



# Land Use Committee

*City of Arts & Innovation*

**TO: LAND USE COMMITTEE MEMBERS DATE: DECEMBER 09, 2024**

**FROM: PUBLIC WORKS DEPARTMENT WARDS: ALL**

**SUBJECT: ADOPTION OF THE VEHICLE MILES TRAVELED (VMT) MITIGATION BANK PILOT PROGRAM AND ESTABLISHING A MITIGATION FEE – RESOLUTION, INTRODUCTION OF ORDINANCE AMENDING TITLE 16 OF THE RIVERSIDE MUNICIPAL CODE BY ADDING CHAPTER 16.80 REGARDING THE VMT MITIGATION BANK PROGRAM, AND AMENDMENT OF THE VMT THRESHOLD FOR CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA) COMPLIANCE RELATED TO TRANSPORTATION ANALYSIS - RESOLUTIONS**

## **ISSUE:**

Consideration to adopt a resolution approving the Vehicle Miles Traveled (VMT) Mitigation Bank Pilot Program and establishing a mitigation fee, Introduce an Ordinance amending Title 16 of the Riverside Municipal Code by adding Chapter 16.80 regarding the VMT Mitigation Bank Pilot Program, and amend the VMT threshold for California Environmental Quality Act (CEQA) compliance related to transportation analysis.

## **RECOMMENDATIONS:**

That the Land Use Committee recommend that the City Council:

1. Adopt a Resolution approving the Vehicle Miles Traveled (VMT) Mitigation Bank Pilot Program, recommending Option A (VMT Mitigation Bank Option) and associated bike projects as detailed within the VMT Mitigation Program Report;
2. Introduce an Ordinance, amending Title 16 of the Riverside Municipal Code by adding Chapter 16.80 related to the Vehicle Miles Traveled (VMT) Impact Fee Mitigation Program.
3. Adopt a Resolution modifying the existing California Environmental Quality Act (CEQA) VMT transportation Impact threshold to the current jurisdictional baseline VMT per capita for new residential projects and the current jurisdictional baseline VMT per employee for new office and industrial projects and revise the Traffic Impact Analysis (TIA) Guidelines; and
4. Direct staff to conduct a workshop to educate the development community in the application of the new vehicle miles traveled mitigation program including a training session on the TredLite software to address projects with transportation related VMT impacts.

## **TRANSPORTATION BOARD RECOMMENDATION:**

On November 6, 2024, the Transportation Board (Board) reviewed the proposed adoption of the VMT Mitigation Bank Pilot Program, approval of Option A (VMT Mitigation Bank with selected bike projects), modification of the existing CEQA VMT Impact threshold to the current jurisdictional baseline, and direct staff to conduct a workshop to educate the development community and, by a vote of 7 Ayes and 1 Noe with 1 Board member absent, recommend approval as detailed within the report.

## **PLANNING COMMISSION RECOMMENDATION:**

On November 21, 2024, the Planning Commission reviewed the proposed adoption of a Resolution approving the VMT Mitigation Bank Pilot Program, the introduction of an Ordinance of the Riverside Municipal Code (R.M.C.) by adding Chapter 16.80 related to the VMT Impact Fee Program, an amendment of a Resolution modifying the existing California Environmental Quality Act (CEQA) VMT Impact threshold, and direct staff to conduct a workshop to educate the development community and, by a unanimous vote of 6 Ayes with 3 Board members absent, recommend approval as detailed within the report.

## **BACKGROUND:**

In 1965, the Highway Capacity Manual introduced the term Level of Service (LOS) as a qualitative measure for automobile delay and congestion when evaluating transportation impacts. The Level of Service methodology translated into letter grades, A through F, and has been used by the transportation industry for decades to determine vehicle impacts and acceptable mitigation.

