

STAFF REPORT: MPO SCS SELF-ASSESSMENT - PRELIMINARY FINDINGS

Summary

This report provides preliminary findings of the Metropolitan Planning Organization (MPO) Sustainable Communities Strategy (SCS) Self-Assessment.

Recommended Action

No action is required.

In February of 2013, the Strategic Growth Council authorized staff to encumber funds not to exceed \$50,000 to hire consulting services to work with California MPOs to convene and develop a Self-Assessment of their respective experiences of the SCS development process. This effort brings together the state's 18 MPOs to, as a group, assess the first round of SCSs, both complete and in process, and formulate a common understanding of what was learned, what needs to be improved and where the SCS process should be heading over the next few cycles.

The SGC entered into a contract with Mintier Harnish of Sacramento to lead a team of consultants reflecting expertise in regional planning, transportation, environmental, and housing issues. Results of these discussions are to be used amongst state, regional and local governments to enhance the quality and consistency of future SCSs, support access to SB 375 CEQA streamlining, and promote SCS implementation, including infill development by local governments.

Self-Assessment Process and Development of Results

Four workshops were held in August and September 2013, one each in Marina, Fresno, Sacramento and Los Angeles. In total, 79 representatives from all 18 MPOs participated. Topics addressed at each workshop varied but typically included:

- SCS Development Process
- Transportation and Land Use Modeling and Data Issues, including Performance Metrics
- Public Outreach and Education
- Environmental Review
- Implementation and Long-Term Role of the SCS

In October 2014 the California Association of Councils of Governments (CALCOG) hosted a convening of all MPOs where the contractor facilitated a half-day discussion among MPO planning directors and other technical staff to consolidate and prioritize the information identified in the in-region workshops.

The attached memorandum summarizes the MPO Self-Assessment process, consultant observations, identified issues and challenges, and initial recommendations. The consultant currently is working with the MPOs to produce the draft report. The final draft report to the SGC is expected from the Consultant in mid-March, with the final report completed by the end of April.

MEMORANDUM

TO: Allison Joe, Deputy Director, Strategic Growth Council

FROM: Ted Holzem, Senior Project Manager, Mintier Harnish

DATE: February 21, 2014

SUBJECT: **MPO SCS Self-Assessment Summary Findings and Observations**

CC: Mike McCoy, Executive Director, Strategic Growth Council
Larry Mintier, Principal, Mintier Harnish

The Strategic Growth Council retained Mintier Harnish to work with the State's 18 MPOs to perform a Self-Assessment of their experiences in preparing their first round of Sustainable Community Strategies (SCSs). Joining Mintier Harnish were consultants from Kittelson & Associates, to provide technical traffic modeling and regional transportation plan (RTP) support, and Rincon Consultants, to provide technical CEQA support. This memo provides an overview of the Self Assessment process to date and a summary of the Consultant Team's initial observations based on the conversations with the MPOs thus far in the Self-Assessment process.

1. Self Assessment Process

The Self-Assessment process began in May 2013, when the Consulting Team began working with MPO staff to develop a list of topics and key questions to address through the Self-Assessment. In Summer 2013 the MPOs used the list to reflect on their experience and gather their thoughts. In late Summer and early Fall 2013 the Consulting Team organized and facilitated five workshops with MPO staff to solicit their thoughts on the SB 375 and the RTP/SCS process. One workshop each was conducted for Central Coast MPOs (AMBAG, SBCAG, SLOCOG) in Marina, the San Joaquin Valley (SJCOG, StanCOG, MCAG, MCTC, FCOG, KCAG, TCAG, KCOG) in Fresno, Northern California (BCAG, MTC/ABAG, SACOG, SCTA, TRPA) in Sacramento, and Southern California (SCAG, SANDAG) in Los Angeles. In mid-October CALCOG hosted and the Consultant Team facilitated a half day meeting for all MPOs to discuss the outcomes of the in-region workshops and began the process of consolidating and prioritizing issues and recommendations.

