DATE: June 16, 2020

TO: Mayor and City Council

FROM: Director of Public Works
Development Services Director

SUBJECT: 2040 General Plan: Introduce an Ordinance Amending the Hayward 2040 General Plan to Comply with Changes to State Law Including the Establishment of New Vehicle Miles Traveled (VMT) CEQA Thresholds and Adopt Updated Greenhouse Gas Emission Reduction Targets

RECOMMENDATION

That the City Council:

1. Adopts a resolution (Attachment II) with amendments to the *Hayward 2040 General Plan* establishing new Vehicle Miles Traveled (VMT) thresholds for California Environmental Quality Act (CEQA) analysis, consistent with SB 743; and

2. Adopts a resolution (Attachment III) with amendments to the *Hayward 2040 General Plan* establishing the adoption of new Greenhouse Gas Emission reduction goals for the City; and

3. Introduce an ordinance (Attachment IV) to amend the *Hayward 2040 General Plan* per the adopted resolutions.

SUMMARY

This report presents two changes to the *Hayward 2040 General Plan* – one to establish new Vehicle Miles Traveled (VMT) thresholds for California Environmental Quality Act (CEQA) analysis, consistent with SB 743 and one to establish new Greenhouse Gas (GHG) emission reduction goals. As there is a general limitation on the amount of General Plan amendments allowed in a year, these changes were brought together in one amendment.

SB 743 changes the focus of transportation impact analysis in CEQA from measuring impacts on drivers, to measuring the impact of driving. The proposed Amendment will replace intersection Level of Service (LOS) analysis with vehicle miles traveled (VMT) per capita and provide streamlined review of land use and transportation projects that will help reduce future VMT per capita growth. VMT per capita is a quantifiable measure, in miles per capita, of the average total amount of vehicular travel. One single occupancy vehicle traveling ten miles

would equal 10 VMT/capita. Four single occupancy vehicles traveling ten miles would equal 40 VMT or 10 VMT/capita. Typically, development located at greater distance from shopping and employment centers or in areas with few transportation options generates more vehicle trips and of longer distances versus a similar development located in proximity to BART Stations and other areas with more transportation alternatives. VMT is an important input in the analysis of air quality and greenhouse gas emissions and has been used for that purpose within CEQA for several years.

Since 2018, City staff and Nelson Nygaard have been working collaboratively to develop new transportation thresholds that comply with the provisions of SB 743. Currently, the City uses LOS as the threshold used in CEQA evaluations and the proposed changes would replace the current LOS thresholds with new VMT thresholds. The adoption of new thresholds to identify traffic impacts under CEQA will require an amendment to *the Hayward 2040 General Plan*.

The *Hayward 2040 General Plan* currently has goals for reducing GHG emissions with specific targets for 2020, 2040, and 2050. This report provides recommended GHG reduction goals for 2025 and 2030 and a carbon neutrality goal for 2045. This report also presents some of the actions that will be necessary to achieve the new goals as well as potential challenges related to review of new development projects.

BACKGROUND

VMT Thresholds

In September 2013, Governor Brown signed Senate Bill (SB) 743, which creates a process to change the way that transportation impacts are analyzed under CEQA. Specifically, SB 743 requires the Governor's Office of Planning and Research (OPR) to amend the CEQA Guidelines to provide an alternative measurement more reflective of impacts to the environment than Level of Service (LOS). Particularly within areas served by transit, those alternative criteria must "promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses." (PR Code Section 21099(b)(1)). SB 743 requires that the use of LOS be replaced with VMT per capita by July 1, 2020.

The purpose of SB 743 was to better align transportation impacts analysis under CEQA with the State's goals of reducing greenhouse gas emissions and traffic-related air pollution as well as promoting multimodal transportation networks and a diversity of land uses. Under the existing LOS framework of operational-based analysis, the common solution to improving LOS at intersections is to increase overall roadway capacity (such as constructing new roadways or adding travel/turn lanes to existing roadways), which studies have shown contribute to an increase in transportation impacts to the environment. Because of this, infill and transit-oriented development was often discouraged because such projects are located in or near city centers in areas with limited roadway capacity.

