City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: DECEMBER 2, 2025**

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

SUBJECT: **APPROVAL TO PARTICIPATE IN THE VEHICLE MILES TRAVELED MITIGATION EXCHANGE PROGRAM AND AUTHORIZATION TO ENTER INTO A CREDIT GENERATOR PARTICIPATION AGREEMENT WITH THE WESTERN RIVERSIDE COUNCIL OF GOVERNMENTS**

ISSUES:

Approve participation in the voluntary Vehicle Miles Traveled Mitigation Program and Authorize approval of the Credit Generator Participation Agreement with the Western Riverside Council of Governments for California Environmental Quality Act compliance related to transportation analysis.

RECOMMENDATIONS:

That the City Council:

1. Approve the City's participation in the voluntary Western Riverside Council of Governments Vehicle Miles Traveled Mitigation Program;

2. Authorize the City Manager or designee to enter into a Credit Generator Participation Agreement with the Western Riverside Council of Governments; and

3. Direct staff to coordinate with Western Riverside Council of Governments to add Vehicle Miles Traveled reducing improvement projects into the voluntary program to address development projects with transportation related Vehicle Miles Traveled impacts.

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 LOS 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 requires 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.

On June 16, 2020, the City Council adopted 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.

On December 17, 2024, the City Council adopted the City's first VMT Mitigation Bank Pilot Program as an optional program that will provide an alternative mitigation to projects with VMT impacts. Developments have other options to mitigate VMT impacts such as completing an Environmental Impact Report (EIR), utilizing other VMT reducing strategies, or participating in another VMT mitigation program.

A VMT Mitigation Program can provide a potential solution to mitigate transportation impacts and 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.

Three of the most common VMT mitigation program types are Bank, Fee or Exchange programs. Through the city's comprehensive community engagement effort, a VMT Bank structured program was selected as the most applicable option and was ultimately adopted by City Council in 2024. WRCOG was concurrently in the process of establishing a voluntary regional VMT Exchange Program.

DISCUSSION:

WRCOG staff received directions from the WRCOG Executive Committee to evaluate options to mitigate VMT impacts from new development. WRCOG commenced an effort to develop a potential program for western Riverside County in partnership with its member agencies (including the City of Riverside) and key regional stakeholders. The Agency was invited to participate in discussions about how to meet SB 743 requirements, with the hope that we have projects that will help developments in the county move forward.

On January 18, 2024, the Deputy Executive Director of WRCOG presented to the Board information on VMT and the possible mitigation program. After numerous meetings led by WRCOG, the voluntary VMT Mitigation Program (Program) was developed. The Program provides a method to mitigate VMT impacts under CEQA. Riverside Transit Agency (RTA), Riverside County Transportation Commission (RCTC) and WRCOG, worked together to develop a program manual that will be used to implement the VMT Exchange Mitigation Program. A copy of the program manual can be found in Attachment A. WRCOG will serve as the Program Administrator and central point of coordination for program participants, including regional agencies, member jurisdictions and other stakeholders, as appropriate.

Through the voluntary Program, participants who need to offset significant VMT impacts will be able to purchase VMT credits generated by participants with VMT credit-generating projects, such as the City of Riverside. As a result, credit-using projects will not be delayed due to an inability to offset VMT impacts, and credit-generating projects may be expedited due to access to funding.

A general flowchart for the WRCOG VMT Exchange Program process for local agencies is illustrated in Figure 1.

