



City of Culver City

Mike Balkman Council
Chambers
9770 Culver Blvd.
Culver City, CA 90232

Staff Report

File #: 21-1044, Version: 1

Item #: PH-4.

CC - PUBLIC HEARING: (1) Introduction of an Ordinance Adding Subchapter 15.06.500, *Mobility Improvement Fees*, to Chapter 15.06, *New Development Fees*, of the Culver City Municipal Code; (2) Determination the Ordinance is Exempt from the California Environmental Quality Act Pursuant to Title 14 of the California Code of Regulations Sections 15061(b)(3), 15060(c)(3) and 15378(b)(4); (3) Adoption of a Resolution Establishing *Mobility Improvement Fees*; (4) Adoption of a Resolution Adopting an Interim Mobility Improvement Project List; (5) Adoption of a Resolution Adopting Interim 2045 Growth Forecasts; and (7) Direction on Proceeding with Optional Changes to Screening Criteria and Project-Level Tool.

Meeting Date: June 14, 2021

Contact Person/Dept: Ashley Hefner/CDD/Advance Planning

Phone Number: (310) 253-5744

Fiscal Impact: Yes ☒ No ☐

General Fund: Yes ☐ No ☒

Public Hearing: ☐ **Action Item:** ☒ **Attachments:** ☒

Commission Action Required: Yes ☐ No ☒ **Date:**

Public Notification: (E-Mail) Meetings and Agendas - City Council (06/09/2021), Notify Me - General Plan Update, Public Notifications, Stay Informed - Travel Demand Forecast Model, (Posted) City website (05/24/2021); (Published) in Culver City News (06/03/2021)

Department Approval: Charles Herbertson, Public Works Director (06/09/2021); Rolando Cruz, Chief Transportation Officer (06/09/2021); Sol Blumenfeld, Community Development Director (06/07/2021)

RECOMMENDATION

Staff recommends the City Council (1) introduce an Ordinance adding Subchapter 15.06.500, *Mobility Improvement Fees*, to Chapter 15.06, *New Development Fees*, of the Culver City Municipal Code (CCMC) (Mobility Improvement Fees Ordinance); (2) determine the Ordinance is exempt from the California Environmental Quality Act pursuant to Title 14 of the California Code of Regulations Sections 15061(b)(3), 15060(c)(3) and 15378(b)(4); (3) adopt a resolution establishing *Mobility Improvement Fees*; (4) adopt a resolution adopting an interim mobility improvement Project List; (5) adopt a resolution adopting interim 2045 growth forecasts; and (7) provide direction on proceeding with optional changes to screening criteria and project-level tool.

PROCEDURE

1. Mayor seeks a motion to receive and file affidavits of publication and posting of notices and correspondence received in response to the public hearing notices;
2. Mayor seeks a motion to open the public hearing;
3. Mayor calls for a staff report, if needed, and Council Members pose questions to staff as desired;
4. Mayor invites those present and interested to provide comment on this subject;
5. Mayor seeks a motion to close the public hearing after all public testimony has been presented; and
6. City Council discusses the item and arrives at its decision.

BACKGROUND

In 2017, the City started the Travel Demand Forecast Model (TDFM) project to provide new and updated regulations, tools, and fees to comply with Senate Bill 743 (SB 743). The TDFM project is an inter-departmental effort between the Community Development, Public Works, and Transportation Departments.

As of July 1, 2020, SB 743 required agencies to measure transportation impacts under the California Environmental Quality Act (CEQA) using vehicle miles traveled (VMT) instead of level of service (LOS) to achieve its land use diversification, greenhouse gas (GHG) emissions reductions, public health improvement, and multimodal network goals.