VMT is not a new tool for assessing environmental impacts under CEQA. It is used to assess a project's impact on greenhouse gas emissions, air quality, and energy. Using VMT per capita for analyzing transportation impacts emphasizes reducing the number of trips and distances vehicles are used to travel to, from, or within a development project. Projects located near

transit and/or within infill areas have lower VMT per capita than projects in rural or undeveloped areas because there are more opportunities to walk, bike and take transit or to take short trips. The shift to VMT per capita analysis under CEQA is intended to encourage the development of jobs, housing, and commercial uses in closer proximity to each other and to transit and discourage development of projects in more rural parts of the City. As a result of SB 743, traditional measures for mitigating capacity concerns (e.g., widening roads, adding turn lanes, and similar investments that expand vehicle capacity) will now be replaced with measures that mitigate additional driving, such as increasing transit options, facilitating biking and walking, changing development patterns, and managing parking.

To effectively implement transportation analysis required under SB 743, Nelson Nygaard evaluated the existing legal framework, reviewed applicable policies and programs that support a new approach to traffic impact analysis, and analyzed the City's existing development and environmental review process.

Stakeholder Interviews. In an effort to understand current and future transportation analysis needs in the City of Hayward, Nelson Nygaard completed a comprehensive review and analysis of the existing policies and practices contained within various policy documents (*Hayward 2040 General Plan*, Climate Action Plan, Bicycle Master Plan, etc.) and additionally conducted extensive interviews with City staff and a representative from the Hayward Chamber of Commerce. In the process of interviewing these stakeholders, several key themes emerged including:

- **Hayward's development review process can be improved:** Stakeholders identified the need to make the process more streamlined and predictable. Several stakeholders noted the increased costs of development due to a process that is vulnerable to delay and exposed to litigation risks late in the process.

- **Hayward's transportation system needs to become less car centric and more multimodal:** In the past, the development review process has focused on mitigation of impacts to drivers rather than impacts to people who walk, bike, or use transit.

- **Engineering and transportation staff use vehicle analysis to inform traffic operational needs and want to maintain this outside of CEQA:** Stakeholders identified the need to better communicate potential transportation impacts of a project to the public.

- **Transportation topics in which people are most interested:** At public meetings today, the most vocal and visible stakeholders are most concerned about pedestrian safety, overall vehicle volumes, travel times, and neighborhood traffic intrusion.

- **Transportation mitigations need updating:** The current process focuses on the mitigation to traffic and does not require mitigations to support lower VMT.

- **Additional mechanisms, such as adoption of a transportation impact fee (TIF), could further support a transition from LOS to VMT per capita:** The City has

initiated a Citywide Multi-Modal Study to study a how a transportation impact fee could be implemented. The study will be helpful in creating the tools needed to simplify the development review process and ensure the City receives contributions from developers even when LOS mitigations are no longer required under CEQA.

When drafting the local VMT thresholds, Nelson Nygaard considered stakeholder feedback as well as recommendations from the State's Office of Planning and Research (OPR).

Planning Commission Work Session on VMT. On March 12, 2020[1], the Planning Commission held a work session to review the proposed transition from LOS to VMT and although the Commission supported the proposed thresholds, they recommended the City proceed to maintain a local transportation analysis for operational assessment. The Commission supported new policies that provide opportunities to expand the multi-modal network.

Planning Commission Review of General Plan Amendments. On May 28, 2020[2], the Planning Commission reviewed the proposed *Hayward 2040 General Plan* Amendments proposed by staff. The Commission recommended approval of the proposed General Plan Amendments, without modifications, to the City Council. The Planning Commission appreciated the proposal to maintain LOS for Local Transportation Analysis purposes outside of CEQA.