In 2013, Senate Bill (SB) 743 was signed into law which required local agencies implementing the California Environmental Quality Act (CEQA) Guidelines to establish a new metric for determining the significance of transportation impacts. In 2018, the CEQA guidelines required all local agencies to adopt Vehicle Miles Traveled (VMT) as the new measure to evaluate transportation impacts under CEQA with an effective implementation date of July 1, 2020.

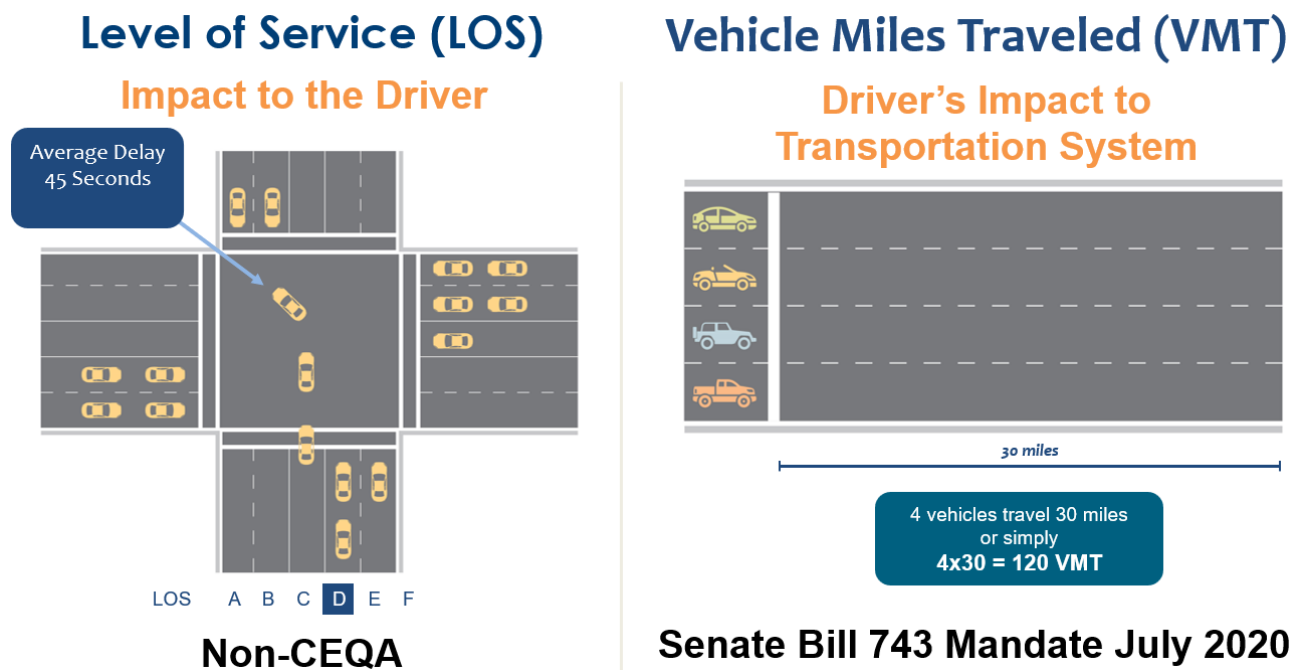


Figure 1: Level of Service (LOS) comparison transportation metric with Vehicle Miles Traveled (VMT).

On June 16, 2020, the city council adopted Vehicle Miles Traveled (VMT) as the new transportation metric and established a modified Traffic Impact Analysis (TIA) Guidelines in compliance with the state mandate. The initial VMT adoption established VMT thresholds and screening criteria such as projects located in a Transit Priority Area, Low-VMT generating area, Project Type Screening, and Redevelopment Projects. The TIA guidelines were consistent with the regional recommendations established by the Western Riverside Council of Governments (WRCOG) and an online VMT screening tool was also established.

If a development project cannot be exempted based on the screening criteria, then the project must be analyzed using the Riverside County Transportation Model (RIVCOM) travel demand model to determine the project's VMT impacts and determine potential mitigation.