In addition to SB 743, the Complete Streets Act of 2008 (Assembly Bill [AB] 1358), the Global Warming Solutions Act of 2006 (AB 32), and the Sustainable Communities Act (SB 375) directed local jurisdictions to reprioritize transportation improvements to focus on access to transit and on active transportation as strategies to reduce dependence on auto travel and reduce VMTs and associated GHG emissions. TDFM project regulations, tools, and fees approved and adopted to date include:

- The *Culver City Transportation Study Criteria and Guidelines*, as shown in Attachment 1, which guides developers on the requirements to analyze a project's transportation impacts, including new VMT screening criteria and impact thresholds, and mitigation options to comply with CEQA, updated supplemental non-CEQA LOS analysis, and non-LOS/VMT requirements.
- A *transportation study review fee* that recovers City staff costs for project-level review, transportation demand management (TDM) monitoring and enforcement, periodic updates to the travel model, and anything else needed to perform adequate project-level transportation analysis.
- A *travel behavior/demand forecast model* used to calculate the Mobility Improvement Fee and assess the City's General Plan Update.
- A *project-level VMT tool*, also shown in Attachment 1, used by applicants to calculate project-level VMT impacts for transportation studies.

See the May 13, 2020, City Council and Planning Commission joint session (Attachment 2) and July

13, 2020, City Council meeting (Attachment 3) materials for further detail.

DISCUSSION

Adopt Mobility Improvement Fees

Adopting the Mobility Improvement Fees Ordinance is the last step to complete the TDFM project. The draft Ordinance (as shown in Attachment 4) would establish Mobility Improvement Fees, a Mobility Improvement Fund, and an Interim Mobility Improvement Project List. Establishing new development Mobility Improvement Fees is consistent with the City Council's *2018-2023 Strategic Plan* priority to improve circulation by providing alternative modes of transportation and it is a recommendation of the *TOD Visioning Study and Recommendations*.

The purpose of establishing these fees is to have new development resulting in added VMT pay a fair share towards funding citywide mobility projects that support employee and resident growth resulting from the development. New development that does not contribute to the cost of new mobility infrastructure and programs will exacerbate the adverse effects of increased VMT. Implementing these improvements and programs will benefit the City as a whole with increased mobility alternatives to single-occupancy vehicle driving and reduced transportation-related GHG emissions which is beneficial to the public health, safety, and welfare of the City. However, the VMT model, related City VMT guidelines and Mobility Improvement Project List require regular updating and modifications to ensure that they are consistent and current with City conditions and needs.

Existing New Development Impact Fees

The City collects \$1.00 per square foot for nonresidential projects under its Existing New Development Impact Fees (DIF) for transportation improvements (CCMC § 15.06.005 et seq.). The City does not collect transportation improvement fees for residential projects. The DIF fund street improvements, traffic control, and traffic management improvements limited to the area where the fees were collected, within the project's impact zone, or found to benefit the project and mitigate its traffic impact (§ 15.06.035).

Whereas DIF funds are typically limited to project-specific improvements within the project area, the Mobility Improvement Fees would be collected to partially fund the City's proposed list of citywide and regional serving mobility projects specifically identified to reduce VMT (Interim Mobility Improvement Project List). No changes to the DIF Ordinance are proposed as a consequence of adoption of the Mobility Improvement Fees Ordinance. To ensure funds are discrete, the proposed Ordinance specifies that the City shall not expend Mobility Improvement Fund monies on improvements funded by DIF.

Nexus Study

Fehr & Peers, the City's consultant, completed a nexus study to analyze the relationship between VMT created by new development and the need to implement the Project List to support jobs and housing growth mobility needs as shown in Attachment 5. The study quantifies the fees related to new development projects based on land use to pay fair share fees towards the Project List in

compliance with the Mitigation Fee Act (California Government Code Section 66000 et seq.). The nexus study found that:

- The proposed Mobility Improvement Fees are directly related and roughly proportional to the impacts of new development; and
- The Project List to be funded in part through the Mobility Improvement Fees consists of improvements that have been identified in previous City planning efforts needed to accommodate planned growth.

