

LOCATION:

Air Resources Board
Byron Sher Auditorium, Second Floor
1001 I Street
Sacramento, California 95814

PUBLIC MEETING AGENDA

September 23, 2010

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September 23, 2010

9:00 a.m.

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda Item #

- 10-8-1: Public Meeting to Hear a Staff Presentation on the San Joaquin Valley Agricultural Burning Rule**

At the May 27, 2010 Board meeting, ARB concurred with the exemptions in the San Joaquin Valley's agricultural burn rule. At that meeting ARB staff indicated that an informational presentation would be made at the September Board to report back on the planned legislative hearing on this topic.

- 10-8-2: Public Meeting to Consider Adoption of Proposed Regional Greenhouse Gas Emission Reduction Targets for Automobiles and Light Trucks Pursuant to Senate Bill 375**

Senate Bill 375 (Steinberg, Chapter 728, Statutes of 2008) directs ARB to set emission reduction targets for use by California's Metropolitan Planning Organizations in Regional Transportation Plan development. Staff will present to the Board recommendations for regional passenger vehicle greenhouse gas emission reduction targets for 2020 and 2035.

- 10-7-1: Public Hearing to Consider Adoption of a Proposed Regulation for a California Renewable Electricity Standard**

Staff will present to the Board a proposed regulation to implement the California Renewable Electricity Standard. The Standard will require the State's electric utilities to serve 33% of their customer electricity demands with renewable energy resources by 2020. This item was originally set for consideration at the July 2010 Board meeting.

- 10-8-3: Public Meeting To Update the Board on the Implementation of the AB 32 Scoping Plan**

Staff will update the Board on implementation of the Scoping Plan measures and other climate change program activities.

CLOSED SESSION – LITIGATION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation:

Pacific Merchant Shipping Association v. Goldstene, U.S. District Court (E.D. Cal Fresno), Case No. 2:09-CV-01151-MCE-EFB.

American Trucking Associations, et al. v. U.S. Environmental Protection Agency, et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 09-1090.

POET, LLC, et al. v. Goldstene, et al., Superior Court of California (Fresno County), Case No. 09CECG04850.

Rocky Mountain Farmers Union, et al. v. Goldstene, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-cv-02234-LJO-DLB.

National Petrochemical & Refiners Association, et al. v. Goldstene, et al., U.S. District Court (E.D. Cal. Fresno) Case No. 1:10-cv-00163-AWI-GSA.

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

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IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

OFFICE: (916) 322-5594

1001 I Street, Floor 23, Sacramento, California 95814

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Special accommodation or language needs can be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format (i.e., Braille, large print, etc.) or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 10 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Comodidad especial o necesidad de otro idioma puede ser proveído para alguna de las siguientes:

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September 23, 2010 at 9:00 a.m.

<u>Agenda #</u>		<u>Pages</u>
10-8-1	Public Meeting to Hear a Report on the Status on New Information Regarding the San Joaquin Valley Agricultural Burning Rule	---
10-8-2	Public Meeting to Consider Adoption of Proposed Regional Greenhouse Gas Emission Reduction Targets for Automobiles and Light Trucks Pursuant to Senate Bill 375	1-98
10-7-1	Public Hearing to Consider Adoption of a Proposed Regulation for a California Renewable Electricity Standard (THIS ITEM WAS RESCHEDULED FROM THE JULY 22, 2010 BOARD MEETING)	99-376
10-8-3	Public Meeting To Update the Board on the Implementation of the AB 32 Scoping Plan	---

CALIFORNIA AIR RESOURCES BOARD**NOTICE OF PUBLIC MEETING TO CONSIDER ADOPTION OF PROPOSED REGIONAL GREENHOUSE GAS EMISSION REDUCTION TARGETS FOR AUTOMOBILES AND LIGHT TRUCKS PURSUANT TO SENATE BILL 375**

The Air Resources Board (ARB or Board) will conduct a public meeting at the time and place noted below to consider the adoption of proposed regional greenhouse gas emission reduction targets for automobiles and light trucks pursuant to Senate Bill 375.

DATE: September 23, 2010

TIME: 9:00 a.m.

PLACE: California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium
1001 I Street
Sacramento, California 95814

This item may be considered at a two-day meeting of the Board, which will commence at 9:00 a.m., September 23, 2010, and may continue at 8:30 a.m., on September 24, 2010. This item may not be considered until September 24, 2010. Please consult the agenda for the meeting, which will be available at least 10 days before September 23, 2010, to determine the day on which this item will be considered.

