



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 11/17/2020

ITEM NO: 6

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DATE: November 13, 2020  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Adopt A Resolution Designating the Use of Vehicle Miles Traveled as the Metric for Conducting Transportation Analyses Pursuant to the California Environmental Quality Act and Establishing the Thresholds of Significance to Comply with California Senate Bill 743

**RECOMMENDATION:**

Adopt a Resolution (Attachment 1) designating the use of vehicle miles traveled as the metric for conducting transportation analyses pursuant to the California Environmental Quality Act and establishing the thresholds of significance to comply with California Senate Bill 743.

**BACKGROUND:**

On September 27, 2013, Governor Jerry Brown signed Senate Bill (SB) 743 into law which started a process to change transportation impact analysis for purposes of CEQA compliance. The new law directed the Governor's Office of Planning and Research (OPR) to update the *CEQA Guidelines* to include new criteria and metrics for determining the significance of transportation impacts. OPR selected vehicle miles traveled (VMT) as the new transportation impact metric, recommended its application Statewide, and submitted updates to the *CEQA Guidelines* that were certified by the Natural Resources Agency in December 2018.

The Town of Los Gatos is the lead agency for environmental clearance under CEQA for projects within the Town's jurisdiction. Fehr & Peers has been hired to assist the Town in preparing its *Transportation Analysis Policy and Guidelines* using VMT and any other updates to the Town's local transportation policies, as the Council deems appropriate.

The Town Council and Planning Commission held a joint Study Session on October 8, 2019 on the topic as an introduction to the new requirements, concepts, and other provisions. At its

**PREPARED BY:** Ying Smith  
Transportation and Mobility Manager

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Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, Community Development Director, and Parks and Public Works Director

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BACKGROUND (continued):

January 21, 2020 meeting, the Town Council discussed how vehicle miles travelled (VMT) and level of service analysis (LOS) would work together in evaluating future development projects.

A document titled *SB 743 Implementation Decisions for the Town of Los Gatos* was completed by Fehr & Peers in July 2020. This document provides background on the changes in the California Environmental Quality Act (CEQA) Transportation Analysis and technical information pertaining to decisions the Town Council will need to make. The Executive Summary is included as Attachment 2 and the entire document is available on the Town's VMT webpage:

<https://www.losgatosca.gov/2563/Vehicle-Miles-Traveled---VMT>

DISCUSSION:

The Town of Los Gatos, as a lead agency, is required to make several key policy decisions in compliance with SB 743 and the *CEQA Guidelines* expectations, which are grouped by specific decision categories (1) VMT metrics, (2) VMT calculation methods, (3) VMT significance thresholds, and (4) VMT mitigation actions. This staff report focuses most of the discussion on the thresholds and the staff recommendation addresses the first three decisions in the list.

Since SB 743 introduces a new mandatory metric for use in CEQA analysis, lead agencies will need to determine what constitutes acceptable and unacceptable levels of VMT. This process is generally referred to as establishing significance thresholds. At the February 18, 2020 meeting, the Town Council was presented with two threshold setting options and it approved the option to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections.

VMT and the Local Context

VMT is an output of land use and transportation network infrastructure decisions and is most meaningful when expressed as a Town-wide value for roadways equal or greater in size to arterial roadways. Statewide goals consider blended major metropolitan areas as well as more suburban areas like Los Gatos that are on the fringe of more intensely developed areas. Statewide goals may be more difficult to achieve for jurisdictions like Los Gatos where significant transit, jobs, and development density do not exist. This makes achieving standards recommended by agencies like the California Air Resource Board (CARB) stretch goals in and of themselves.

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DISCUSSION (continued):

Context for Setting VMT Impact Thresholds

California law states that the criteria for determining the significance of transportation impacts should promote: (1) reducing of greenhouse gas emissions; (2) encouraging infill development; and (3) promoting active transportation. SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts to drivers, to measuring the impact of driving. The Town has discretion to set its significance threshold for VMT impacts, provided that the basis for that threshold is grounded in substantial evidence. To establish VMT impact significance thresholds for land use projects and land use plans in the Town of Los Gatos, two questions must be answered:

- What is the VMT impact significance threshold for land use projects and land use plans under baseline conditions?
- What is the VMT impact significance threshold for land use projects and land use plans under cumulative conditions?