While the Planning Commission's recommendation on the proposed General Plan Amendment for the GHG reduction goals was made on December 12, 2019, staff recommended combining the two Amendments for VMT and GHG into one action for Council consideration. The Commission voted unanimously with six (6) ayes votes and one (1) absent for the consolidation of the two amendments for City Council consideration.

GHG Reduction Goals

Hayward's original Climate Action Plan (CAP), adopted in 2009, included the following goals for reducing GHG emissions in both the community and municipal operations:

- 6% below 2005 levels by 2013
- 12.5% below 2005 levels by 2020
- 82.5% below 2005 levels by 2050

The above goals were established to mirror those identified in the California Global Warming Solutions Act of 2006 (AB 32), which set a statewide GHG emissions limit equivalent to the statewide GHG emissions level in 1990 to be achieved by 2020 and the Governor's Executive Order # S-03-05, which set a target of 80% reduction by 2050. The City's goals were adjusted due to the use of a different baseline year.

When the CAP was incorporated into the General Plan in 2014, the following goals for both the community and municipal operations were included:

[1] https://hayward.legistar.com/LegislationDetail.aspx?ID=4389419&GUID=8030691C-F4F4-49CF-897E-E67E6F6678A4&Options=&Search=

[2] https://hayward.legistar.com/LegislationDetail.aspx?ID=4544482&GUID=EE8ADF47-56BD-4DC5-8DA3-15AAE93FA438&Options=&Search=

- reduce emissions by 20% below 2005 baseline levels by 2020
- strive to reduce emissions by 61.7% by 2040
- strive to reduce emissions 82.5% by 2050

On September 8, 2016, SB 32 was signed into law and requires that California's statewide GHG emissions are reduced to 40% below the 1990 level by 2030.

On July 16, 2018,[3] the Council Sustainability Committee (CSC) recommended that Council adopt an interim goal, which would be to reduce emissions by 40% below 2005 baseline levels by 2030. On September 17, 2019,[4] during discussion of a broader set of new sustainability goals for 2025 and 2030, the Committee acknowledged California's goal[5] of achieving economy-wide carbon neutrality by 2045, and asked staff to consider incorporating the 2045 carbon neutrality goal and re-evaluate the 2030 goal.

On October 30, 2019,[6] staff proposed GHG emission reduction goals as follows:
- 27% below 2005 levels by 2025
- 50% below 2005 levels by 2030
- 100% below 2005 levels (i.e., carbon neutrality) by 2045

The Committee voted unanimously to round up the 2025 figure and recommend the following GHG emission reduction goals:
- 30% below 2005 levels by 2025
- 50% below 2005 levels by 2030
- 100% below 2005 levels (i.e., carbon neutrality) by 2045

While acknowledging that the 30% reduction goal by 2025 may be challenging to reach, the Committee chose this as an aspirational target.

Planning Commission's Review & Recommendation – Prior to the Planning Commission meeting, staff consulted with an environmental consulting firm regarding the proposed GHG emission reduction goals and how they may affect the City's review of planning applications in regard to compliance with the California Environmental Quality Act (CEQA). Considering the City's use of 2005 as the baseline year, it was determined that Hayward's 2030 goal should be 55% to be consistent with SB 32.[7] Having a local goal that is not as

[3] https://hayward.legistar.com/View.ashx?M=F&ID=6359386&GUID=70A23070-7298-43DD-BFE8-C5F20A1838FA
[4] https://hayward.legistar.com/View.ashx?M=F&ID=7706750&GUID=857C8FDB-84A9-4D43-A0F6-F69031B25ABF
[5] In September 2018, Governor Brown signed Executive Order #B-55-18, committing California to economy-wide carbon neutrality by 2045.
[6] https://hayward.legistar.com/View.ashx?M=F&ID=7831513&GUID=CD4CAE5E-6391-4862-A2FA-6961E502C8EF
[7] While the state's goal is 40% below 1990 levels by 2030, guidance from the California Air Resources Board indicates that for cities using 2005 as a baseline, a reduction of 55% by 2040 is roughly equivalent.