At the time of the workshops only seven of the MPOs had an adopted RTP/SCS. Of these, three were already preparing to conduct their first RTP/SCS update and two were in litigation over their adopted RTP/SCSs. The other 11 MPOs were still in various stages of preparing their first SCS. Topics addressed at each workshop varied but typically included models, data, multiple aspects of implementation,

intergovernmental relations, and the long-term role of SCSs in the region. Each MPO approached the task of preparing their first SCS somewhat differently, offering a range of methods to examine to identify best practices and inform recommendations to improve the second round and later SCSs.

The input gathered at these workshops is currently being used to prepare the Self-Assessment Report. The Consultant Team is working with the MPOs to refine an internal draft for the SGC. The Consultant Team expects to deliver the draft report to the SGC in March 2014. Based on input from the SGC, the Consultant Team will revise the report and prepare a final report, thus concluding the Self-Assessment process.

2. Consultant Team Observations

In preparing this summary, the Consultant Team identified several issues that seemed to resonate among a majority of the MPOs. The information and ideas provided here represent the Consultant Team's opinion of what has been communicated by the MPOs in the process to date. Early in the Self-Assessment process, the participating MPOs conveyed to the Consultant Team and SGC staff that the Self-Assessment Report represent the collective input of the MPOs and not be a critique or evaluation by the Consultant Team or SGC staff. SGC staff and the Consultant Team concurred with the MPOs preference and have acted as facilitators and recorders throughout the Self-Assessment process. The final Self-Assessment Report will be edited and finalized based on further direction and confirmation by MPO representatives. The Final Report will include more detail and specificity in its observations, findings, issues, and recommendations.

The following part of this memo summarizes our observations for five topical areas, including:

- A. Positive outcomes of SB 375 from the MPOs perspective;
- B. Characteristics of California's regions and MPOs that effect implementation of SB 375;
- C. Obstacles to implementation SB 375 that are beyond the authority of the MPOs;
- D. Issues and challenges faced by the MPOs; and
- E. MPO recommendations to improve SB 375 implementation.

A. Positive Outcomes of SB 375

While the purpose of this Self-Assessment Report is to document the issues and challenges MPOs faced in preparing the first round of regional transportation plans (RTP) and SCSs and recommend ways to make the process and outcomes better for all those involved, there were several benefits of SB 375 highlighted during the Self-Assessment process. MPOs developed creative new methods to prepare land use and transportation scenarios, conduct travel modeling analysis, prepare visionary plans and policies, conduct public outreach, and analyze the SCS as part of an environmental impact report. Likewise, partner agencies at the State and local levels contributed positively in many ways to the process of preparing the first round of SCSs.

MPOs generally agreed that despite the challenges created by SB 375, the overall RTP process has been improved. The following list identifies several positive outcomes SB 375 has had for MPOs, local governments, and State agencies from the perspective of the state's MPOs:

- Regional planning and the effects of local decisions on a regional scale are receiving greater consideration when planning land use and transportation.
- There has been greater cooperation among regions in developing the underlying assumptions included in regional transportation plans, which has fostered better comparisons between regions.

- The public and local decision-makers gained a greater understanding of the linkages between community health and quality of life and regional growth and transportation investments. (co-benefits?)
- MPO performance tracking and implementation monitoring has been improving because of the broader policy focus associated with SB 375 implementation (e.g., land use, transportation, housing, greenhouse gas reductions).
- MPOs were able to improve their RTP and SCS modeling capabilities and tools to address land use and transportation planning, and to (improve?) their forecasted land use and housing growth.
- There was a greater emphasis in the RTP on all modes of transportation, including transit, biking, and walking.
- State funding (e.g., Prop 84 grants) provided critical resources and improved modeling capabilities in preparing for and carrying out the first round of RTP/SCSs.
- The RTP process after SB 375 had greater community participation and involvement of stakeholders and organizations compared to previous RTP updates.
- More local governments became involved and engaged in the RTP process to assist with development of the SCS.
- In regions where the SCS has been adopted, the percentage of local agencies with HCD approved housing elements is increasing.
- New partnerships formed and greater coordination occurred among local government and regional planning agency staffs and among State agency and regional planning agency staffs.

B. Characteristics of California's Regions and MPOs

The Self-Assessment highlighted two key themes about California's regions: 1) there is a difference in capacities and abilities between large and small MPOs in implementing SB 375; and 2) there is a divergence in outcomes for urban and rural areas under SB 375. The first observation tends to highlight different challenges faced by the state's MPOs in preparing and implementing their RTP/SCS based on their size and available resources. The second focuses on the way urban and rural areas are treated in the RTP/SCS in order to achieve the objectives of SB 375.

Large and Small MPOs

California MPOs can generally be grouped into two categories: large MPOs and small MPOs. The small MPOs include those in the San Joaquin Valley (SJCOG, StanCOG, MCAG, MCTC, FCOG, TCAG, KCAG, KCOG), on the Central Coast (AMBAG, SLOCOG, SBCAG), and in Northern California (TRPA, BCAG, STCOG). The large MPOs, often referred to as "the big four," include MTC/ABAG, SACOG, SANDAG, and SCAG.

The distinction between "large" and "small" can generally be differentiated by existing and projected population, air quality attainment status and the extent of transit systems serving each the MPO region. They also differ by geographic size and political membership and boundaries. These differences translate into the capital budgets available to the MPOs to plan future transportation improvements, and for local agencies to build them. It was apparent during the Self-Assessment process that these differences affect available resources (e.g., staff size and operating budgets) to prepare and update RTP/SCSs as well as State/Federal minimum requirements for the development of models and analysis capabilities.

The classification into “big” and “small” is more generalized than that used in Section 3.2 of the California 2010 Regional Transportation Plan Guidelines (California Transportation Commission, April 2010), which differentiates regional transportation planning agencies (including MPOs) in terms of expected modeling capabilities. The key differentiators in the Guidelines are: population, air quality attainment status, population growth, and potential for and presence of transit. These criteria divide the MPO group into four categories based on model sophistication. There is also a fifth category for that only applies to some non-MPO regional transportation planning agencies.

Urban Versus Rural Areas

A common characteristic among the state's 18 MPO regions identified during the Self-Assessment process is the way the RTP/SCS treats urban and rural areas. While each region has met a minimum population threshold to be defined as an MPO, within each region there are a range of communities from large metropolitan centers that include multiple, well connected cities, to outlying, isolated cities, to unincorporated, rural communities. The distinction between urban and rural areas is important when considering the objectives of SB 375 in planning future growth and transportation investments and in encouraging local governments to plan more sustainably.

Urban areas have higher densities, more transportation infrastructure, and are served by transit that connects multiple cities. Rural areas are often geographically isolated, have lower densities, and limited transit service. People living in rural communities tend to work in urban areas and commute longer distances by car. Community support for increased densities, more urban forms of development, and investment in transit service is also a big difference between urban and rural areas. There is often an expectation of people living in rural areas that they remain that way.

In order for MPOs to plan more sustainable growth patterns in their SCSs and prioritize transportation projects that reduce greenhouse gas emissions, more growth at higher densities and more transportation investments focused on non-automobile modes are typically directed to existing urban areas where resources can be more effective. Investments in isolated cities and rural communities are lower on the list of regional priorities because it is difficult, and often economically infeasible, to connect them to urban areas using transit improvements. As a result, the RTP/SCS plans for less growth in these areas and in turn, they receive fewer transportation investments. Furthermore, these communities do not receive any of the benefits of SB 375 (e.g., CEQA streamlining) because they typically do not have any transit priority areas. As a result, these communities lack incentive to plan future growth consistent with the RTP/SCS.

While the differences between urban and rural areas are shared among all the state's 18 MPOs, the challenges facing rural areas are more pronounced for smaller MPOs, such as those in the San Joaquin Valley and northern Sacramento Valley. Smaller MPOs tend to have only one or two large urban centers and several isolated cities and rural communities that are not connected with robust transit systems. As a result, there are more communities that receive fewer benefits under SB 375 compared to more urban MPO regions. Furthermore, there is limited community support for higher density, mixed-use development in these areas and transit use is low.