The *SB 743 Implementation Decisions for the Town of Los Gatos* document discusses each of these questions in greater detail.

Methodology Used for Future Year VMT Projections

In coordination with Town staff, Fehr & Peers applied the latest Santa Clara County Valley Transportation Authority (VTA) travel forecasting model to prepare VMT estimates in 2040 conditions at the Town, the County, and the Bay Area region levels. Fehr & Peers used the preferred land use alternative framework for the 2040 Los Gatos General Plan approved by the Town Council on April 7, 2020 as the project description for the VMT assessment. The transportation network was assumed to be the same as in the VTA model in the 2040 scenario.

The total project generated VMT is the expected VMT growth in all vehicle trips, vehicle types, and trip purposes for all project land uses, divided by the sum of residents plus employees. The Town's total projected VMT growth rate, or "budget," was established by the Town's General Plan transportation network and land use growth assumptions.

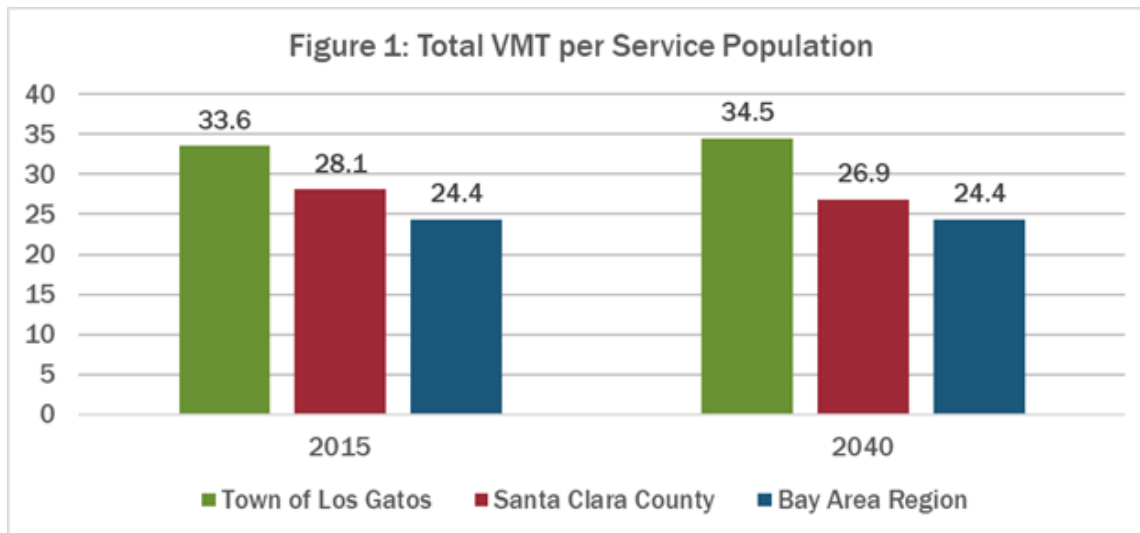
As shown in Figure 1 under existing conditions (2015), the Town of Los Gatos has a total VMT per service population that is greater than both the Santa Clara County and the Bay Area region. In 2040, the Town's project generated VMT per service population trends higher than existing conditions (2015). In comparison, in 2040 Santa Clara County total VMT per service population is decreasing and the Bay Area region total VMT per service population is remaining

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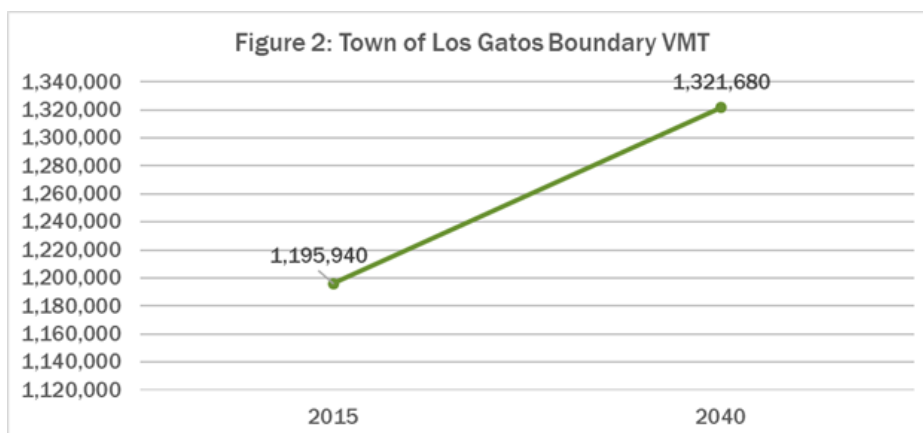
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DISCUSSION (continued):

constant. This upward trend in the total VMT per service population in Los Gatos is an important observation that has helped Town staff with recommending a Town specific VMT threshold and a VMT mitigation action approach that would apply under baseline and cumulative conditions.



