

Implementation Considerations

STEP 1 Determine Scale/Scope

There are advantages and disadvantages to creating a Bank with a larger scale/scope. However, multiple agencies must be willing to accept the Bank's mitigation options for a state or regional Bank to be feasible. Larger regions can:

- Decrease costs associated with running the Bank
- