

# JOINT MEETING OF THE REGIONAL PLANNING AND TRANSPORTATION COMMITTEES

August 4, 2006

AGENDA ITEM NO.: **A**

**Action Requested: INFORMATION**

2007 COMPREHENSIVE REGIONAL TRANSPORTATION PLAN WHITE PAPER:  
ENVIRONMENTAL MITIGATION PROGRAM

File Number 3002700

## **Introduction**

SANDAG has identified several key components to be developed for the 2007 Regional Transportation Plan (RTP). For each of these areas, staff is preparing a white paper to stimulate discussion and gather input from SANDAG's policy committees and working groups. The white papers highlight several of the unique inputs and analyses that will enhance the development of the RTP.

Attached is the white paper for the Environmental Mitigation Program (EMP), which is listed under the category of Land Use/Transportation Connection. Since the passage of the *TransNet* Extension Ordinance and Expenditure Plan, staff has been working to implement the components laid out as part of the EMP. This white paper provides background information on the EMP, how it relates to the RTP, current conditions, challenges associated with the EMP, and conclusions and next steps for implementation of the program.

## **Discussion**

SANDAG is currently updating the RTP. SANDAG's last full update of the RTP, MOBILITY 2030, was adopted in March 2003. A technical update was completed in February 2006 to meet federal air quality conformity requirements and will serve as the foundation for the 2007 RTP. The 2007 RTP will incorporate a new regional growth forecast, strategic initiatives from the Regional Comprehensive Plan, the Independent Transit Planning Review, goods movement, and several other white papers on topics not previously covered in the RTP, including the EMP. The information included in this white paper will be incorporated as a section within the 2007 RTP.

The white papers address several of the specific components that have been identified as requiring focused analysis and discussion during the preparation of the RTP. In August 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law. This transportation reauthorization bill calls for a discussion of environmental mitigation activities to be included in the RTP.

One of the efforts underway that is independent of the RTP, but whose results will be incorporated into the RTP and for which a white paper is being prepared, is the EMP. The EMP is a result of the *TransNet* Extension that was approved in November 2004.

A unique component of the *TransNet* Extension Ordinance and Expenditure Plan (*TransNet* Extension) is the creation of an environmental mitigation program (EMP), which goes beyond traditional mitigation for regional and local transportation projects. While the EMP includes an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for regional and local transportation projects, it also includes additional funding for habitat acquisition, management, and monitoring activities.

The goals of the EMP are:

- Expedite processing of permits for transportation projects
- Mitigate comprehensively instead of project-by-project
- Maximize cost efficiency through the purchase of land in advance of need
- Implement the Multiple Species Conservation Program and Multiple Habitat Conservation Plan

As work begins to set up habitat mitigation banks related to the development of transportation projects and identified funding, SANDAG staff will work to ensure that the work being done to implement the EMP is coordinated with the development and implementation of the RTP. The EMP white paper identified that the following items should be examined further as SANDAG works to implement the EMP:

- Future changes to the list of RTP regional projects
- Improving the approach to mitigation
- Distribution of funds available in the Regional Habitat Conservation Fund

To ensure that the most important areas of focus have been included in this white paper, SANDAG staff solicited input from the Regional Planning Stakeholders Working Group at its March 21, 2006, meeting and the Environmental Mitigation Program Working Group at its June 13, 2006, meeting. Comments received were incorporated into the white paper (Attachment 1) as appropriate. This white paper will be used in developing the Draft 2007 RTP, which is expected to be released for public comment in May/June 2007.

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Attachment: 1. Environmental Mitigation Program White Paper for the  
2007 Regional Transportation Plan

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## ENVIRONMENTAL MITIGATION PROGRAM WHITE PAPER

### Introduction

In 1987, voters approved the *TransNet* program—a half-cent sales tax to fund a variety of transportation projects throughout the San Diego region. This 20-year, \$3.3 billion transportation improvement program expires in 2008. In November 2004, 67 percent of the region's voters supported the extension of *TransNet* to 2048, thereby generating an additional \$14 billion for highway, transit, and local road projects and other transportation improvements.

A unique component of the *TransNet* Extension Ordinance and Expenditure Plan (*TransNet* Extension) is the creation of an environmental mitigation program (EMP), which goes beyond traditional mitigation for regional and local transportation projects. While the EMP includes an allocation for the estimated direct costs for mitigation of upland and wetland habitat impacts for regional and local transportation projects, it also includes additional funding for habitat acquisition, management, and monitoring activities. The EMP will help implement the Multiple Species Conservation Program (MSCP) and the Multiple Habitat Conservation Program (MHCP).

The *TransNet* Extension identifies \$850 million to be used for the EMP. The EMP principles state that two funds shall be established. The first one, the "Transportation Project Mitigation Fund" (TPMF), covers direct mitigation costs for regional and local transportation projects estimated to be \$650 million (\$450 million for regional projects, \$200 million for local projects). These funds will be used for the mitigation needs of the major transportation infrastructure improvement projects and programs identified in the Regional Transportation Plan (RTP), known as MOBILITY 2030.

The second fund, the "Regional Habitat Conservation Fund" (RHCF), will be approximately \$200 million. These funds will be made available for regional habitat acquisition, management, and monitoring activities necessary to implement the MSCP and the MHCP, if certain requirements related to transportation project mitigation are met.

### Objectives for 2007 RTP

In August 2005, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law. This transportation reauthorization bill calls for a discussion of environmental mitigation activities to be included in the RTP. The objective for the 2007 RTP is to mitigate for specified projects using funds from the EMP.

The goals of the EMP are listed below. In order to achieve these goals, the relationship between the EMP and the RTP needs to be included in the 2007 RTP.