Another way to illustrate the Town's expected VMT growth is through measuring boundary VMT. Boundary VMT is a VMT metric that measures the VMT on the jurisdictions roadway system. As Shown in Figure 2, the boundary VMT in the Town of Los Gatos increases from 1,195,940 in 2015 to 1,321,680 in 2040. The boundary VMT on local streets and freeways is expected to grow by 10.5 percent within the Town of Los Gatos, which is nearly twice the amount of boundary VMT growth contained in the State goals.



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DISCUSSION (continued):

*Range of Thresholds of Significance Options*

The Town's General Plan includes underlying expectations of how population and employment will change between the base year and future year scenarios. Because VMT is a composite metric that is an output of combining long-term population and employment growth projections with long-term transportation network infrastructure – the Town of Los Gatos effectively already has a VMT growth budget (i.e., how much VMT growth is anticipated, where that growth will occur and in what forms) that has already been planned for and determined to be acceptable in the Los Gatos 2020 General Plan.

With this concept in mind, Table 1 provides a summary of the VMT threshold options with percent reductions or increases expressed relative to the baseline VMT metrics. The project team developed four possible VMT threshold options with the possibilities bracketed by a net-zero Town-wide total project generated VMT per service population rate (option 1) and a net-zero Town-wide total project generated VMT option (option 4). The options include:

**Threshold Option 1: Greatest VMT Growth.** This is a zero growth Town-wide total project generated VMT per service population rate option. This jurisdiction specific VMT threshold option would be consistent with the existing General Plan and treats existing and future land development with the same total project generated VMT per service population rate. This option aligns with the preferred land use alternative currently under consideration for the General Plan update.

**Threshold Option 2: Some VMT Growth.** This threshold option supports State goals pertaining to air quality, greenhouse gases (GHG) reductions, and energy conservation by only allowing a 6.5% increase in Town-wide project generated VMT. The threshold would be an 11.3 percent reduction in the total project generated VMT per service population rate from baseline conditions. This option aligns with CARB targets for total VMT reductions.

**Threshold Option 3: Some VMT Growth.** This threshold supports State goals pertaining to air quality, GHG reductions, and energy conservation by reducing the total project generated VMT per service population rate by 14.3 percent from baseline conditions.

**Threshold Option 4: No (Net Zero) VMT Growth.** This is a net-zero Town-wide total project generated VMT threshold. This "Net Zero VMT Threshold" would establish any

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DISCUSSION (continued):

increase in the Town-wide VMT generated by a new development project in the Town of Los Gatos would constitute a significant impact. This is similar to Caltrans draft guidance for State highway projects. The threshold would be a 16.7 percent reduction in the total project generated VMT per service population rate from baseline conditions.

Table 1 –VMT Threshold Options

Threshold Options	Total Project Generated VMT per Service Population	Total Project Generated VMT
Baseline	33.6	<b>1,888,010</b>
1. Greatest VMT Growth (20% Increase in Baseline VMT)	33.6 <b>(0% change in baseline VMT rate)</b>	2,264,980 (20% increase in baseline VMT)
2. Some VMT Growth (CARB Capacity for VMT Growth = 6.5%)	29.8 (-11.3% reduction from baseline VMT rate)	2,010,730 <b>(6.5% increase in baseline VMT)</b>
3. Some VMT Growth (CARB 14.3% Reduction from Existing Needed in 2050)	28.8 <b>(-14.3% reduction from baseline VMT rate)</b>	1,941,410 (2.8% increase in baseline VMT)
4. No VMT Growth (0% Change from Baseline VMT)	28.0 (-16.7% reduction from baseline VMT rate)	1,888,010 <b>(0% increase in baseline VMT)</b>

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DISCUSSION (continued):

Among these threshold options, staff recommends threshold option 2 because it aligns with the CARB's Statewide capacity for VMT Growth of 6.5% in total project generated VMT and is supportive of the State's goal. Even with robust VMT mitigation actions as discussed in the following paragraphs, this threshold is still considered a stretch goal in the local setting. It is possible that the General Plan update may result in VMT growth that exceed one or more of the significance thresholds proposed, therefore a significant impact would likely occur.