stringent as state law can complicate the analysis of development applications. Staff also found that a carbon neutrality goal, if adopted as policy in the City's General Plan, could be very difficult for developers to provide emissions analyses showing that projects will be consistent with the General Plan. Staff presented this information to the Planning Commission on December 12, 2019,[8] and the Planning Commission voted unanimously to recommend that Council amend the General Plan to include the following GHG emission reduction goals:

- 30% below 2005 levels by 2025
- 55% below 2005 levels by 2030
- work with the community to develop a plan that may result in the reduction of community-based GHG emissions to achieve carbon neutrality by 2045

In addition, the Commission briefly discussed some of the actions that will be necessary to achieve the new targets – specifically electrification of buildings and vehicles. The Commission recommended staff research the consequences of hazardous waste disposal of batteries for both homes and electric vehicles, including what other communities are doing to mitigate this risk and to maintain the commitment that the City's energy provider be as carbon neutral as possible.

Final Review by Council Sustainability Committee – On March 9, 2020, the CSC unanimously supported the Planning Commission's recommendation to establish the 2030 goal as 55% below 2005 levels by 2030. (See Exhibit A to the attached Ordinance for the full text of the recommended goals.)

DISCUSSION

VMT Thresholds

As mentioned above, SB 743 requires OPR revise the CEQA Guidelines to provide alternative criteria for evaluating transportation impacts to promote the reduction of greenhouse gas emissions, the development of multimodal transportation networks, and a diversity of land uses. Once the City adopts the new CEQA thresholds, LOS or similar measures of vehicular capacity will no longer be considered a measure for impacts under CEQA.

While the City has the discretion to set other thresholds of significance for what constitutes a significant impact under CEQA, the criteria for determining the significance of transportation impacts must promote the reduction of greenhouse gas (GHG) emissions, develop multimodal transportation networks, and create a greater diversity of land uses. As such, OPR recommends cities adopt quantifiable thresholds for residential, employment, and retail land use as these three categories cover a majority of land uses.

For residential and office uses, OPR suggests that reducing VMT per capita and per worker, respectively, to 15% below average, which is achievable at the local, project level and is also consistent with achieving the State's climate goals. Retail land use does not generate VMT in

[8] https://hayward.legistar.com/LegislationDetail.aspx?ID=4274107&GUID=B4340074-1179-4CEB-B3EA-28B1BD1C6B5C&Options=&Search=

the same way that residential and employment land use does. New local retail destinations redistribute rather than generate new trips. Accordingly, OPR recommends defining the threshold of significance as any net increase in VMT, and since local-serving retail redistributes existing trips, it does not generate additional new VMT and can be screened out. Projects that meet local-serving retail criteria, smaller than 50,000 square feet, would not require VMT analysis, while larger projects that do not meet the definition of local retail would require additional transportation analysis to determine the environmental impact. Retail that exceeds the local retail size criteria will be reviewed on a case-by-case basis using local knowledge by City staff to determine if the retail is local-serving. The VMT thresholds and screening criteria proposed for the City are based on OPR recommendations and included as Attachment V.

Additional Land Use Categories. The City can determine thresholds of significance for additional land use categories that are not listed in Figure 1, Attachment V by creating a significance threshold using more location-specific information. For example, San José created two separate "employment" land use thresholds, one for office (general employment) and one for industrial employment. Additionally, industrial land use is the least compatible with mixed-use, walkable neighborhoods that tend to have low VMT. Requiring industrial projects to have the same low VMT as an office project would discourage industrial development, which is important to the City and a part of the General Plan. To meet City's land use and employment goals without increasing VMT, Hayward can adopt the regional average VMT per employee as the threshold, compared to the threshold of 15% below average for office employment, for industrial land use and other land uses which were not identified in Figure 1, Attachment V. This threshold ensures that new development would not increase VMT per employee in Hayward.