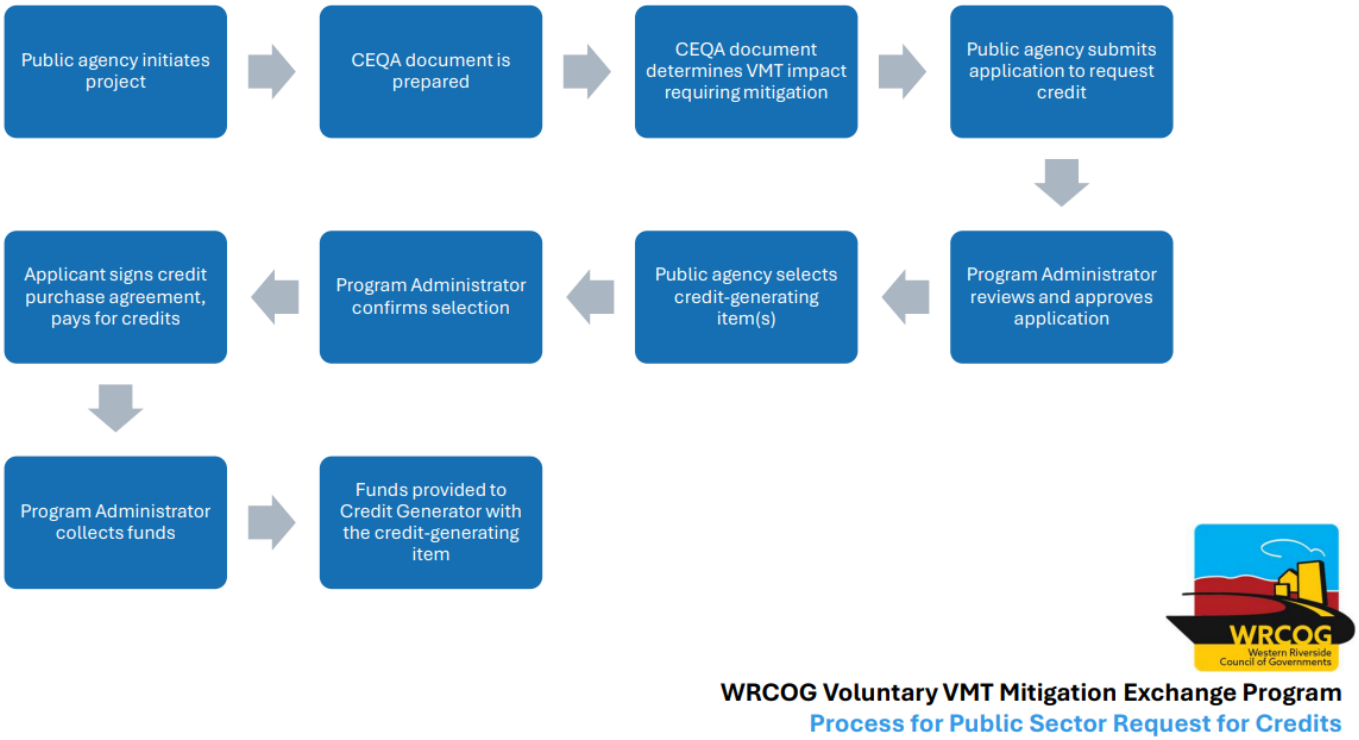

Figure 1: WRCOG Voluntary VMT Mitigation Exchange Program Public Sector Process.

On May 5, 2025, the Program was approved by WRCOG's Executive Committee. City Staff are requesting approval to participate in the Program as a credit generator. As a credit generator, the city can submit credit generating projects to the Program for potential funding. For example, projects can include but are not limited to:

- Pedestrian Network Improvements
- Bike Facility Construction or Improvement
- Transit-Supportive Roadway Treatments
- Transit Access, Safety, and Comfort Improvements
- Property Acquisition for Conservation Purposes
- Gap Financing for Affordable Infill Housing Development

Through the Program, the city may obtain additional funding for operational and capital projects. If approved, credit generating projects will be submitted to WRCOG for inclusion in the Program. Participating in the program and providing credit-generating projects will help move development projects forward while benefiting the community. WRCOG, as the Program Administrators, will charge an administration fee of four (4) percent to administer the regional program. WRCOG is responsible for preparing an annual report detailing the status of the program and consideration for any amendments. Riverside Transit Agency (RTA) is the first agency to execute an agreement and participate in the WRCOG voluntary VMT Exchange Program.

PUBLIC OUTREACH:

WRCOG hosted two comprehensive community webinars for all regional agencies, CEQA practitioners, and developers. The two webinars, which were conducted on September 18, 2025, and September 24, 2025, provided an opportunity to learn more about the program's benefits, eligibility, administration, and monitoring. Benefits of the regional program are shown in Figure 2.