For all land use and transportation projects, a significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area). Inconsistency with the Plan Bay Area would be evaluated by determining if the VMT for the project increases or decreases the VMT assumed in the RTP/SCS.

VMT Mitigation Actions

Lead agencies making the transition to VMT are realizing the challenges of trying to mitigate VMT on a project-by-project basis. Much of this difficulty arises from the regional nature of VMT impacts, as well as the complexity of underlying factors influencing VMT generation.

For area plans such as general plans and specific plans, mitigation will typically focus on physical design elements related to the ultimate built environment, such as the density and mix of land uses as well as the availability and quality of the transportation network related to transit, walking, and bicycling.

The *SB 743 Implementation Decisions for the Town of Los Gatos* document describes existing VMT mitigation programs and emerging VMT mitigation concepts, as well as several implementation strategies. The recommended path to establish thresholds will support the Town's ability to adopt Town-wide mitigation actions in parallel with the General Plan update.

Many of the viable mitigation measures will be identified as a part of the CEQA analysis conducted for the General Plan update. Through this process, it is unlikely that the Town will be able to achieve VMT reduction targets through new development alone. Adding efforts, such as the Connect Los Gatos program that have the potential for reducing VMT on existing conditions and reliance on regional or statewide regulation may be necessary to achieve targeted reductions.

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**CONCLUSION:**

In alignment with the approach to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections, staff recommends that Town Council establishes VMT thresholds of significance for both baseline and cumulative conditions consistent with threshold option 2 (see Table 1) and as defined in Table 2. These proposed thresholds are outlined below and are included in Exhibit A of the Resolution of Adopting VMT Thresholds of Significance (Attachment 1). Substantial evidence to support the establishment of these thresholds is included in the *SB 743 Implementation Decisions for the Town of Los Gatos* document.

Table 2 – Recommended VMT Thresholds of Significance

<b>Baseline Thresholds</b>	
A.1. Land Use Projects	Project Impact: A significant impact would occur if the total VMT per service population for the project would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.
	Project Effect: A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to baseline conditions.
A.2. Land Use Plans	Project Impact: A significant impact would occur if the total VMT per service population for the plan area would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.
<b>Cumulative Thresholds</b>	
B.1. Land Use Projects	Project Effect: A significant impact would occur if the project increases total (boundary) countywide VMT by 6.5% compared to cumulative no project conditions.
B.2. Land Use Plans	Project Effect: A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.
B.3. All land use and transportation projects	A significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area).



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NEXT STEPS:

As discussed at the February 18 Town Council meeting, another consideration in setting Los Gatos specific thresholds is how to address cumulative VMT impacts and whether addressing them in the General Plan EIR is advantageous for streamlining the review of subsequent land use and transportation projects given CEQA relief available through CEQA Statute & Guidelines Section 15183. This Section relieves a project of additional environmental review if the project-specific environmental impacts were adequately addressed in the General Plan EIR and the project is consistent with the General Plan.

In completing the CEQA transition to VMT work, the project team will ensure alignment with the General Plan update and bring forward potential modifications to other Town transportation policies, including the vehicle Level of Service (LOS) policy.

The draft *Transportation Analysis Policy and Guidelines* was completed in July 2020. The General Plan update CEQA analysis and any modifications to other local transportation policies will guide the development of the final *Transportation Analysis Policy and Guidelines*.

COORDINATION:

This report was coordinated with the Community Development Department.

FISCAL IMPACT:

There is no fiscal impact as a result of this report.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution Adopting Vehicle Miles Traveled Thresholds of Significance for Purposes of Analyzing Transportation Impacts Under the California Environmental Quality Act
2. Executive Summary of *SB 743 Implementation Decisions for the Town of Los Gatos*

## **RESOLUTION 2020-**

### **RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF LOS GATOS ADOPTING VEHICLE MILES TRAVELED THRESHOLDS OF SIGNIFICANCE FOR PURPOSES OF ANALYZING TRANSPORTATION IMPACTS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

**WHEREAS**, Senate Bill (SB) 743, signed into law in 2013 by Governor Edmund G. Brown, directed the Governor's Office of Planning and Research (OPR) to develop updated criteria for measuring transportation impacts under the California Environmental Quality Act (CEQA) using alternative metrics that promote a reduction in greenhouse gases, the development of multimodal transportation, and a diversity of land uses, all towards achieving the State's climate action goals; and

**WHEREAS**, Section 15064.3 of the CEQA Guidelines, added as part of the 2018 update, identifies Vehicle Miles Traveled (VMT) as the most appropriate measure of transportation impacts under CEQA, and states that a project's effect on automobile delay shall not constitute a significant environmental impact; and

**WHEREAS**, the Governor's Office of Planning and Research (OPR) has recommended using Vehicle Miles Traveled (VMT) to analyze transportation impacts; and

**WHEREAS**, CEQA Guidelines Section 15064.7(b) allows lead agencies to adopt thresholds of significance for the lead agency's general use in its environmental review process. Lead agencies are required to begin using the VMT metric by July 1, 2020; and

**WHEREAS**, the Town has analyzed and drafted appropriate VMT thresholds of significance, considering local conditions and guidance from OPR; and

**WHEREAS,** The Town Council and Planning Commission held a joint Study Session on October 8, 2019 on the topic as an introduction to the new requirements, concepts, and other provisions; and

**WHEREAS,** On February 18, 2020, the Town Council was presented with two threshold setting options and approved the option to set thresholds consistent with the General Plan future year Vehicle Miles Traveled projections; and

**WHEREAS,** in July 2020 the Town completed a document titled “SB 743 Implementation Decisions for the Town of Los Gatos” to provide background on the changes in the CEQA Transportation Analysis and technical information pertaining to decisions the Town Council will need to make; and

**WHEREAS,** the Town Council held a public hearing on November 17, 2020 to establish VMT thresholds for use in implementing CEQA pursuant to SB 743 and considered all evidence presented at said hearing;

**WHEREAS,** the Town Council finds and determines, based upon staff and consultant reports and research as well as testimony in the record, that the revised CEQA thresholds of significance are consistent with State requirements as to how transportation impacts should be evaluated for purposes of CEQA review of projects. The thresholds of significance are based upon the VMT metric that is specifically required in CEQA Guidelines Section 15064.3. Additionally, the Town is setting the new CEQA thresholds at a level and in a manner consistent with and based upon review of OPR guidance.

**NOW, THEREFORE, BE IT RESOLVED** does hereby RESOLVE as follows:

Based upon the foregoing, the Council hereby adopts the revised CEQA Thresholds of Significance for Transportation Impacts for land use projects and land use plans for the Town of Los Gatos, attached hereto as Exhibit A.

**PASSED AND ADOPTED** at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 17th day of November 2020 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

ATTEST:

TOWN CLERK OF THE TOWN OF LOS GATOS  
LOS GATOS, CALIFORNIA

DATE: \_\_\_\_\_

EXHIBIT A  
**Town of Los Gatos**  
**California Environmental Quality Act (CEQA)**  
**Thresholds of Significance for Transportation Impacts**

Consistent with State CEQA Guidelines Section 15064.3, the Town of Los Gatos has adopted the following thresholds of significance to guide in determining when a land use project or a land use plan will have a significant transportation impact.

**A. Baseline Thresholds**

**A.1. Land Use Projects**

**Project Impact:** A significant impact would occur if the total VMT per service population for the project would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to baseline conditions.

**A.2. Land Use Plans**

**Project Impact:** A significant impact would occur if the total VMT per service population for the plan area would exceed a level of 11.3% below the total VMT per service population for the Town of Los Gatos baseline conditions.

**B. Cumulative Thresholds**

**B.1. Land Use Projects**

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.

**B.2. Land Use Plans**

**Project Effect:** A significant impact would occur if the project increases total (boundary) County-wide VMT by 6.5% compared to cumulative no project conditions.

**B.3. All land use and transportation projects**

A significant impact would occur if the project is inconsistent with the Regional Transportation Plan/Sustainable Community Strategy Plan (Plan Bay Area).