COUNCIL AGENDA: 08-28-07
ITEM: 3.9

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Lee Price, MMC
City Clerk

SUBJECT: **SB 375 (STEINBERG) - REGIONAL PREFERRED GROWTH SCENARIOS**

DATE: August 24, 2007

RECOMMENDATION

As recommended by the Rules and Open Government Committee on August 22, 2007 take an oppose position on SB 375 (Steinberg) and recommend that it be made a two-year bill to allow the City and other affected agencies to continue to work towards resolving the serious problems associated with the current bill as outlined in the attached memo previously submitted to and approved by the Rules & Open Government Committee.

RULES COMMITTEE: 08-22-07
ITEM: C1b

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE

FROM: Joseph Horwedel

SUBJECT: SEE BELOW

DATE: August 17, 2007

Approved Deanna Santana Date 8/17/07

Council District: All
SNI: All

SUBJECT: SB 375 (STEINBERG) – REGIONAL PREFERRED GROWTH SCENARIOS

RECOMMENDATION

The Department of Planning, Building and Code Enforcement recommends that:

1. The Mayor and City Council oppose SB 375 (Steinberg) and recommend that it be made a two-year bill to allow the City and other affected agencies to continue to work towards resolving the serious problems associated with the current bill.
2. The Committee provide a one-week turn around for Mayor and City Council review.

OUTCOME

If the Rules and Open Government Committee and the Mayor and City Council accept staff's recommendation, the City lobbyist could begin opposing SB 375.

BACKGROUND

The bill was introduced by Senator Steinberg on February 21, 2007. The bill has been passed out of the Transportation and Environmental Quality Committees, has been passed by the Assembly and is now in the Appropriations Committee. SB 375 has attracted considerable attention and numerous agencies and organizations have taken positions on the bill. A complete list of those in support and opposition is provided on the attached fact sheet.

ANALYSIS

A fact sheet and analysis of SB 375 is attached.

PUBLIC OUTREACH/INTEREST

☐ **Criteria 1**: Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

☐ **Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

☐ **Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This legislative item does not meet any of the above criteria.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, Department of Transportation, Housing Department, and Public Works Department.

POLICY ALIGNMENT

The attached fact sheet and analysis are consistent with the Council-adopted 2007 Legislative Guiding Principles, and the Council-adopted guidelines.

CEQA

Not a project.

for Laurel Prevetti
JOSEPH HORWEDEL
Director of Planning, Building, and
Code Enforcement

For more information call Carol Hamilton, Senior Planner, at (408) 535-7837

SB 375 (Steinberg) – REGIONAL PREFERRED GROWTH SCENARIOS

What's the issue the bill is trying to resolve?

Vehicles produce 50% of the air pollution in California, are major producers of greenhouse gasses and other air pollution, and account for substantial energy consumption. Assembly Bill 32, passed by the state legislature and signed by the governor in 2006, requires the State to reduce its greenhouse gas emissions to 1990 levels no later than 2020. Technological improvements in vehicles and fuel will not be sufficient to achieve these reductions without significant changes in land use and transportation policy on a statewide basis.

How would this bill resolve the issue?

The bill seeks to achieve reductions in pollutant emissions through a regional planning process that requires Metropolitan Planning Organizations to incorporate regional *preferred growth scenarios* designed to reduce vehicle miles traveled into Regional Transportation Plans, requires that funding of transportation improvements be consistent with the preferred growth scenario and allows streamlined CEQA processes for certain projects in jurisdictions whose general plans are consistent with the preferred growth strategy. The primary provisions of the bill are as follows:

Guidelines for Regional Transportation Models. Requires the California Transportation Commission (CTC) in conjunction with the State Air Resources Board, and after consulting with stakeholders, to adopt guidelines for travel demand models used in the development of regional transportation plans by April 1, of 2008.

Goals for Greenhouse Gas Reduction. Requires California Air Resources Board, in consultation with regional transportation agencies to provide affected regions with targets for greenhouse gas emissions for automobiles and light trucks for 2020 and 2035.

Regional Transportation Plans/Preferred Growth Scenario. Requires Metropolitan Planning Organizations to adopt Regional Transportation Plans that include a "preferred growth scenario" designed to reduce vehicle miles and vehicle emissions to the greatest extent feasible to achieve emission reduction targets. These plans are to incorporate congestion management plans prepared pursuant to current law. The preferred growth scenario is also required to inventory the region's emission of greenhouse gasses, provide sufficient housing to meet the regional need for all economic segments, identify a transportation network to meet the transportation needs of the region and identify significant resource areas (including parks, sensitive habitat and areas under Williamson Act contracts) and significant farmland areas (prime or unique farmland not within any local government's sphere of influence) where the plan may focus development only if specific findings are made. The bill states that nothing in the preferred growth scenario shall be interpreted as superseding or interfering with the exercise of the land use authority of cities and counties.

Funding of Transportation Improvements. Requires the Federal Transportation Improvement Plan and projects funded by the state transportation improvement program to be consistent with the preferred growth scenario included in the regional transportation plans.