SCREENING THRESHOLDS FOR LAND USE PROJECTS

Under SB 743, it is assumed that some types of development can be exempt from a transportation analysis under CEQA due to their inherent less than significant impact on VMT per capita. A less than significant impact on VMT per capita may result from a project's location, size, or the land use of the development. A project only needs to meet one of four screening criteria to be exempt from the requirement to complete a transportation impact analysis under CEQA. OPR's Technical Advisory provides guidance on screening the following four types of projects:

- Small Project Screen
- Development in low VMT zones
- Transit Based Screens
- Affordable Housing Screen

In general, projects that generate less than 110 total vehicle trips per day, as determined through ITE's Trip Generation Manual, are assumed to have a less than significant impact; however, for projects that generate more than 110 trips, traffic impact studies or environmental impact reports may be required.

Development in Low VMT Areas. In addition to small project screens, OPR recommends streamlining for residential and employment (office) projects located in areas with low VMT per capita/per employee. Projects located in areas with low VMT per capita/per employee, and incorporate similar features (i.e., density, mix of uses, transit accessibility) will exhibit similarly low VMT. The City has developed a geographic, map-based screen (Attachment V) that identifies where projects could be developed and meet minimum VMT requirements based on Traffic Analysis Zones (TAZ).

Transit Screen. In addition to small project-based criteria, residential, retail, and employment projects within ½ mile from an existing major transit stop or transit corridor are considered to have a less-than-significant impact on VMT per capita. A major transit stop is defined as a rail station or the intersection of two or more bus routes with service every fifteen minutes or less during morning and evening commute periods. The maps included in Attachment V identify where major transit stops are located in Hayward, including those areas within ½ mile of the transit stop.

Affordable Housing Screen. OPR also allows cities to adopt screens for affordable housing projects. To qualify, an affordable housing project needs to be located within Priority Development Areas (PDAs) and have access to high-quality transit, defined as a bus or train at least every 15 minutes during peak hours. The project must also be 100% deed-restricted and meet minimum density, parking, and active transportation requirements.

Local Transportation Analysis and Transportation Impact Fee. Outside of the CEQA process, vehicle LOS can still be retained by lead agencies to study and evaluate road and intersection operations. Some cities refer to this non-CEQA analysis as a Local Transportation Analysis (LTA) and may call for analysis of site access and multimodal circulation, intersection operations, corridor travel time, signal timing, signal warrant needs for study area intersections and road segments, and other transportation assessments. The City will continue to use its Traffic Study Guidelines for its use of LOS for LTA purposes.

The City is in the process of developing the Transportation Impact Fee (TIF) Program and which is anticipated to be submitted to the City Council for consideration in September 2020. Transportation impact fees are one-time fees typically paid prior to the issuance of a building permit and imposed on development projects by local agencies responsible for regulating land use (cities and counties). Generally, the fees are charged per square foot of development or per number of trips generated.

The objective of the TIF is to provide local funding to ensure that adequate transportation facilities, including pedestrian and bicycle improvements, will be available to meet the projected needs of the City as it grows, and that the facilities planned are consistent with the Regional Transportation Plan, the City's General Plan, Bicycle and Pedestrian Master Plan, and SB 743 mitigations.

Hayward 2040 General Plan. The City has several policies to support the transition from LOS to using VMT per capita, including policies in the *Hayward 2040 General Plan*, including:

- M-1.4 Multimodal System Extensions

- M-1.5 Flexible LOS Standards
- M-1.8 Transportation Choices
- M-2.2 Regional Plans
- M-2.5 Regional Traffic Impacts
- M-4.3 Level of Service
- H-3.2 Transit Oriented Development
- H-3.3 Sustainable Housing Development

Additionally, the City's Climate Action Plan contains several goals and policies related to the reduction of VMT and GHG, including:

- M-8.2 Citywide TDM Plan
- M-8.4 Automobile Commute Trip Reduction
- M-9.10 Unbundled Multifamily Parking
- NR-2.6 Greenhouse Gas Reduction in New Development

As previously noted, the adoption of any new thresholds for CEQA analysis requires an amendment to the *Hayward 2040 General Plan* to replace references of LOS with VMT.