California State law (Senate Bill 375 (SB 375), Statutes of 2008) requires ARB to set regional targets for the purpose of reducing greenhouse gas emissions from passenger vehicles, for 2020 and 2035. If regions develop integrated land use, housing and transportation plans that meet the SB 375 targets, new projects in these regions can be relieved of certain review requirements of the California Environmental Quality Act. The targets will apply to the regions in the State covered by the 18 metropolitan planning organizations.

Per SB 375, ARB must adopt final targets by September 30, 2010. ARB staff will present a written report and proposed final targets at the meeting for Board consideration. Copies of staff's written report and its associated California Environmental Quality Act (CEQA) Functional Equivalent Document may be obtained from ARB's Public Information Office, 1001 I Street, First Floor, Environmental Services Center, Sacramento, California, 95814, (916) 322-2990, beginning August 9, 2010. The report may also be obtained from ARB's website at

<http://www.arb.ca.gov/cc/sb375/sb375.htm>.

Interested members of the public may present comments orally or in writing at the meeting and may be submitted by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comments not physically submitted at the meeting must be received **no later than 12:00 noon, September 22, 2010.** All comments should be addressed to the following:

Postal mail: Clerk of the Board, Air Resources Board
1001 I Street, Sacramento, California 95814

Electronic submittal: <http://www.arb.ca.gov/lispub/comm/bclist.php>

Please note: For electronic submittal, the webpage provided above has a link for comments on the Staff Report and proposed targets, as well as a separate link for commenting on the CEQA Functional Equivalent Document.

For commenting on the Staff Report and Proposed Targets:
The link is titled "2010SB375".

For commenting on the Functional Equivalent Document:
The link is titled "ceqa2010".

Please note that under the California Public Records Act (Government Code section 6250 et seq.), your written and oral comments, attachments, and associated contact information (e.g., your address, phone, email, etc.) become part of the public record and can be released to the public upon request. Additionally, this information may become available via Google, Yahoo, and any other search engines.

The Board requests, but does not require 20 copies of any written submission. Also, ARB requests that written and e-mail statements be filed at least 10 days prior to the meeting so that ARB staff and Board members have time to fully consider each comment.

Further inquiries regarding this matter should be directed to Ms. Lezlie Kimura Szeto, Air Pollution Specialist, at (916) 322-1504. Inquires regarding the CEQA Functional Equivalent Document should be directed to Ms. Terry Roberts, Air Pollution Specialist, at (626) 450-6182.

SPECIAL ACCOMMODATION REQUEST

Special accommodation or language needs can be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format (i.e., Braille, large print, etc.) or another language;
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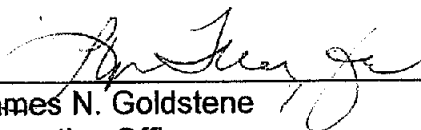
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CALIFORNIA AIR RESOURCES BOARD

Date: August 9, 2010



James N. Goldstene
Executive Officer

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website at www.arb.ca.gov.

State of California
AIR RESOURCES BOARD

STAFF REPORT

PROPOSED

**REGIONAL GREENHOUSE GAS EMISSION REDUCTION
TARGETS FOR AUTOMOBILES AND LIGHT TRUCKS PURSUANT
TO SENATE BILL 375**

Date of Release: **August 9, 2010**

Scheduled for Consideration: **September 23, 2010**

This report has been reviewed by the staff of the California Air Resources Board and approved for publication. Approval does not signify that the contents necessarily reflect the views and policies of the Air Resources Board, nor does mention of trade names or commercial products constitute endorsement or recommendation for use.

Electronic copies of this document can be found on ARB's website at <http://www.arb.ca.gov/cc/sb375/sb375.htm>. Alternatively, paper copies may be obtained from the Public Information Office, Air Resources Board, 1001 I Street, Visitors and Environmental Services Center, 1st Floor, Sacramento, California 95814, (916) 322-2990.

If you need this document in an alternate format (i.e. Braille, large print) or another language, please contact Ms. Lezlie Kimura Szeto at (916) 322-1504. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Comments

This report will be considered at a meeting of the Board, which will commence on September 23, 2010. Interested members of the public may present comments orally or in writing at the meeting.