Economic Analysis

Economics & Planning Systems, the City's consultant, prepared an economic analysis to compare the proposed Mobility Improvement Fees and overall development fees to seven neighboring jurisdictions to understand relative development burden as shown in Attachment 6. The economic analysis found that:

- The proposed Mobility Improvement Fees would be aligned with, and in some cases, still be lower than, transportation impact fees charged in several neighboring cities; and
- Culver City's total development impact fees amount would be in the middle range of impact fee levels charged in neighboring jurisdictions for most land uses; and
- Culver City's total development impact fees as a percent of development value would be lower than most of its neighbors on residential uses and in the middle range of fee burdens on nonresidential uses.

Proposed Mobility Improvement Fee Rates

Fee rates are proposed for new residential and nonresidential development, with certain exceptions, to pay towards partially funding the Project List as shown in Attachment 7. All new development resulting in VMT, even those presumed to be less than significant and screened from having to analyze VMT impacts, would have to pay the Mobility Improvement Fees. The fees represent the maximum fees for transportation that can be attributed to new development based on the nexus study findings. The City Council may choose to decrease the fees as a policy decision but cannot increase any fees. Fees for accessory dwelling units cannot be higher than 50% of the single-family unit cost. Payment of the fees cannot be used as project mitigation, as implementation of the fee program itself would not and is not required to meet the CEQA threshold for less than significant. The methodology used to set the rates is comparable to other Southern California communities and is detailed in Section 3.4 of the nexus study. The last land use listed in the fee rates, private for-profit schools, is not commonly charged in such programs. Fehr and Peers could not find any agencies that charge fees to schools, but staff wanted to include this option for City Council's consideration.

Interim Project List and Growth Forecasts

The Public Works and Transportation Departments drafted the proposed Project List as shown in Attachment 8. Some projects on the list are in the *Bicycle and Pedestrian Action Plan* and *TOD Visioning Study and Recommendations*. Projects would support anticipated development based on interim 2045 growth forecasts, which equate to about 22,000 new jobs and 9,000 new residential dwelling units, as shown in Attachment 9. A critical timing consideration concerning the Project List is

the General Plan Update (GPU) process. It is typical to base mobility fees on long-term (20-25 year) time horizons associated with projects and growth forecasts assumed in an agency's general plan mobility and land use elements. The City moved forward with the TDFM project in advance of the GPU, mainly due to the state's requirement to use VMT by July 1, 2020, requiring new regulations, tools, and fees. As such, the proposed Project List and growth forecasts should be considered interim. Also, staff focused on short-term projects that can be implemented over the next five years, which is another reason to update the list once the GPU has been adopted while maintaining consistency with already approved plans such as the Bicycle and Pedestrian Action Plan. Once the GPU is adopted, the City should update the Projects List, growth forecasts, fees, and project-level VMT tool as needed based on the updated mobility and land use elements and best available data at that time. Transportation study review fees and a proposed 5% administration fee for the Mobility Improvement Fees collected can go towards update costs.

Minor Criteria and Guidelines Update

Criteria and Guidelines Chapter 6, Fee Program requires minor updates associated with the adoption of the fees, as shown in Attachment 10. In addition, over the course of the last year, staff has determined areas where other clarifications are needed. Staff will return to City Council at a future meeting with an update to the *Criteria and Guidelines* to address these items.

Optional Changes to Screening Criteria and Project-Level VMT Tool

Screening Criteria

The *Criteria and Guidelines* and the project-level VMT tool have been in use for almost a year and developers have had time to get familiar with them. Under the current VMT Screening Criteria, some developers have expressed concern that their projects would have significant and sometimes unavoidable transportation impacts. Staff studied several pipeline projects and consulted with Fehr & Peers to understand if Culver City's regulations make it cost prohibitive to develop in the City and compared the outcomes with neighboring cities. A key finding is that the effects of the change from LOS to VMT cut both ways. Generally, projects in areas with transit and diverse land uses benefitted, but projects in other areas may not as they typically have higher VMT impacts with consequent cost prohibitive impacts. This finding aligns with the intent of SB 743 to encourage infill development supported by multimodal transportation. In order to address these outcomes, Fehr & Peers noted that many agencies they work with are dealing with similar updates as regulations are implemented and staff plans to present a more detailed report to City Council to address potential modifications to VMT screening criteria

Staff compared the City's CEQA thresholds to several neighboring cities, including West LA, West Hollywood, Santa Monica, Beverly Hills, and Long Beach, and found Culver City's thresholds to generally align with state recommendations and these cities.