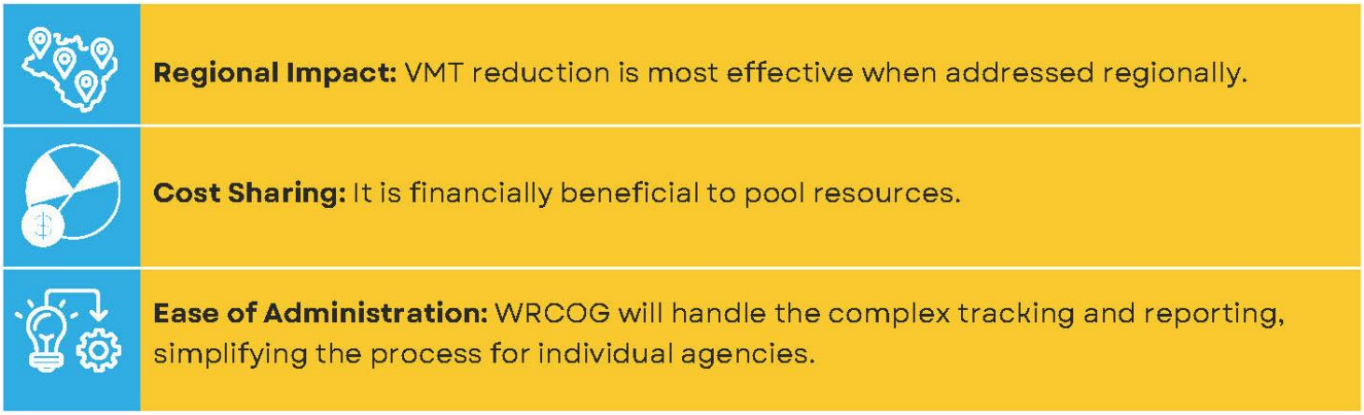

Figure 2: Benefits of a regional VMT Mitigation Program

VMT IMPACT MITIGATION OPTIONS:

During the land development entitlement process, the developer must evaluate its proposed project for transportation impacts (VMT assessment). If the proposed development has a VMT impact, then the project must mitigate its transportation impacts. VMT impact mitigation options include, but are not limited to:

- Implementing strategies from the California Air Pollution Control Officer's Association (CAPCOA) 2024 Handbook
- Contributing to the city's VMT Mitigation Bank Pilot Program
- Participating in the WRCOG VMT Mitigation Exchange Program

The developer can freely choose any of the available VMT mitigation options (or any combination thereof). The establishment of the regional WRCOG VMT Mitigation Exchange Program functions as a supplemental option to the city's VMT Mitigation Bank Pilot Program as the program guidelines restrict duplication of improvement projects.

The City is pleased to help facilitate the WRCOG Mitigation Exchange Program as an additional means to accelerate the development planning process and help provide certainty to incoming developers that viable and cost-effective mitigation is available in Riverside.

NEXT STEPS:

Following the Credit Generator Participation Agreement's execution and entry into the voluntary regional WRCOG VMT Mitigation Exchange Program, City staff plan to implement credit-generating projects. These projects, which promote active lifestyles and reduce greenhouse gas emissions, have been identified in the Riverside P.A.C.T., Local Roadway Safety Plan, and Safe Routes to School Project.

Participation in the WRCOG VMT Exchange Program will provide the city's development community with an additional option to streamline the development process, address transportation related impacts and potentially provide the city with an additional funding source to construct unfunded capital improvement projects.

FISCAL IMPACT:

There is no fiscal impact associated with the voluntary WRCOG VMT Mitigation Program.

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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: Rebecca McKee-Reimbold, Interim, City Attorney

Attachment:

1. WRCOG Regional VMT Mitigation Program Implementation Manual
2. Voluntary VMT Exchange Program Participation Agreement
3. VMT Program Fact Sheet and Frequently Asked Questions (FAQ)
4. WRCOG Regional VMT Mitigation Program Presentation
5. Presentation