Comments may also be submitted by postal mail or by electronic submittal before the meeting. To be considered by the Board, written comment submissions on the Staff Report and proposed targets that are not physically submitted at the meeting must be received no later than 12:00 noon, September 22, 2010, and addressed to the following:

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INTRODUCTION

By 2020, California's population will reach over 44 million people and over 51 million people by 2035¹. We have the opportunity to accommodate this growth in a way that is environmentally and economically sustainable, but it will require changes in the way we plan.

California has embarked on a program to integrate long-range land use, housing and transportation planning at a regional level, with the goal of creating communities that are healthier and more sustainable. In the communities of the future, homes and jobs, recreation and education, shopping and health care, will be more accessible with less dependency on the single-occupant vehicle. Community decisions about transportation infrastructure, housing supply and land use patterns will be informed by a regional strategy that demonstrates the environmental benefits of one choice over the other.

This program is set forth in a new State law, Senate Bill 375, also known as the Sustainable Communities and Climate Protection Act of 2008. As a first step in this process, the Air Resources Board (ARB) must establish greenhouse gas reduction goals for each of the 18 Metropolitan Planning Organizations (MPO), which together represent nearly 98 percent of the State's population and emissions. These goals will be in the form of regional targets for 2020 and 2035 and are directed at emissions from passenger vehicles and light trucks. Each region will develop its own unique plan, known as a Sustainable Communities Strategy, for meeting its targets through a locally driven process.

The benefits of integrated planning and sustainable development go far beyond simply reducing the greenhouse gas emissions that contribute to climate change and its damaging effects. Communities that are well designed provide housing for all income groups, and are supported by a range of transportation options that will have many other advantages. Among these are: increased mobility and transportation choices; reduced congestion; greater housing choices; improved public health as a result of better air and water quality; natural resource conservation; economic benefits such as opportunities for neighborhood economic development and lower costs for community infrastructure; reduced dependence on foreign oil; and greater equity through the provision of improved access to jobs, housing, and everyday needs.

ARB developed proposed regional targets through an extensive public process over the past 18 months, with significant contributions from the affected MPOs. Substantial data and analysis, developed by the regions, served as the basis for predicting the amount of change that can reasonably be expected in coming

¹ State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity, Sacramento, California, July 2007.

decades and demonstrated significant regional differences which are reflected in the targets. This bottom-up approach to target setting has resulted in an unprecedented and positive relationship between the State and regions, creating an environment for continued collaboration in the years ahead as ARB continues to periodically review and revise the targets.

The proposed targets for the four largest MPOs, which represent most of the State's population and projected growth, are remarkably similar and demonstrate the regional cooperation and healthy competition that has occurred over the past year. The eight MPOs in the San Joaquin Valley have special challenges in terms of resources and technical capability, and they are exploring the potential for collaboration on a multi-regional planning process. For these and other reasons, the proposed targets for the San Joaquin Valley MPOs are set at a level which will move them away from business as usual, but should be reevaluated before their next plans are due in 2014. The six remaining regions, representing a small fraction of the State's total population and emissions, are even more limited in their ability to generate the forecasts and data needed to provide a strong technical basis for setting targets. Therefore, ARB staff proposes targets that reflect the current projections in their most recently adopted regional plans or forecasts, with a commitment to reset the targets in 2014 once improved modeling tools and planning processes are available.

SB 375 has brought into focus the opportunity to align numerous statewide and community goals through better, more integrated planning. But the process over the past 18 months has also shown that we need to improve the tools and commit the resources necessary to effect change. Existing travel models and forecasting tools were not designed to meet the challenges of SB 375; the financial resources to plan and build supporting infrastructure is in short supply; and local governments need incentives to implement regional planning strategies. Local governments retain the decision-making authority over land use, and their participation in this new planning process is voluntary. There will be costs associated with developing and implementing Sustainable Communities Strategies and current economic conditions make it difficult for many local agencies to commit the necessary resources. State government needs to work with the regions to obtain the incentives and financial resources necessary to meet, and even exceed, the targets set by ARB.

A significant amount of discussion over the past 18 months revolved around the expectation of additional benefits (co-benefits) from sustainable community planning, and the need for social equity to be given sufficient consideration in the regional planning process. Planning strategies that promote social equity, such as affordable housing, accessible transit, and jobs-housing fit, are recognized as effective means of reducing greenhouse gas emissions. MPOs should promote equitable land use and transportation practices that result in inclusion, accessibility, efficient use of land, and decreased emissions. ARB encourages MPOs to develop planning models that can estimate the potential global warming

and other co-benefits, including social equity, of various land use options as they develop regional plans.