- Expedite the permitting process of transportation projects
- Mitigate comprehensively instead of project-by-project
- Purchase land in advance of need to maximize cost efficiency
- Implement the MSCP and MHCP

## Background

The intent of the EMP is to provide a fund for acquisition and management of habitat lands identified in the region's habitat conservation plans and to create a reliable approach for funding required mitigation for transportation improvements, thereby reducing future costs and accelerating project delivery.

The projects identified in the RTP have been evaluated in a preliminary manner to estimate the potential impacts associated with implementation of each project and the potential cost of mitigating these impacts. The total estimated mitigation cost for all RTP regional projects has been identified by project, and totals approximately \$450 million. The total estimated mitigation cost for all local projects is approximately \$200 million. This total amount of \$650 million allocated to cover full mitigation for all RTP projects makes up the TPMF.

SANDAG, through a partnership with Caltrans, will mitigate habitat impacts of certain regional and local transportation projects through the EMP. The regional transportation projects are identified in the RTP. Local jurisdictions will identify their mitigation needs and, through the use of funds from the TPMF, one of the options laid out below will be utilized to meet those mitigation needs.

- Establish a mitigation/conservation bank
- Purchase appropriate credits in an existing bank
- Perform restoration or habitat creation activities at a new or existing bank
- Purchase land for preservation outside of a formal bank

Funds in the RHCF are estimated based on the economic benefit derived from establishing fixed mitigation requirements for transportation projects early in the planning process, and purchasing land with the TPMF. Principle number 4 of the *TransNet* Extension EMP principles states that, "The EMP shall include a funding allocation for the estimated economic benefit of incorporating specified regional and local transportation projects into applicable habitat conservation plans, thereby allowing mitigation requirements for covered species to be fixed, and allowing mitigation requirements to be met through purchase of land in advance of need in larger blocks at a lower cost." By predetermining mitigation ratios and purchasing land for mitigation in advance of actually needing it later in the planning process, the economic benefit is created from the cost savings.

The RHCF is estimated to be approximately \$200 million. The accrual of economic benefit monies is tied to the completion of regional projects. Milestones within each project have been established and, once a milestone has been met, a proportion of the economic benefit money associated with that project (both the local and regional share) will be released into the RHCF. The milestones are as follows:

- Establishing and fixing project mitigation ratios
- Approval of mitigation methods (utilizing one of the options laid out above)
- Receiving permits

The RHCF monies will be allocated for regional habitat acquisition, management, and monitoring activities necessary to implement the MSCP and MHCP. The first allocation of RHCF funds is currently underway. The current allocation is being distributed through a competitive process and future funds could be allocated in a similar manner or through another process.

## Current Conditions

SANDAG is preparing a Master Agreement (Agreement) among the United States Fish and Wildlife Service, California Department of Fish and Game, and California Department of Transportation. The Agreement identifies a process for allowing mitigation, through one of the methods outlined above, to help reduce project mitigation costs and expedite processing for environmental documents and permits for local and regional transportation projects.

Over the course of the 30-year buildout of various RTP projects and 40-year generation of *TransNet* revenue, individual projects will be proceeding at various times. SANDAG will work with Caltrans and local jurisdictions to determine the best means available to mitigate local and regional transportation projects.

## Conclusions

The following items should be examined further as SANDAG works to implement the EMP:

- Future changes to the list of RTP regional projects

As mentioned above, the estimated allocation of funds from the TPMF and RHCF has been identified for each RTP regional project. Since this list is tied to MOBILITY 2030, which was the current RTP at the time of the passage of the *TransNet* Extension Ordinance, how to address changes that would be made to the list by subsequent RTPs, such as the 2007 RTP, needs to be decided.

- Improving the approach to mitigation

This is a new way of addressing project mitigation and requires collaboration among many parties. The Agreement is the first step in laying out the processes for implementing the EMP. However, once the process has been established, applying it to specific projects is the next challenge. Every project identified in the RTP will have its own mitigation requirements and the methods chosen to meet each of the milestones identified in the Agreement will be specific to that project. This becomes an even greater challenge when implementing the “Early Action Program” because satisfying the mitigation requirements for these priority projects will be addressed comprehensively rather than on a project-by-project basis in order to maximize early land acquisition opportunities allowing for the creation of the economic benefit. Although the *TransNet* Extension does not begin until April 2008, work on the “Early Action Program” has begun and is the first set of projects used to implement the EMP process outlined in the Agreement.

- Distribution of funds available in the RHCF

In 2005, SANDAG created the Environmental Mitigation Program Working Group (EMPWG) to advise the Regional Planning Committee and the SANDAG Board on issues related to the coordination and implementation of the EMP. The EMPWG is responsible for making recommendations on the allocation of the RHCF and provided guidance for the first allocation mentioned above. The EMPWG prepared a “needs assessment” identifying the short-term and long-term activities necessary to implement the MSCP and MHCP, such as biological monitoring, land management coordination, and supplemental land acquisitions. Additionally, the EMPWG

will assist in identifying specific organizations to perform the monitoring, management, and acquisition activities identified in the needs assessment. Based on this analysis, the EMPWG will develop criteria and recommend priorities for allocation of RHCF funds.

Over the next several weeks, staff will be finalizing the Agreement and will include the applicable processes outlined in the Agreement in the RTP. Additionally, staff will work to implement the next phase of the EMP, which includes work on projects in the “Early Action Program.”

The Agreement will resolve many of the issues presented above, but as we move forward with this project we anticipate needing to address any additional issues that arise. Since the EMP was part of the *TransNet* Extension, work will continue over the life of the ordinance, beyond the adoption of the 2007 RTP through 2048.