Infill Opportunity Zones. Authorizes cities and counties to designation infill opportunity zones until December 31, 2009, based on a finding that the zone is consistent with the preferred growth scenario and the jurisdiction's general plan. An alternative level of service standard or alternative mitigation options may be implemented in these zones to facilitate appropriate development. An infill opportunity zone automatically terminates if no development project is completed in the zone within four years.

CEQA Streamlining. The bill allows a streamlined CEQA process for specific types of projects located in cities and counties that have amended their General Plans to conform to the preferred growth scenario, provided that an environmental impact report (EIR) has been certified for the preferred growth scenario and for any general plan amendments needed to conform to the preferred growth scenario. Eligible projects must be residential or mixed-use (including primarily neighborhood serving retail uses comprising not more than 25 percent of the total floor area) that have incorporated all applicable mitigation identified in the EIR for the regional transportation plan. Additionally, the bill provides that the legislative body, after a noticed public hearing, may exempt a project from further environmental review if the project meets the above criteria, includes less than 200 residential units on a site of no more than 8 acres, and meets other land use and environmental specifications.

How would the passage of this bill affect San José?

The bill's goal of reducing vehicle miles traveled and greenhouse gas emissions through coordinated land use and transportation policy comports with the major strategies of the San Jose 2020 General Plan. Currently, the General Plan promotes compact infill development within the existing urban area, restricts urban uses outside the urban grown boundary, encourages high density residential and intense employment uses along transit corridors, and seeks to locate housing closer to jobs. Notwithstanding its positive objectives, the bill establishes a regional planning process that could seriously undermine San Jose's land use authority. Under the proposed bill, the Metropolitan Transportation Commission would be responsible for developing a *preferred growth scenario* (PGS) intended to govern future urban growth within the region and to designate *natural resource areas* where urban growth is significantly restricted. Although the bill explicitly states that local governments are not required to modify their general plans to conform to the PGS, the bill encourages such conformance with a big stick; transportation and transit funds are tied to conformance with the *preferred growth scenario.* Based on current provisions of the bill, it is unclear whether San Jose would have a voice in developing the *preferred growth scenario*, or in designating *natural resource areas.* In the absence of a structure that gives San Jose, the largest city in the region, a clear role in the planning process, this bill would threaten the City's authority to pursue local land use objectives.

SB 375 leaves other issues unresolved. It does not address how the *preferred growth scenario* would mesh with the existing Regional Housing Needs Assessment process, despite the potential conflicts between the goal of locating housing where it will reduce vehicle trips and that of allocating housing through a regional "fair share" process. It does not provide balanced and workable CEQA streamlining. By focusing streamlining provisions exclusively on residential and mixed use projects, the bill ignores the critical role of employment uses in achieving the

balance between jobs and housing that reduces commute lengths. The bill's preference for housing uses may also reinforce existing pressure for conversion of industrial lands to housing.

Fiscal Impact

The bill would place an unfunded mandate on local governments. New costs for the City would involve staff coordination with State agencies in the development of new guidelines for transportation models, in coordinating the City's transportation model with that of other agencies, and in any efforts to coordinate regarding development of the Regional Transportation Plan and preferred growth scenario. Additional costs would be associated with any decision by the City to modify its transportation model to conform to adopted model guidelines and any changes to the General Plan to bring it into conformance with the preferred growth scenario.

Staff's Proposed Position:

The objectives of SB 375 bill in reducing vehicle miles traveled and associated greenhouse gas emissions are laudable and are consistent with San Jose's long record of successfully promoting and implementing "smart growth" strategies. Despite the obvious benefits of implementing such measures on a region-wide basis, the bill's top-down planning process seriously threatens local control of land use decisions. Furthermore, the significant regional planning process proposed by the bill has not been adequately coordinated with existing legislative requirements, and its ambiguities have not been sufficiently explored. For these reasons, Staff recommends that the City Council oppose the bill and request that it be made a two-year bill to allow the City of San Jose and other affected agencies to continue to work towards resolving the serious problems associated with the current proposal.

Who are the bill's supporters and opponents?

The bill is supported by the American Lung Association, American Farmland Trust, National Research Defense Council, Defenders of Wildlife, Southern California Association of Governments, California League of Conservation Voter, Planning and Conservation League, Sierra Club of California, Trust for Public Land, New Voice of Business, Sacramento Council of Governments (in concept), Coalition for Clean Air, Congress for New Urbanism, Endangered Habitat League, Environmental Entrepreneurs, Environment California, JMA Ventures LLC, Homewood Mountain Resort; Alpine Meadows, California Council of Land Trusts, and California Nurses Association.

The bill is opposed by the League of California Cities, Associated General Contractors of California, California Chamber of Commerce, California Manufacturers & Technology Association, Resource Landowners Coalition, Transportation California, California Building Industry Association, California Business Properties Association, California Major Builders Council, Consulting Engineers & Land Surveyors of California, Resource Landowners Coalition, California Hotel and Lodging Association, California Retailers Association, County of San Diego, Department of Finance, Inland Empire Transportation Council, Orange County Business

Council, Resource Landowners Coalition, Asphalt Pavement Association of California, California State Association of Counties, and the Regional Council of Rural Counties.

What is the current status of the measure?

The bill is pending before the State Assembly Appropriations Committee.