Comprehensive long-term planning takes time and resources. It will take time for regional plans to fully reflect long-term land use and transportation changes envisioned by SB 375. The establishment of these regional targets is the first step in the right direction by shifting regional and local planning practices away from business as usual, accelerating the progress that is already taking place in many regions, and encouraging others to move in the same direction. An incremental approach will allow MPOs and local governments to begin a constructive and collaborative planning process in this first target setting cycle, with expectations of higher goals in the future as ARB continues to update targets to meet the long-term objectives of SB 375.

The process set forth in SB 375 requires a long-term commitment to better planning. ARB welcomes the opportunity for continued partnership with other State agencies, regional planning agencies, and local governments to advance the goals of sustainable development and help to secure the resources needed to make sustainable communities a reality.

ARB staff is proposing per capita greenhouse gas reductions of 7 to 8 percent in 2020, and between 13 and 16 percent in 2035 for each of California's largest urban areas through regional land use and transportation strategies. These benefits are magnified when California's vehicle and fuels programs to reduce greenhouse gases are taken into account.

I. CALIFORNIA'S SUSTAINABLE COMMUNITIES AND CLIMATE PROTECTION ACT OF 2008

California's Sustainable Communities and Climate Protection Act of 2008 (SB 375), modified State law to encourage better integration of transportation and land use planning in ways that reduce greenhouse gas emissions. It requires each of the State's 18 federally designated Metropolitan Planning Organizations (MPO) to explicitly consider the impact of land use patterns and transportation choices on greenhouse gas emissions. MPOs must develop a sustainable communities strategy, or alternative plan, that meets a greenhouse gas emission reduction target for passenger vehicles which is set by ARB. In addition to reducing greenhouse gas emissions, a sustainable communities strategy is expected to provide other benefits including increased mobility, cleaner air, improved health, and protection of natural resources.

PLANNING PROCESS CHANGES

SB 375 adds a sustainable communities strategy (SCS) as a new element in the Regional Transportation Plan (RTP) that MPOs prepare every four or five years. The SCS element adds more detail to the land use allocations in RTPs, and is intended to reflect a more integrated approach to land use and transportation planning. Within this integrated land use pattern and transportation network, the MPO must identify the general location of different land use types, residential densities, and areas to house the region's population. The MPOs must demonstrate that their SCS meets the target set by ARB or do an alternative planning strategy (APS) that shows how the target could be met.

SB 375 provides MPOs the flexibility to develop a SCS tailored to regional needs. The targets can be achieved through any combination of land use patterns, transportation system improvements, and transportation-related measures or policies developed at the local and regional level.

While SB 375 requires regions to consider a variety of greenhouse gas emission reduction strategies, it reaffirms local government authority over land use decisions, and recognizes the critical role local governments play in implementing these kinds of strategies. Local governments have primary authority to plan, zone, approve, and permit land development to accommodate population growth and the changing needs of their jurisdictions. Thus, local land use decisions are central to the long-term sustainability of California's communities.

Each MPO, in collaboration with its local government members and public stakeholders, must prepare the sustainable communities strategy through a transparent, public process. The law emphasizes the importance of providing the public with a clear understanding of the different policy choices and associated impacts of the strategies being considered. To do this, the law suggests that

visual representations be used in the public forum to help communicate proposed development strategies, and that technical modeling analyses be made available and understandable to the public. MPOs will prepare their first SCS according to their respective update schedule, which means that they will be prepared at different times over the next four years (see Appendix A for the MPO RTP update schedule).

To encourage regions and local communities to make more sustainable planning decisions, SB 375 creates some performance-based incentives. These incentives provide streamlined regulatory review for certain types of residential and mixed use development projects under the California Environmental Quality Act (CEQA). These incentives are available only to qualifying projects within a region in which either the sustainable communities strategy or the APS is shown to achieve the SB 375 greenhouse gas emission reduction targets set by ARB.

SB 375 also encourages regions to consider financial incentives for cities and counties that have resource areas or farmland, and for counties that implement policies for growth to occur within their cities². Creating financial incentive opportunities, and the funding sources that enable them, will be critical to the success of SB 375 implementation.

Improving integration of long-range regional land use and transportation planning, as envisioned in SB 375, is anticipated to help communities address planning challenges beyond climate change, including the challenge of planning for future housing demand, responding to demographic shifts, conserving limited natural resources, and ensuring economic vitality of urban areas.