In the past four years since the VMT metric adoption, the city received an estimated 175 development applications annually. Based on the established VMT screening criteria, approximately 90% of these projects are exempt from VMT analysis. The challenge is to identify adequate mitigation measures for the remaining 10% of the development projects that are not exempt from VMT analysis.

The California Air Pollution Controller Officer's Association (CAPCOA) Handbook allows for a wide variety of VMT reducing strategies such as on-site and off-site travel mode improvements, land use solutions, and transportation demand measures. As a lesson learned, mitigating VMT impacts has proven to be far more difficult than what the state had envisioned. In practice, only partial VMT impacts are mitigated despite using all available CAPCOA VMT reducing strategies. If a project cannot fully mitigate its VMT impacts, then this may result in a significant and unavoidable transportation impacts which could lead to the preparation of an Environmental Impact Report (EIR). EIR's have substantial costs, will delay the project for months and are subject to discretionary local approvals.

A VMT Mitigation Program can a potential solution to mitigate transportation impacts and provide an opportunity for projects to avoid processing EIR's, streamline the development process, provide certainty to developers, and be utilized as a mitigation resource for other agencies. A VMT Mitigation Program can also be utilized as a potential funding source for non-vehicular improvements such as active transportation and transit projects.

Currently, the City of Riverside does not have a VMT mitigation program for reducing any project's VMT impacts. A voluntary pilot program is recommended to be established at this time to provide flexibility for a full program rollout once the pilot program is completed.

## **DISCUSSION:**

The proposed Vehicle Miles Traveled Mitigation Bank Pilot Program Report is included as Exhibit 1. The following is a discussion of the program including community engagement, program alternatives, mitigation measures and final recommendations.

On February 2023, the city entered into an agreement with Kimley-horn and Associates to prepare a VMT Mitigation Program that evaluated a bank, fee, or exchange alternatives that would allow developers a voluntary option to offset VMT impacts.

The VMT Mitigation Program project included major outreach efforts to educate and receive input from stakeholders and the public.



*Figure 2: Comprehensive Community Engagement Summary*  
*Source: City of Riverside Vehicle Miles Traveled (VMT) Mitigation Program Report*

The comprehensive community engagement plans included multiple Stakeholder Advisory Committee (SAC) meetings, a public meeting, a developer’s only meeting, establishment of a website [Riversidevmt.com](http://Riversidevmt.com), and an online survey. The SAC consists of local stakeholders including Western Riverside Council of governments (WRCOG), Riverside Transit Authority (RTA), County of Riverside, and University of California Riverside (UCR), etc.

The VMT Mitigation Program assessed three of the most common program types - Bank, Fee or Exchange programs against the six program evaluation criteria such as Legal, Effectiveness, Geography, Administration, Equitable, Alignment, Timeliness, Feasibility. A VMT Bank structured program was the most applicable option and was the ultimate recommendation from the SAC.

A VMT Mitigation Bank is a structured program designed to help project applicants offset their VMT impacts by purchasing credits from a central repository of VMT Mitigation Measures. City Staff will be administering the program and will continuously monitor and provide modifications as necessary.

The study analyzed the specific mitigation measures that could be included in the City’s fee-based VMT mitigation program such as 29 bicycle improvements, 11 pedestrian improvements, 6 transit operations projects, and 2 Transportation Demand Management (TDM). The project list was selected from existing City plans and documents such as the Riverside P.A.C.T., the City’s Bicycle Master Plan, the Northside Specific Plan, and several one-on-one agency meetings (such as RTA, WRCOG, UCR, and County of Riverside).

Two innovative cost cutting programmatic strategies were implemented to lower the program costs:

1. Only bicycle project improvements achieving a cost per unit VMT reduction of less than \$2,000 requirement was utilized.
2. The city leveraged twelve (12) bike improvement projects from a recently awarded Fiscal Year 2024 Safe Streets for All (SS4A) grant program that will cover 80-percent of the total project’s costs, with the City responsible for the remaining 20-percent. These twelve (12)

bikes improvement projects were included in the VMT Mitigation Bank Program with a cost estimate at 20-percent of the total project’s costs to complete the funding gap.

