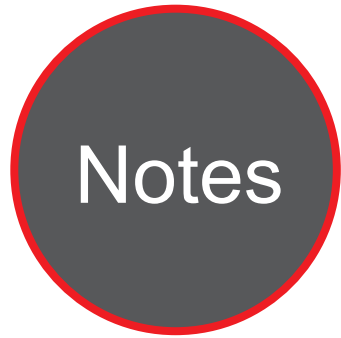




Caltrans Division of Research,  
Innovation and System Information

# Research



# Notes



Planning/Policy/  
Programming

MAY 2021

Project Title:  
Feasibility of Vehicle Miles Traveled  
Mitigation Banking at the Regional  
and State Level

Task Number: 3886

Start Date: March 1, 2021

Completion Date: April 31, 2022

Task Manager:  
Kayo Lao  
Associate Transportation Planner  
kayo.lao@dot.ca.gov

## Feasibility of Mitigation Banks on Regional and State Levels

The study will present a framework for establishing a mitigation bank or exchange to fund projects that reduce vehicle miles traveled as transportation impact mitigation.

### WHAT IS THE NEED?

In response to the implementation of Senate Bill (SB) 743 (2013), California's lead agencies for environmental review under the California Environmental Quality Act (CEQA) must now analyze and mitigate (where feasible) transportation impacts differently for both land development and infrastructure projects. Whereas previously lead agencies measured impacts based on auto delay, they must now use vehicle miles traveled (VMT) as the preferred metric.

SB 743 may present an opportunity to address transportation impacts at a regional level through mitigation banks and exchanges, with multiple infrastructure and land development projects funding a variety of strategies to reduce new VMT. A well developed, carefully structured VMT mitigation bank or exchange could facilitate this transfer of funding, allowing projects that have significant impacts on VMT to pay for VMT reductions elsewhere in the region.

However, because a VMT mitigation bank or exchange is a new concept that has not yet been introduced yet anywhere in the state or nation, research is needed to establish a framework for implementation. Policy makers need evidence and examples from comparable analogous contexts and programs to inform the effort. In addition, policy makers need to ensure that any VMT mitigation banks or exchanges promote equitable transportation outcomes, advance multi-modal transportation strategies, and advance innovative technology and systems as a corollary to new roadway and land use projects.



DRISI provides solutions and  
knowledge that improves  
California's transportation system

## WHAT ARE WE DOING?

This research will provide evidence and examples from analogous contexts and programs to provide comparable options for large or small-scale mitigation projects. It will summarize key information that would support a determination regarding the feasibility and desired structure of a VMT mitigation banking system, including identification of costs of mitigation banking in relation to the benefit or efficiency of supporting new mitigation programs.

Overall, this research seeks to analyze the feasibility of a mitigation bank and/or exchange managed by the State of California and identify potential obstacles to enacting VMT banks and exchanges at the state, regional, or local levels for new land use and transportation projects. Furthermore, the research will provide recommendations for the role of State government in facilitating the creation and function of banks and exchanges at different levels.

The primary deliverable will be a report assessing framework options for a new program for state, regional, and local mitigation banks and/or exchanges. In addition, a small initial report will be included to address general legal, fiscal, technical and political feasibility. The study will identify whether different infrastructure projects and land use projects can use the same VMT mitigation program.

Ultimately, the report will provide options for a framework that addresses 1) general legal requirements and 2) the functional goal of promoting projects that align with state policy in a cost effective way. It will also provide recommendations at scales smaller than state-wide for use in potential state-produced guidance for California jurisdictions.

## WHAT IS OUR GOAL?

The ultimate goal is practical guidance for the establishment of a regional or statewide VMT mitigation bank or exchange. It will include information on policy design, fiscal frameworks, and legal structures for consideration by policy makers.

## WHAT IS THE BENEFIT?

The benefit of the research will be a VMT mitigation bank or exchange, if policy makers decide to launch one, that will be legally sound, equitable, and effective. The result will be overall reduced vehicle miles traveled, which leads to decreased congestion and pollution and better land use. However, if policy makers decide not to launch such a mitigation bank or exchange based on these findings, then this study will have hopefully surfaced important reasons for them to avoid doing so, potentially saving the state and regions resources in the process.

## WHAT IS THE PROGRESS TO DATE?

Research has not yet started. However, the first task will be the establishment of a Technical Advisory Panel comprised of internal and external stakeholders to review and provide input on the study at various stages.