REGIONAL TARGETS ADVISORY COMMITTEE

SB 375 required ARB to appoint a Regional Targets Advisory Committee (RTAC) to make recommendations on factors to be considered and methodologies to be used when setting the greenhouse gas reduction targets. To meet the diverse representation requirements mandated by SB 375 and ensure strong local input into target setting, ARB established a 21 member committee with representatives from MPOs; air districts; local governments; transportation agencies; homebuilders; environmental, planning, affordable housing and environmental justice organizations; and members of the public. The RTAC submitted a report to ARB in September 2009, which covered many broad issues, including the form of the target, a collaborative bottom-up target setting approach with MPOs, the status and use of modeling tools, the need for incentives, and the implementation challenges facing local governments, among others.

² Government Code 65080(b)(4)(C)

AIR RESOURCES BOARD ROLE

ARB's primary responsibility is to set greenhouse gas emissions reduction targets for passenger vehicles for each of California's 18 federally designated MPOs by September 30, 2010. Targets are to be set for 2020 and 2035. In establishing the targets, ARB must take into account greenhouse gas reductions that will come from improved vehicle emission standards, changes in fuel composition, and other measures that it has adopted.

ARB is to engage in regional consultation prior to setting targets, by exchanging information with each affected MPO and air district, and considering any suggested targets submitted by the MPOs. SB 375 also recognizes that updates to the targets will be needed over time, and allows four year updates based on changes in any of a number of identified factors that were considered in setting the initial target. Updates are required at least every eight years.

Before developing a sustainable communities strategy, each MPO is to share its methodology for estimating greenhouse gas emissions with ARB before beginning the public process. ARB is to review the methodology, provide written comments to the MPO in a timely manner, and work through any technical issues. ARB must also determine if the final strategies put forward by the MPOs will, if implemented, meet the targets.

Once an MPO formally submits its SCS or APS for review, ARB can only accept or reject the MPO's determination of whether the strategy would achieve the target. State law does not give ARB authority to revise the MPOs' strategy. If ARB determines that the strategy would not achieve the targets, the region must revise and resubmit its strategy. Once ARB determines that the targets would be met with the submitted sustainable communities strategy or alternative strategy, projects consistent with the strategy or plan may access the CEQA streamlining incentives.

CURRENT SUSTAINABLE PLANNING EFFORTS

SB 375's integrated regional approach to planning builds on the efforts of many communities in California to start developing land use plans and transportation investment strategies to support a more sustainable future.

At the municipal level these efforts include General Plan updates, Specific Plans, and local Climate Action Plans that change community programs, zoning, and infrastructure investments to result in more sustainably designed projects on the ground. Some recent examples of plans and initiatives adopted by California cities and counties can be found on the Governor's Office of Planning and Research website.³

³ See [http://opr.ca.gov/ceqa/pdfs/City and County Plans Addressing Climate Change.pdf](http://opr.ca.gov/ceqa/pdfs/City_and_County_Plans_Addressing_Climate_Change.pdf).

At the regional level, nearly all regions in California initiated blueprint planning efforts over the past decade⁴. These regional planning efforts emphasize a broad-based, local collaborative process for identifying a vision for regional growth. Such efforts focus on fostering efficient land use patterns that reduce vehicle travel, accommodating an adequate supply of housing, reducing impacts on valuable habitat and productive farmland, providing for more efficient use of resources, and promoting a prosperous regional economy. This type of integrated growth scenario planning is intended to guide local land use and transportation decisions towards a more sustainable future. Many of the RTPs the MPOs have in place today are beginning to reflect these initial efforts.

⁴ California Regional Blueprint Program: <http://calblueprint.dot.ca.gov/overview.html>.

II. TARGET SETTING PROCESS

ARB's approach to target setting was informed by the recommendations of a diverse advisory committee and involved extensive collaboration with the MPOs. The RTAC's recommendations served as important guidance for ARB staff in developing proposed regional targets. The information, data, and analysis provided by the MPOs⁵ in this bottom-up process were shared in real time with the public and discussed through a public process.

ADVISORY COMMITTEE RECOMMENDATIONS

Form of the Target

The RTAC recommended that targets be expressed as a percent reduction in per capita greenhouse gas emissions from a 2005 base year. The metric is simple, easily understood, and can be developed with currently available data. In addition, it is a relative metric that takes into account population growth. A per capita target recognizes that an MPO's ability to meet targets depends on how factors like population change over time. The year 2005 was recommended as the base year because it was the most recent year that could be used uniformly for all MPOs.