C. Obstacles to Implementation

There were several obstacles to preparing and implementing RTP/SCS that are beyond what MPOs can directly change or influence. The Self-Assessment process highlighted these obstacles as important factors when considering the issues and challenges MPOs faced during the first round of RTP/SCSs, as well as what MPOs will face as they implement and update their RTP/SCSs in the future. While many of the solutions to

these obstacles can be identified, most will require further investigation. The following list identifies key obstacles implementation that could affect future rounds of RTP/SCS updates and the ability to achieve the objectives of SB 375:

- Competing State and Federal objectives to improve mobility (Federal) and at the same time reduce GHG emissions, prepare the SCS, and address environmental laws (State).
- Contradictory and inconsistent State-agency directives and policies, some of which are the result of statutory requirements, that confuse expectations for the RTP/SCS process and outcomes and hinder regional and local agency implementation.
- Greater MPO staff time and resource demands and limited funding to support the additional effort required to prepare, update, and monitor the RTP/SCSs under SB 375 (e.g., target setting, public outreach, agency coordination, land use modeling, CEQA).
- Limited resources and available funding to maintain and enhance existing transportation infrastructure and transit service, make transportation system improvements, and provide programs that reduce greenhouse gas emissions.
- Lack of tools available to local governments to facilitate infill and reinvestment in transit-rich and jobs-rich areas caused, in part, by the elimination of Redevelopment.
- Aging local water and sewer infrastructure systems that lack the capacity to support infill and higher densities, and local governments that lack the funding and resources to improve these systems to accommodate intensification of land use.
- High planning, design, and construction cost for infill and mixed-use development types, and developers that do not have access to financing to construct these types of development projects.
- Conflicting objectives and expectations of stakeholders and advocates (e.g., “smart growth” advocates that encourage transit-oriented development and “public health” advocates who oppose placing residents near air pollution often found along transportation corridors).
- Public opposition to higher densities and the intensification of land uses.

D. Issues and Challenges

Implementing new processes and requirements takes time and requires additional resources and staffing. This was especially true for SB 375, which combined existing requirements (e.g., transportation and housing planning), established new requirements (e.g., more extensive understanding and accounting for land use plans, reduction of GHG emissions), and modified already complex regional planning processes (e.g., regional transportation plans, regional housing needs allocations). It can be expected that such a dramatic change will not be without its issues and challenges, many of which cannot be realized until the process is carried out.

The following list highlights some of the key issues and challenges that the MPO staff who participated in the Self-Assessment workshops:

RTP/SCS Update Timing & Resources

- Preparation of the SCS requires significantly more time, staff resources, and money to model land uses, explore alternative growth patterns, gather community input, and select a preferred SCS.
- The average length of time to prepare the RTP with an SCS more than doubled from about one year for an RTP without the SCS to nearly three for an RTP/SCS. It took a full four years for the largest MPOs. The cost also doubled or tripled.

GHG Target Setting

- Confidence in the target setting process correlated with MPO capacities. Smaller MPOs felt less confident in the process. (Note: this is a comment about the target setting *process*, not the actual targets themselves; six of the smallest MPOs were allowed to set their own targets in the end)
- Greater understanding is needed about how models used to establish the targets work, what they mean, and their limitations. For example, it was noted that different models estimate different levels of GHG reductions for the same set of strategies within a given region.

Public Outreach and Education

- The statutorily required meetings with public and local officials occur too late in process of developing the SCS scenarios.
- Outreach costs were high to related to conducting the required number of meetings.
- At times “meeting fatigue” seemed to lower participation of local officials and community members in the process.
- The complexity of what can and cannot be addressed in a regional transportation plan was a challenge in educating the community.

