



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Councilmembers Jimenez
and Rocha

SUBJECT: VMT POLICY

DATE: February 23, 2018

Approved

 Date
PH

2-23-18

RECOMMENDATIONS

Approve the staff recommendation with the following modifications:

1. Clarify that the fee listed for commercial development in table 2 on page 14 of the proposed policy 5-1 is intended to apply to both commercial and industrial development;
2. Alter the VMT threshold of significance for Industrial Employment Uses to 15 percent below existing regional VMT per employee;
3. As part of Phase 2, direct staff to take the following actions:
 - a. Develop potential criteria for measuring “overriding benefits” and prepare a list of example benefits that could be proposed;
 - b. Evaluate whether it would be more desirable for the City, instead of project applicants, to hire consultants to prepare transportation and VMT analysis for EIRs, with costs charged to project applicants;
 - c. Provide analysis of options for making the override eligibility criteria consistent between residential projects and commercial and industrial projects. (These criteria are described at the bottom of page 13 and the top of page 14 in the proposed policy 5-1.) Staff should evaluate the implications both of making the override eligibility criteria for commercial and industrial more restrictive, to align with the current residential criteria, as well as making the residential criteria less restrictive, to align with the current commercial and industrial criteria.

ANALYSIS

Planning, Transportation, and Public Works Department staff have done an excellent job analyzing the implications of this significant policy change and distilling the key considerations into this comprehensive report. We are grateful for your work and are pleased that San José is leading the County in the effort to conform with SB 743. With this memo, we would like to propose a few amendments and clarifications, as well as ask for some additional staff analysis as part of Phase 2.

First, table 2 on page 14 of the draft policy 5-1 sets a value for transportation system improvements that are to be required of commercial development with immitigable VMT impacts. We understand that staff's intention is to apply this contribution amount to both commercial and industrial projects, even

though industrial projects are not mentioned in the table. For purposes of clarity, we would like to note staff's intent that the contribution would apply to both types of development.

Second, we propose aligning the thresholds of significance for industrial development with the thresholds for general employment uses. This is a crucial opportunity for the City to meet the aggressive VMT and greenhouse gas reduction goals prescribed in our General Plan. Reducing vehicle miles traveled 40% by 2040 will require significant changes in mode share, which can only be achieved through land use planning that complements and facilitates the use of transit and active transportation. To ensure that our General Plan goals are met, all project types – residential, commercial, and industrial – must reduce vehicle miles traveled, and a 15% reduction from the staff recommended baselines for each of these project types is a good start.

Finally, as part of Phase 2 of this process, we recommend that staff explore some additional policy options. The first is to develop a way to measure “overriding benefits” provided by a development proposal to justify approval of a statement of overriding considerations. This can help the Council weigh the proposed benefits against anticipated negative impacts in a more concrete and empirical way, and, with a possible list of example “menu items,” provide project applicants greater certainty by proactively identifying Council and City priorities that would justify overrides.

The second is to align San José's practice with that of other cities, and, rather than allow project applicants to hire their own consultants to analyze traffic and VMT impacts, have the City hire the consultants.

The third would be to align the override eligibility criteria to be consistent between residential development and commercial and industrial development. Currently the override eligibility criteria are more permissive for commercial and industrial development than for residential development. Given the importance of reducing greenhouse gas emissions, one might reasonably question whether the commercial and industrial standards should be aligned with the residential standards, and given the intense need for housing, one might question whether the residential standards should be aligned with the commercial and industrial standards. We don't have a sufficient understanding of the implications yet to decide whether the standards for either should be changed, but we do think it's worth asking staff to evaluate options and return for additional Council review.

Thank you again to City staff for helping us understand this policy change and bring us closer to achieving the very aggressive goals in our General Plan.