Impacts of the Recession

The RTAC also discussed the need to consider the impacts of the recession in the target setting process. The state of the housing market, tightening of the credit market, and high unemployment, create significant uncertainties for near-term planning. The precise timing of recovery from today's housing market downturn continues to be uncertain⁶. New construction activity will likely continue to be modest through 2015.⁷

In terms of population growth, current forecast information for California suggests that the recession is not expected to have long-term impacts. Since the current recession is nationwide, California is not losing as many people to other states as it did during the economic slowdown in the 1990s⁸. In the near term, the State's population is not projected to hit the peak annual growth of over 700,000 reached in the 1980s. However, average annual population growth of nearly 500,000 or 1.3 percent is projected over the next decade, leading California to reach a statewide population of over 44 million people by 2020 and over 51 million

⁵ A listing of MPO data and analysis is included as Appendix B. MPO information is posted online at: <http://www.arb.ca.gov/cc/sb375/data/data.htm>.

⁶ Center for Continuing Study of the California Economy, 2009-2010 Projections, p. 1-7

⁷ Ibid.

⁸ State of California, Department of Finance, Review of Department of Finance's Long-Term 2007 Population Projects Memo: <http://www.arb.ca.gov/cc/sb375/data/data.htm>.

people by 2035⁹. The majority of these people, over 98 percent, are expected to live, work, and play in the regions affected by SB 375.

Other Technical Recommendations

ARB staff used the RTAC recommendations to guide the process for working with the MPOs and the public to develop proposed targets. Multiple technical considerations raised by the RTAC were also integral to ARB staff's work. These included use of modeling, need for common modeling assumptions, treatment of interregional travel, and other factors. The recommendations also highlighted the need for improved modeling tools which resulted in ARB funding work by the University of California to help provide some of the needed improvements.

Incentives and Funding

The RTAC report provides an important perspective on the need for incentives and enhanced transportation funding in order to successfully implement SB 375. Funding is also essential to support the planning process envisioned by SB 375. ARB staff's proposal reflects an expectation that ARB will partner with local and regional governments to identify and pursue the funding and incentives necessary to meet ambitious SB 375 targets.

The full RTAC report can be found on ARB's website.¹⁰

⁹ State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, by Age, Gender and Race/Ethnicity, Sacramento, California, July 2007.

¹⁰ Recommendations of the Regional Targets Advisory Committee (RTAC) Pursuant to SB 375, September 29, 2009, available online at: <http://www.arb.ca.gov/cc/sb375/rtac/rtac.htm>.

TECHNICAL CONSIDERATIONS IN TARGET SETTING

In the process of developing proposed targets, ARB staff received public comment on several topics that should be considered in target setting. The written comments can be found on the ARB website¹¹. Of the more technical considerations, the following stand out: regional population, existing land use and travel patterns, and the ability of transportation models to fully account for the benefit of land use and transportation strategies that reduce greenhouse gas emissions. These issues are important statewide but are also reflective of regional differences. Population, growth rates, regional development and travel patterns, as well as technical resources and experience, have all been identified as factors that impact how much change can be expected from a given region over a period of time.

Regional Population

Both current population and expected population growth affect the relative contribution of a region to statewide greenhouse gas emissions. The most populated regions contribute most of the emissions, while the fastest growing regions offer a relatively greater opportunity for change. Both considerations are important.

In California, about 82 percent of the State's population resides in four major MPO regions: the Southern California Association of Governments (SCAG), the Metropolitan Transportation Committee (MTC), the San Diego Association of Governments (SANDAG), and the Sacramento Area Council of Governments (SACOG). Over the next 25 years, the population within these regions is expected to grow by over 35 percent to over 40 million people, representing 79 percent of the State's total population in 2035.¹²

Also significant is the high population growth rate projected between 2020 and 2035 in the San Joaquin Valley MPOs, which cover the counties of San Joaquin, Stanislaus, Merced, Madera, Fresno, Kings, Tulare, and Kern. Currently these MPOs represent about 10 percent of the State's population. However, beyond 2020 the San Joaquin Valley is expected to experience growth more than double the rate of the rest of the State. By 2035, population is expected to exceed seven million, representing 14 percent of the statewide population.¹³

Currently, three different data sources for long-term population projections are considered for regional planning purposes. These include projections prepared by the U.S. Census Bureau, the California Department of Finance (DOF) and those prepared by the MPOs themselves. For regional transportation planning

¹¹ Public comments can be viewed at: <http://www.arb.ca.gov/cc/sb375/sb375.htm>.