Staff also compared the screening criteria for land use projects to those cities and found a range of criteria in use. Many agencies have state-recommended criteria similar to Culver City, like small projects, 100% affordable housing projects, and local-serving retail. However, Culver City's transit priority areas (TPA) criteria are more conservative. The cities of West Hollywood, Santa Monica, Beverly Hills, and Long Beach screen all projects located in their TPAs from having to analyze VMT impacts, but Culver City currently only screens projects located in four key TPAs (within ½ mile radius

of four identified transit hubs) and projects with at least 15% affordable housing located in any TPA, as shown in Attachment 11. Consequently, staff recommends that the Screening Criteria be revisited to further discuss TPA's. This may allow for potential growth that may benefit the city.

The majority of pipeline projects studied are located outside of the four key TPAs but are within areas that qualify as TPAs. About 80% of Culver City is considered a TPA served by high-quality transit, except for certain areas along Jefferson Boulevard, as shown in Attachment 11. That means those projects would have to analyze VMT impacts assuming they are not screened out under another criteria. But they would not have to analyze VMT impacts if Culver City screened all projects in all TPAs like the cities above. Staff also looked into the cities of Los Angeles, Inglewood, El Segundo, and Hawthorne. Los Angeles does not use TPAs as a screening criterion. El Segundo shared their draft criteria, which includes screening all projects in TPAs. Staff did not find materials online for Inglewood or Hawthorne and has not received call back to our request to date.

The City Council could consider expanding the screening criteria to include more key TPAs or all TPAs in the City and adding caveats to certain criterion, as shown in Attachment 12. The more TPAs that are included, the fewer projects would have to analyze VMT impacts as they would be presumed to be less than significant. The proposed caveats would require substantial evidence to show if a project should not be screened and why. This is intended to flag outliers that, due to certain project features, may have significant impacts even if they meet a screening criterion. However, in the end, the City must balance the demand for enhanced mobility with future beneficial land use trends that may be emerging.¹

TDM Updates

Another way to give developers more options to reduce their VMT impacts would be to add more TDM options to the project-level VMT tool. The tool currently has 10 TDMs users can choose to reduce project impacts. The existing TDMs' maximum VMT reductions range from 0.1% to 50% per TDM. However, maximum reductions are typically not applied for most projects. The existing TDMs were analyzed to show a reduction in VMT, so long-term monitoring is not required. Fehr & Peers identified a handful of additional TDMs for Council to consider, shown in Attachment 13. The reductions for these TDMs range from 1.6% to 12.7%. However, further data collection and analysis would be required for use of the TDMs to be defensible as they have not undergone the same scrutiny as the existing TDMs currently used within VMT Tool. To that end, Fehr & Peers offered a few approaches staff could move forward with if directed by City Council. There are three essential tasks to implement the added TDMs as follows:

1. Update the VMT Tool with the added TDMs
2. Provide a framework for long-term monitoring (~five years)
3. Collect the data and conduct the analysis needed to prove each TDM will lower VMT long-term

Fehr & Peers would need to do the first step to update the Tool at a minimum and could do just that first task, the first and second, or all three. If Fehr & Peers does not conduct the second or third task, applicants would have to provide a long-term monitoring plan and studies proving the proposed TDMs would lower VMT impacts to less than significant. It should be noted that this would not

eliminate the need for conditioning projects to monitor effectiveness of their TDM programs over time. The City Council could consider directing staff to move forward with one of these approaches. The estimated cost for these tasks is under Fiscal Analysis.