Models and Data

- The one-time SGC Modeling Improvement grants made, and continues to make, a significant contribution to MPO capacity in the first round of RTP/SCS adoption; however, there was concern about the longevity of this funding source and the needs for further modeling and technical improvements.
- Travel models runs are complex, take a long time, and tie up significant staff resources; sometimes State and local officials and other stakeholders have unrealistic expectations about what information can be derived from such runs. And, in some cases, too much weight is placed on the model outputs (i.e., they are treated as real outcomes, when they should be used as general indicators and trends).

Performance Measures

- MPO spent significant time and resources developing performance metrics for a wider range of indicators to address State and local officials and other stakeholders’ requests, but was a limit to the effectiveness of the metrics in providing meaningful information in the process.
- One of the biggest challenges was and continues to be the lack of good data to support the use of some performance measures.
- Some of the best thinking on usable performance metrics, in terms of value and usable data, has already been reported to the SGC in the report submitted by SANDAG.

RHNA Process/Determination

- MPOs need the RHNA determination earlier in the RTP/SCS process. They need it when they are developing the RTP/SCS demographic forecast to ensure the RHNA and RTP/SCS are developed consistently. Some MPOs requested an early determination, which HCD accommodated. Others got a substantially different number than the MPO projection, and it came late in the process. In all circumstances, HCD and the MPO reached an agreement, but in many cases the process added complexity to the process.

- There continue to be multiple issues around how multi-family units and mixed-use development may be counted and where a majority of this development occurs (i.e., urban versus rural areas). SB 375 emphasizes placing higher density and mixed use development in urban areas that are connected to transit, while the RHNA continues to expect higher density in all communities and downplays mixed-use development. These issues will need to be revisited as MPOs allocate housing to individual communities in a manner that assumes more connection to transit and higher densities in urban areas.

CEQA Review and Streamlining

- The CEQA process was far more complex, costly, and time consuming than previous RTP updates as a result of the threat of legal challenge and the need for additional technical rigor to address the SCS land use component and GHG reduction requirements
- The litigious nature of CEQA is not good for SB 375 or the RTP/SCS process. As MPOs update their RTP/SCSs in the future, the looming threat of litigation during the process will direct more focus and resources toward preparing a legally defensible EIR, rather than toward better planning, conducting more useful RTP analysis, and involving more community members.
- Many MPOs questioned the value of conducting environmental review on a long-range plan that has no land use authority, does not directly result in any physical impacts on the environment at the plan level, and that will be evaluated in greater detail at by locally adopted plans and at the project level.
- The CEQA process complex, costly, and time consuming in order to facilitate the future use of the RTP/SCS Program EIR as a first-tier documents for projects that implement the RTP/SCS.
- The CEQA streamlining benefits contained in SB 375 are too onerous and complex to use and costly and time consuming to implement. It has been the experience of MPOs that the threat of litigation if streamlining is used is also dissuading developers from using the SB 375 streamlining benefits.

E. Recommendations

A basic, overarching objective the Self-Assessment is to identify ways that the RTP/SCSs can be more effective in terms of achieving State goals. However, at this time, the process of making actual recommendations requires more discussion among MPOs. As a result, this memorandum only provides a generalized summary of some of the topics being discussed. The MPOs have clearly indicated that they want to forward a fully-vetted set of recommendations upon which they all can agree.

Thus, in general terms, the discussions of recommendations to date have focused in the following areas:

- Changes to State statutes or administrative actions to improve policy outcomes without undermining the intent of SB 375. For example; developing processes where GHG targets or RHNA numbers are delivered earlier, particularly for regions that have to adopt an RTP shortly after the target is established.
- Funding sources for planning and infrastructure investments to reinforce and incent implementation of the RTP/SCS. For example, SCAG was able to use some of its SGC Planning Grant funding to encourage sustainable planning efforts among its members and reinforce its RTP/SCS.
- Funding to support future RTP/SCS updates, modeling improvements, and implementation at the local and regional levels. Many members are interested, for example, in further developments to the UrbanFootprint model as a land use scenario modeling tool.
- Identification of issues where further dialogue is needed between MPOs and State agencies.