¹² Calculated using State of California, Department of Finance, Population Projections for California and Its Counties 2000-2050, Sacramento, California, July 2007.

¹³ Ibid.

purposes, most MPOs use their own population projections. For target setting purposes, use of MPO-provided population projections provides the most consistency with the population projections used in the RTPs, as well as with the State's regional housing needs allocation (RHNA) program, provided that they are within three percent of DOF projections¹⁴. Given the planned release of the 2010 Census results in April of next year, it is anticipated that current population projections from these sources will be recalibrated¹⁵. Given the direct relationship between population and per capita targets, this new information will need to be evaluated as SB 375 is implemented.

Land Development and Travel Patterns

A region's existing land development and travel patterns can also affect an area's choice of future land use and transportation strategies. For example, the proportion of a region's land currently in use as urban centers, suburban communities, protected lands, and agriculture, affects the strategies a region can reasonably be expected to consider in long-term planning. Regions currently characterized by, or transitioning into large urban centers are more likely to explore scenarios with a greater focus on creating higher density, mixed use places, enhancing or adding high capacity transit stations/corridors, and transportation pricing policies. Regions characterized by more rural land use types are more likely to explore options for locating public facilities and services within or adjoining rural towns, provision of demand-response and inter-city transit, and continued preservation of open space for natural resource or agricultural value.

A region's travel patterns will also affect the land use and transportation strategies a region considers. Interregional travel provides a useful example of this issue. Regions have limited ability to impact interregional travel, which includes travel to and from regions as well as travel that passes entirely through regions. These types of trips constitute a significant percentage of passenger vehicle travel in some regions like the San Joaquin Valley, but not in others, such as the SCAG region.

The existing land development and travel patterns in California's regions vary. The four major MPO regions of SCAG, MTC, SANDAG, and SACOG contain most of the State's urban development and have the greatest diversity of travel options. The area covered by the San Joaquin Valley MPOs is more rural in nature with several large cities and suburbs that are expected to grow significantly over the next 25 years. The remaining six other MPO regions

¹⁴ Government Code 65584.01(b)

¹⁵ For discussion on how US Census and DOF population projections differ by MPO region and plans for DOF recalibration see State of California, Department of Finance, Review of Department of Finance's Long-Term 2007 Population Projects Memo: <http://www.arb.ca.gov/cc/sb375/data/data.htm>.

generally are characterized by semi-rural towns and small cities, with some that are evolving from their rural agricultural roots into recreation and vacation destinations. The majority of land in these regions remains undeveloped.

To a large extent, the results of the MPOs' scenario work reflect these regional differences. Using the available tools, information, and expertise, MPOs submitted different strategy scenarios to ARB. Each reflects different approaches in response to their different regional contexts.

Demographic and Market Trends

Changes in demographics, including age distribution and household formation rates, will have a significant effect on the types of housing product and lifestyles communities need to accommodate. There is ample evidence that the demographic profiles of California's future households will look different than they do today. National data on current household types show that today, just over one third of households are what are often considered to be "traditional" households, or those with children¹⁶. Households without children make up over half of current total households and are projected to be one of the fastest-growing household types over the next 25 years, especially as more of the baby boom generation become empty nesters¹⁷. After 2010, the oldest baby boomers will reach the age of 65 and growth of the elderly population will substantially exceed that of younger adults, an unprecedented social and economic development. This is best illustrated by the ratio of adults aged 65 and older to working-age adults (aged 25 to 64). After decades of relative stability, this ratio will surge 30 percent in the 2010s and increase further by 29 percent in the 2020s¹⁸, altering that balance.

This shift in demographics is expected to reinforce a shift from past preferences in housing and community design, towards more small-lot and attached housing in communities with enhanced urban amenities, including walkable neighborhoods. Both older and younger single adults are beginning to choose to live closer to destinations, and developers are beginning to offer products consistent with this emerging demand¹⁹.

While it takes time to go through the process of adopting new long-range plans to reflect changing trends, and several years after that to see new construction consistent with those plans, the SB 375 planning process can help communities anticipate and prepare for a changing market demand.

¹⁶ US Census Bureau, <http://www.census.gov/population/www/socdemo/hh-fam.html#ht>, Accessed on January 2009.