Proposed General Plan Amendment. As previously mentioned, adoption of new VMT thresholds for CEQA analysis require an Amendment of several goals and policies in the Mobility Section of the *Hayward 2040 General Plan*. Additionally, the adoption of new GHG Reduction Goals for the City will require an Amendment of the Natural Resources section of the General Plan. While the Commission previously reviewed and recommended the adoption of new GHG reduction goals on December 12, 2019, staff has consolidated both Amendments into one request for Council consideration.

Pursuant to HMC Section 10-1.3425(a), the Planning Commission shall hold a public hearing on all map and text amendments to the General Plan and may recommend approval of or denial of a text amendment, reclassification, or pre-zoning to the City Council. Recommendations for approval shall be based upon all the following findings:

1. Substantial proof exists that the proposed change will promote the public health, safety, convenience, and general welfare of the residents of Hayward;
2. The proposed change is in conformance with all applicable, officially adopted policies and plans;
3. Streets and public facilities existing or proposed are adequate to serve all uses permitted when the property is reclassified; and
4. All uses permitted when property is reclassified will be compatible with present and potential future uses, and, further, a beneficial effect will be achieved which is not obtainable under existing regulations.

Moreover, pursuant to HMC Section 10-1.3430, Council shall hold a public hearing on each Planning Commission recommendation for approval of a text amendment, reclassification, or pre-zoning. Council may approve, modify, or disapprove any text

amendment, reclassification, or pre-zoning. The Council's decision, except for interim zonings, shall be based on the findings in Section 10-1.3425.

Staff included detailed findings to support the Amendment in Attachment II and a comprehensive list of all the Amendments being proposed included as Exhibit A to Attachment IV.

GHG Reduction Goals

Updated GHG Emission Inventory Data – On January 13, 2020, staff presented a report to the CSC with Hayward's most recent data for calendar year 2017 and comparisons to the previous three inventories. In 2017, the Hayward community achieved a 14.6% reduction in GHG emissions compared to 2005 and total *per capita* emissions were 23.1% lower in 2017 given the City's increasing population (See Table 1, Attachment VI).

As of the fall of 2018, most of Hayward's households and businesses were subscribed to East Bay Community Energy's (EBCE) Brilliant 100 electricity product, which is 100% carbon free. The reduction in electricity-related emissions is likely to cause the City to meet its 2020 goal, however the EBCE Board may soon be considering an increase in the rate for Brilliant 100, which may affect the City's ability to meet its 2020 goal.

GHG Targets Throughout Alameda County – Most cities in Alameda County have adopted 2030 targets of at least 40% below baseline and some have adopted or are considering 2045 carbon neutrality goals. See Table 2 in Attachment VI for a list of the goals adopted by each city as well as the status of their climate action plans.

Global Leadership – Several large cities around the world have adopted carbon neutrality goals and have formed the Carbon Neutral Cities Alliance. The Alliance defines a carbon neutrality goal as one that seeks to cut emissions by 80 to 100% by 2050 or sooner and refers to the minimum goal as "80x50." In a report[9] from the Alliance titled *Framework for Long-Term Deep Carbon Reduction Planning*, they offer the following reflection on the practice of adopting ambitious goals.

> *Leading-edge cities have taken the step of committing to an 80x50 or similar goal without being sure how they will achieve it. They've made such commitments on the basis that achieving the goal is imperative; however, many other cities require evidence the goal is feasible before it is set. The difficulty, of course, is that there remain a great many uncertainties about what a successful path to 80x50 looks like, and many of the factors that have to be managed are not in most cities' direct control. Committing to 80x50 is an act of leadership and a commitment to manage toward a goal that probably may not be achieved with a fixed plan, but instead will require iterative experimentation, measurement, and course correction.*

[9] https://carbonneutralcities.org/wp-content/uploads/2018/04/CNCA-Framework-for-Long-Term-Deep-Carbon-Reduction-Planning.pdf

Recommendation – On March 9, 2020, the Sustainability Committee unanimously voted to recommend the following new GHG emission reduction goals. These goals are ambitious and will be difficult to meet. A discussion of how these goals could be met is included in Attachment VI.

