that could trace their origin to regional policies and potentially achieving the region's SB 375 targets. Developing such a framework would be helpful if this idea is further developed as a strategy.
- **Innovative Pilot Projects with MPOs.** We were at first heartened to read that innovative pilot projects could be an important strategy. We support using pilot projects to encourage innovation. Many MPOs are exploring regional pricing strategies (HOT lanes, tolling, cordon, parking, and more) as a means of reducing emissions. Others are exploring infill strategies that could change the way that regions develop. But then we noted with disappointment the *Draft MSS* fails to recommend partnerships with MPOs or local governments. Instead, it calls for CARB to partner with local air districts; or to develop statewide transportation control measures. Perhaps we are biased, but we think that MPOs might be the ideal entity for an innovative pilot program. We strongly recommend that the final report strongly endorse developing innovative pilot projects with MPOs and local governments.
- **Draw Lessons from the Regional Early Action Program (REAP).** In 2018, the Governor's budget included \$125 million to support regional planning for housing. Over \$100 million went directly to MPOs (acting in their capacity of councils of governments) to develop and implement programs to create more housing. It would be fair to say that until REAP *most* regions did not get involved in housing beyond forecasting and distributing the regional housing needs allocation. However, REAP has required MPOs to develop new innovative housing programs and focus more intently on housing in a way that is in line with state goals. Moreover, HCD and MPOs are strengthening their working relationship and are building a foundation for greater cooperation. This kind of program—where funds are distributed with tight strings to assure specific outcomes—could be a way for CARB to leverage its own policy and expertise, share lessons learned, collaborate with MPOs, and adapt to the varying conditions within each region.

5. Other Variables and Issues

Finally, we offer a number of specific comments related to additional considerations that should be discussed in the *Draft MSS*.

- ***Electric Vehicles and the Cost of Driving.*** The *Draft MSS* should acknowledge that the state's plans for increasing the number of electric vehicles (which have low operating costs) may lead to increases in VMT; or at least investigate how state ZEV goals may affect current assumptions. After our meeting, your staff shared data related to some of these variables, which we are currently reviewing. Our concern was that electric vehicles will be cheaper to operate, which could yield higher statewide VMT. Some thought will need to be given to how to account for VMT for electric vehicles. The *Draft MSS* should identify this issue for further study.
- ***ZEV & VMT Goals May Reduce Transportation Revenues by \$4 Billion a Year.*** A transportation system that focuses on mobility still needs functioning transportation infrastructure. Even ZEVs need well-maintained roads. A recent Mineta Institute Report² found that achievement of two state goals (use of ZEVs and lower VMT) could reduce state transportation revenues by as much as \$4 billion a year by 2040. We recognize that CARB does not have much authority over transportation revenue tools. However, CARB's engagement in discussion about replacement revenues would have at least two strategic advantages. First, it's a step toward developing better partnerships with transportation agencies at all levels of government. Second, there may be opportunities to develop replacement pricing structures in ways that can achieve CARB (and MPO) goals.
- ***The Problem of Externalities.*** VMT reduction policies can sometimes be overwhelmed by economic externalities. This concern was discussed in the *2018 Progress Report*. An example is the dramatic reduction in VMT that resulted from the Governor's stay-at-home orders related to COVID-19. Obviously, the outcome of a pandemic should not be an indicator of success. Nor should an MPO be penalized (or eliminated from funding eligibility) when abnormally low fuel prices (which tend to increase both VMT and GHG per capita) overwhelm otherwise sound regional strategies. Identifying this challenge directly in the *Draft MSS* would inform the overall discussion and result in more meaningful dialogue around the efficacy of specific strategies going forward.
- ***CARB Does Not have Authority To Determine Whether or Not a Specific Project is Consistent With an RTP/SCS.*** The *Draft MSS* proposes the need for a framework of criteria to evaluate whether individual projects are "consistent with" a region's SCS. But state statute specifically limits CARB review related to the SCS:

² <https://transweb.sjsu.edu/research/2054-Impact-COVID-19-Recovery-California-Transportation-Revenue>

Review by the state board shall be limited to acceptance or rejection of the [MPOs] determination that the strategy submitted would, if implemented, achieve the greenhouse gas emission reduction targets established by the state board. The state board shall complete its review within 60 days.

See Gov't Code § 65080(b)(2)(J)(2). SB 375 was carefully negotiated to preserve for MPOs the authority to develop an SCS as a total outcome. The idea was for CARB to set the target and allow local governments working together to determine how to achieve the target. This proposal upsets that balance. (*Note: this comment does not apply to the suggestion that the state may establish criteria to "help prioritize investments to support key actions and projects that align" with state objectives. While we would engage in discussions on that issue, we do not believe that § 65080 limits discretionary decisions by the state in that way.*)

- **RTPs Already Include Latest Planning Assumptions.** Currently, the *Draft MSS* suggests that CARB could update the SB 375 targets and target metric to better align with the latest planning assumptions and other changes since the 2017 Scoping Plan. We read this suggestion to be a statement of current law. Regional transportation plans must be based on current planning assumptions to be approved by FHWA and US EPA. To the extent that changes to the Scoping Plan or other state policies occur, they would automatically be included as a current assumption in any future plan. Thus, we do not see how this creates "a more reliable and streamlined pathway to environmental compliance for projects that are included in an RTP/SCS" (as stated on Page 72).

6. Conclusion

Thank you for taking the time to meet with us and review these comments. We are willing to discuss any or all points at your convenience. Our desire is to be good partners in the state's effort to combat climate change. As such, we intend to work with CARB every step of the way.

Sincerely,



Bill Higgins
Executive Director