¹⁷ Economic Factors Influencing the Magnitude of Change in the Land Use and Transportation Sectors, Presentation by Elizabeth Deakin to RTAC, April 7, 2009

¹⁸ Myers, Dowell and Ryu, SungHo. "Aging Baby Boomers and the Generational Housing Bubble: Foresight and Mitigation of an Epic Transition." *Journal of the American Planning Association* (2008): 74: 1, 17-33

¹⁹ McIlwain, John. Housing in America: the Next Decade. Urban Land Institute, 2010.

Role of Transportation Modeling

One of the most significant resource differences between the MPOs is in the modeling tools and methods used for planning. Each of the 18 MPOs in California uses and maintains a travel demand model to develop and evaluate its RTPs, with varying levels of capability. Modeling results are used to help inform stakeholders and decision makers of the potential impacts of different policy choices.

A detailed self-assessment of the capabilities of the MPO travel demand models was prepared and presented to the RTAC in May 2009. This assessment revealed significant variations among the MPOs' travel demand models, both in terms of the model's capabilities to forecast impacts of land use and transportation strategies, as well as the key assumptions used by the models. Overall, the assessment identified a number of areas for improvement of travel demand models in order to achieve better sensitivity to specific land use and transportation strategies.

Over the past year, since the assessment was completed, a number of efforts have been underway to help the MPOs improve their modeling tools. Last October, the California Strategic Growth Council allocated \$12 million in Proposition 84 funds for improvement of MPO travel models and data collection around the State. This past July, ARB secured funding for a new transportation model for the San Joaquin Valley MPOs that could be used by the individual MPOs, or collectively, to provide multi-county results. These efforts will help bridge the technical gap between the MPO regions over time.

Experience with regional growth scenario planning and modeling also plays a role in how MPOs implement SB 375. A number of the more urban regions have been engaged in blueprint planning and other regional sustainable planning activities for over a decade now. These regions worked with their local communities to determine what land use and transportation strategies will work in their regions, how to analyze the possible impacts, and identify the best ways to communicate choices to stakeholders. While there is still much left to learn, each MPO has a different level of experience leading regional planning efforts that focus on sustainable communities strategies. For some, it will involve continuing to build on the momentum in place. For others, it will involve learning from other MPOs' efforts and initiating the conversation in their regions.

MPO RECOMMENDATIONS

As recommended by the RTAC, staffs of the MPOs have worked jointly, and in collaboration with ARB staff, to develop scenario analyses to inform the target setting process. Each of the major MPOs has worked to recommend targets for 2020 and 2035. This bottom-up approach involved MPOs preparing and sharing the results of policy scenario analyses for their regions. This work formed the basis for MPO recommendations on targets. However, MPO staffs in some regions have indicated that further technical work is underway, and that additional recommendations are possible before ARB takes action in September. To the extent that these recommendations represent technically grounded assessments showing that higher targets are feasible, staff encourages refinements to the current MPO recommendations.

Scenario Development Process

The purpose for developing the policy scenarios is to test the effectiveness of various land use and transportation strategies for reducing greenhouse gas emissions in 2020 and 2035. An MPO technical working group coordinated the development of various policy scenarios. The group addressed a number of technical issues including: land use and transportation strategies that could be tested in the MPO scenarios, different approaches to interregional travel, travel cost assumptions, and future revenue assumptions.

Over the course of the scenario development process, ARB staff collected substantial data and technical analyses to support the target setting process. At the outset of this work, ARB and MPO staffs recognized that regional scenarios would be different from region to region. ARB staff also recognized, however, that it was desirable to have a common understanding of how scenarios were developed, what the scenario impacts were going to be, and how impacts were going to be measured.

Many of the MPO scenarios build on existing blueprint efforts and other sustainable planning actions already occurring in the regions. While not an exhaustive list, some of the strategies evaluated by the MPOs, include increased compact development, expansion of transit networks, improved jobs-housing balance, and various pricing strategies. While these scenarios are not the official long-range plans adopted by the MPOs, they provide insight into the potential benefits that may result from different sets of local and regional land use and transportation policy decisions.

To gain a better understanding of this information, staff made significant efforts to understand each MPO's modeling capabilities, as well as the types of policies included in their scenario analyses. At the end of last year, ARB technical staff met with the modeling staffs of each of the 18 MPOs to learn about the MPOs' modeling capabilities. At the same time, staff participated in meetings with MPO