- 30% below 2005 levels by 2025
- 55% below 2005 levels by 2030
- 100% below 2005 levels by 2045[10]

ENVIRONMENTAL REVIEW

VMT Thresholds

The proposed Amendment to establish new VMT thresholds is not subject to environmental review. Pursuant to the California Environmental Quality Act of 1970, Public Resources Code §21000, et seq., as amended and implementing State CEQA Guidelines, Title 14, Chapter 3 of the California Code of Regulations (collectively, "CEQA"), the proposed Amendment does not constitute a "project" within the meaning of Public Resources Code Section 21065.

GHG Reduction Goals

The proposed General Plan Amendment for new GHG reduction goals is categorically exempt from CEQA pursuant to Section 15308 of the CEQA Guidelines, Actions by Regulatory Agencies for the Protection of the Environment. However, the adoption of policies with local GHG targets can affect how City staff conducts environmental reviews for development proposals to ensure they do not cause a significant impact to the environment. See Attachment VI for more about how the goals may impact environmental reviews for development proposals.

ECONOMIC IMPACT

VMT Thresholds

Active transportation options like bicycling and walking foster economic health by creating dynamic, connected communities with a high quality of life that helps support small business development, decreases transportation and healthcare costs, and increases property values, employment, and tourism. Providing alternate modes of travel reduces single lane occupancy vehicles, reduces congestion and pollution and costs related to automobile-oriented infrastructure maintenance and construction. The overall transportation system will be more efficient; thus, reducing travel time. Moreover, the City will become a more pedestrian- and bicycle-friendly community, thus creating positive economic and health benefits and reduction of greenhouse gas emissions.

[10] Carbon neutrality can be defined as achieving net zero GHG emissions caused by fossil fuel use within the City. Technological and societal constraints may prevent the reduction of emissions to absolute zero by 2045. Therefore, in order to achieve carbon neutrality, every ton of CO2e still emitted will be balanced with an equivalent amount of CO2e removal. CO2e removal may come from a combination of carbon-sequestering natural systems and land management practices, as well as from carbon capture technology as it becomes available. This approach is similar to that being taken by the Cities of Fremont and Albany.

GHG Reduction Goals

Meeting the ambitious GHG reduction goals outlined above will require significant investment throughout the community and has the potential to create new local jobs; however some necessary improvements are not currently cost-effective.

A 2016 study conducted by TRC for the City of Palo Alto estimates that retrofitting a single-family home to an all-electric package will cost the customer $6,891 over 30 years compared to replacing their natural gas appliances ($5,012 in up-front costs and $1,880 in higher energy costs).[11]

There are currently no electrification rebates available to Hayward customers. BayREN and PG&E are both working to make rebates available in 2020. EBCE has made building electrification a priority and will likely offer existing building electrification rebates in the future, however how soon and to what extent is unclear.

Sacramento Municipal Utility District offers up to $8,300 in rebates[12] for residents who switch cooktops, space heaters, and water heaters from gas to electric. SMUD's rebates are seen as a first test to learn how effective electrification rebates are working.

Additionally, climate change is expected to negatively impact national and local economies. Updating Hayward's reduction goals may help make Hayward's economy more resilient to climate change. Meeting the ambitious GHG reduction goals will require significant investment throughout the community and has the potential to create new local jobs.

FISCAL IMPACT

The VMT thresholds will have no impact to the City's General Fund or other funds. The reductions in GHG emissions necessary to achieve the new goals will require significant leadership and coordination by the City, which will not be possible with existing staff resources. As new programs are developed to meet the City's sustainability goals, staff will identify specific resources needed.