ENVIRONMENTAL DETERMINATION

The adoption of the Mobility Improvement Fees Ordinance: (1) is exempt from further environmental review under the California Environmental Quality Act ("CEQA") pursuant to Title 14 of the California Code of Regulations ("CEQA Guidelines") Section 15061(b)(3) because the Ordinance will not allow for or encourage any more development than is already anticipated under the City's existing General Plan and as regulated by existing zoning, or otherwise allow for or promote physical changes in the environment; and therefore, it can be seen with certainty that there is no possibility that the Ordinance will have a significant effect on the environment; (2) is not a project under CEQA Guidelines Section 15060(c)(3) and 15378(b)(4) as it is a governmental fiscal activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and (3) is not intended to apply to specifically identified projects and as such it is speculative to evaluate any such future project now. Moreover, the Ordinance is not intended to, nor does it, provide CEQA clearance for future development projects by the mere establishment of a Mobility Improvement Fee. All new development projects required to pay the fee imposed by this Ordinance will be subject to appropriate environmental review as part of the entitlement process. Each of the foregoing provides a separate and independent basis for CEQA compliance and, when viewed collectively, provides an overall basis for CEQA compliance.

The adoption of updates to the *Criteria and Thresholds* is exempt from further environmental review under the California Environmental Quality Act ("CEQA") as a public agency's adoption of thresholds of significance or administrative actions do not constitute a "project" under CEQA. Pursuant to CEQA Guideline 15064.7, thresholds of significance for general use as part of the lead agency's environmental review process must be adopted by ordinance, resolution, rule, or regulation and developed through a public review process.

FISCAL ANALYSIS

There is no fiscal impact associated with introducing an Ordinance to add CCMC Subchapter 15.06.500; adopting the Mobility Improvement Fees, interim Project List, and interim 2045 growth forecasts; or providing direction on the *Criteria and Guidelines* regarding the optional screening criteria.

The total unfunded interim Project List cost is estimated at \$200.4 million. Monies collected under the Mobility Improvement Fees are anticipated to fund up to 30% of the unfunded cost and would be collected over time as development occurs, which is comparable to other Southern California communities. The City would leverage the fees collected to secure outside funding to help pay for the remaining costs through grants, partnerships, bonds, and other sources.

Fehr and Peers estimates approximately 250-350 hours and \$45,000-\$60,000 to complete the tasks to add new TDMs to the project-level VMT Tool. The low end includes just adding the TDMs to the Tool, and the high end includes all tasks outlined above. As these optional tasks are in response to

developer feedback and require tasks not under the existing contract, General Fund monies would need to be encumbered and the contract amended should City Council direct staff to move forward.

NOTES:

1. The proposed caveats are recommended in the State's Technical Advisory on Evaluating Transportation Impacts in CEQA.

ATTACHMENTS

1. 2021-06-14_ATT_Transportation Study Information Webpage
2. 2021-06-14_ATT_5/13/20 City Council/Planning Commission Agenda Item A-1
3. 2021-06-14_ATT_7/13/20 City Council Agenda Item C-3
4. 2021-06-14_ATT_Draft Ordinance
5. 2021-06-14_ATT_Nexus Study
6. 2021-06-14_ATT_Economic Analysis
7. 2021-06-14_ATT_Resolution Establishing Mobility Improvement Fees
8. 2021-06-14_ATT_Resolution Adopting Interim Project List
9. 2021-06-14_ATT_Resolution Adopting Interim 2045 Growth Forecasts
10. 2021-06-14_ATT_TPA Maps
11. 2021-06-14_ATT_Optional VMT Screening Criteria Updates
12. 2021-06-14_ATT_Optional TDM Updates

MOTION

That the City Council:

1. Introduce an ordinance adding Subchapter Chapter 15.06.500, *Mobility Improvement Fees* to the Culver City Municipal Code;
2. Determine the proposed ordinance is considered exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3), 15060(c)(3) and 15378(b)(4) because it can be seen with certainty there is no possibility that the subsection being added to the Culver City Municipal Code will have a significant effect on the environment;
3. Adopt a resolution establishing *Mobility Improvement Fees*, which will be applied to new development resulting in VMT and used to partially fund citywide mobility improvements;
4. Adopt a resolution adopting an interim Project List;
5. Adopt a resolution adopting interim 2045 growth forecasts; and
6. Provide direction on proceeding with optional changes to screening criteria and project-level tool.