Thus, the program recommended three different options with the intent to minimize costs to the extent feasible as shown in Table below:

**Table 1: Recommended VMT Mitigation Measures**

| OPTIONS | TYPE OF IMPROVEMENTS          | COST/VMT |
|---------|-------------------------------|----------|
| A       | BICYCLE PROJECTS ONLY         | \$98     |
| B       | BICYCLE& TRANSIT              | \$1,192  |
| C       | BICYCLE, TRANSIT & PEDESTRIAN | \$1,287  |

Based on this analysis, Option A (the recommended option) is the lowest cost alternative available for the voluntary pilot VMT Mitigation Pilot Program with a cost of \$ 98 per unit VMT reduction. This unit cost represents the base unit fee to mitigate each VMT above the VMT threshold for new development projects to fully mitigate VMT impacts. The existence of a VMT bank establishes mitigation that must be considered for any project within the city regardless of whether the bank has been identified in a program EIR as a mitigation measure. However, it should be noted that a mitigation bank may not make all projects financially feasible for mitigation.

The VMT Mitigation Bank Fee Pilot Program is an optional program that will provide an alternative mitigation to projects with VMT impacts. Developments have other options such as proposed WRCOG Exchange VMT Program and/or complete the Environmental Impact Report.

**ADDITIONAL CONSIDERATIONS:**

Comparison of VMT Bank Unit Costs:

While many local agencies do not have a VMT Mitigation Program established, a statewide review of jurisdictions that have VMT Mitigation Programs developed resulted in a cost per VMT reduced in the range of \$150 - \$1,524 per VMT reduction costs from 5 cities (City of Lancaster, City of Palmdale, City of San Diego, City of Watsonville, San Bernardino County Transportation Authority (SBCTA)). The City of Lancaster’s program has one of the lowest costs per VMT reduction due to the city subsidizing a significant portion of the costs.

WRCOG VMT Mitigation Exchange Program Option:

The Western Riverside Council of Governments (WRCOG) is also establishing a VMT Mitigation Program in the form of a voluntary VMT Exchange Program where any agency can voluntarily participate by executing an agreement with WRCOG, submit VMT-reducing projects to be included in the Program, and VMT-reducing projects would then be available for purchase to generate VMT credits. The exchange program could include strategies such as transportation infrastructure, transit programs, land conservation, and funding for affordable housing. This program started in 2021 and is anticipated to have a pilot program available soon.

VMT Bank Program Funds:

Any potential revenue received from the proposed voluntary pilot VMT Mitigation Bank program will be utilized to construct or implement pre-selected bicycle, pedestrian or transit projects that

were included as VMT reducing projects as part of the analysis. Revenues from the bank cannot be utilized for vehicle traffic improvements as it is not consistent with the intent of SB 743. To be legally compliant, SB 743 encourages a transportation mode shift and is intended to reduce single occupancy vehicular movements. Additionally, the existing regional Transportation Uniform Mitigation Fee (TUMF) program already collects fees to fund local vehicle transportation projects to improve traffic.

### General Plan Update:

The city is evaluating alternative approaches to SB 743 as part of its upcoming General Plan update which may alter this approach. A programmatic EIR for the General Plan would allow individual projects to tier and mitigate cumulative impacts by contributing to the bank. Under the program EIR for the General Plan, concerns of timeliness and economic feasibility and allowance for tiering of individual projects that are consistent with the General Plan, can be explored.

### CEQA VMT Threshold Amendment:

The city's original VMT adoption in 2020 established the CEQA VMT impact threshold to be 15% below the current jurisdictional baseline for both VMT per capita (residential projects) and VMT per employee (office and industrial projects). In recognition that the City of Riverside, as a whole, is the dense urban center of the County and in general experiences reduced VMT per capita, the city has the option to amend the CEQA VMT impact threshold to be at the current jurisdictional baseline instead of the current 15% below threshold. Other agencies that have adopted CEQA VMT impact thresholds at jurisdictional baseline conditions include the City of San Bernardino, SBCTA, Riverside County, and City of Jurupa Valley. The modification of the CEQA VMT impact threshold would align Riverside with adjoining agencies. If the CEQA VMT threshold amendment is recommended, then an amendment to Resolution 23589 will be required and presented to City Council.

### **NEXT STEPS:**

The VMT Mitigation Program will be presented to City Council for initial adoption by the end of the 2024 calendar year. The pilot program's implementation and evaluation are anticipated to begin in early 2025 with an annual status review update. At the conclusion of the pilot program, a final program determination will be evaluated.

### **STRATEGIC PLAN ALIGNMENT:**

The Riverside VMT Mitigation Bank Pilot Program contributes to **Strategic Priority 6 - Infrastructure, Mobility & Connectivity** and **Goal 6.2** to maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

Furthermore, the VMT Mitigation Bank Pilot Program aligns with the five Cross-Cutting threads as follows:

1. **Community Trust** – Throughout the VMT Mitigation Bank Pilot Program development process, the community was reached through the stakeholder groups representing the interests of residents, public safety, community health, education, and bicycle advocates. The project management team conducted a comprehensive community engagement plan including multiple stakeholder meetings, individual agency meetings, a public outreach meeting, a developer community meeting, a survey, and established a website that

encouraged community participation in developing the program recommendations.

2. **Equity** – The development of the VMT Mitigation Bank Pilot Program will ultimately result in the construction of multimodal transportation projects for bicyclists, pedestrians and improves transit service.
3. **Fiscal Responsibility** – The VMT Mitigation Bank Pilot Program is a program that provides staff with a new revenue source to fund and close funding gaps to construct active transportation and transit projects.
4. **Innovation** – The VMT Mitigation Bank Pilot Program is the first of its kind for Riverside. It identifies new VMT reducing strategies to streamline the development process and provide certainty of VMT mitigation for developers. Additionally, the city leveraged grant funds to cover 80-percent of the twelve bike improvement projects and only incorporated 20-percent of the bike projects costs in the program which resulted in significantly lower per unit VMT Mitigation reduction fees.
5. **Sustainability & Resiliency** – As a living document, the VMT Mitigation Bank Pilot Program is estimated to be valid for an estimated 2.5 years concurrent with the conclusion of the General Plan update and can be built upon in the future. The program supports the City’s goals for sustainability, reducing greenhouse gas emissions, and its attention to community health, safety, and resident resilience.

**FISCAL IMPACT:**

The total fiscal impact of this program is unknown at the moment. This is a pilot program and there are no initial revenue estimates as this is one option for developers to pursue to reduce their project-related VMT impacts. Any revenue collected through the VMT Program will be for restricted use only as per the program regulations. All revenue will be recorded in the Transportation Projects Fund, VMT Mitigation Bank Program revenue account to be setup at a later date.

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| Prepared by:                           | Philip Nitollama, City Traffic Engineer                            |
| Approved by:                           | Gilbert Hernandez, Public Works Director                           |
| Certified as to availability of funds: | Kristie Thomas, Finance Director/Assistant Chief Financial Officer |
| Approved by:                           | Kris Martinez, Assistant City Manager                              |
| Approved as to form:                   | Jack Liu, Interim City Attorney                                    |

Attachments:

1. Resolution with Exhibit A - Vehicle Miles Traveled (VMT) Mitigation Program Report
2. Ordinance with Exhibit A – Chapter 16.80 of the Riverside Municipal Code
3. Resolution – Amend CEQA VMT Threshold
4. DRAFT Transportation Board Meeting 11/6/24 Minutes
5. DRAFT Planning Commission Meeting 11/21/24 Minutes
6. Presentation