STRATEGIC ROADMAP

VMT Thresholds

This agenda item supports the Strategic Priority of Improve Infrastructure. Specifically, this item relates to the implementation of the following project(s):

Project 4, Part 4d. *Increase transit options and ridership.* Continue to require new development adopt transportation demand management strategies to reduce the use of single occupancy vehicles and encourage the use of alternative modes of travel

[11] https://www.cityofpaloalto.org/civicax/filebank/documents/55069
[12] https://www.smud.org/en/Rebates-and-Savings-Tips

GHG Reduction Goals

This agenda item relates to the Strategic Priority of Combat Climate Change. Specifically, this agenda item aligns with the implementation of the following project:

Project 4: Adopt & Implement 2030 GHG Goal & Roadmap

SUSTAINABILITY FEATURES

VMT Thresholds

The action taken for this agenda report will result in supporting mobility goals established as part of the City's 2040 General Plan, providing for a balanced multi-modal system of transportation facilities and services in Hayward.

This will be a comprehensive effort that will guide, prioritize, and implement a network of quality alternative transportation modes to improve mobility, connectivity, public health, physical activity, and recreational opportunities. By applying best practices, the action will increase transportation options, reduce environmental impacts of the transportation system, and enhance the overall quality of life for residents. The goal is to develop convenient transportation alternatives to motor vehicles for residents, visitors, shoppers, and commuters. The resulting reduction in single occupancy vehicles will reduce vehicle miles traveled and greenhouse gases.

The action will align improvements consistent with the Complete Streets Strategic Initiative, Bicycle Master Plan, Neighborhood Traffic Calming Program, Strategic Roadmap, and major regional improvements.

GHG Reduction Goals

Meeting GHG reduction goals is the primary objective of the City's Climate Action Plan. Meeting the goals will require reducing emissions in every sector and will entail improving energy efficiency in buildings, decarbonizing buildings, increasing the use of renewable energy, and reducing vehicle-related emissions. All these actions will result in cleaner air for Hayward residents and for the region. Adoption of a 2030 GHG reduction target is a priority project (Climate Change project #4) in the Citywide Strategic Roadmap adopted by Council on January 28, 2020.

PUBLIC CONTACT

VMT Thresholds

Nelson Nygaard conducted extensive interviews with City staff and a representative from the Hayward Chamber of Commerce. The agenda for this item was posted in compliance with the California Brown Act and a legal notice was published in the newspaper on June 5, 2020.

GHG Reduction Goals

Prior to the Planning Commission hearing on December 12, 2019, a Notice of Public Hearing was posted at City Hall and published in the Daily Review newspaper. In addition, notice of the proposed General Plan Amendment was provided to the following agencies:

Bay Area Air Quality Management District, , East Bay Community Energy, Alameda County Waste Management Authority and Energy Council, City of Fremont, City of Union City, City of San Leandro, Alameda County Community Development Agency, Hayward Area Recreation and Park District, Hayward Unified School District, California State University East Bay, Local Agencies Formation Commission, Metropolitan Transportation Commission, Association of Bay Area Governments, Bay Area Regional Energy Network, Office of Planning and Research, East Bay Municipal Utility District, the Native American Heritage Commission, and Alameda County Flood Control and Water Conservation District.

An article regarding the proposed GHG reduction goals was published on November 26th on the City of Hayward's website and through the City's Leaflet[13] newsletter, which has 3,500 subscribers. Staff received a letter of support from StopWaste (Attachment VII).

NEXT STEPS

Upon approval of the *Hayward 2040 General Plan* Amendments, the proposed amendments would become effective by July 1, 2020. If funded in the FY21 budget, staff will begin the process of updating the City's Climate Action Plan to establish a roadmap for meeting the new targets.

Prepared by: Charmine Solla, Senior Transportation Engineer
Erik Pearson, Environmental Services Manager
Jeremy Lochirco, Principal Planner

Recommended by: Alex Ameri, Director of Public Works
Laura Simpson, Development Services Director

Approved by:

Kelly McAdoo, City Manager

[13] https://www.hayward-ca.gov/your-environment/the-leaflet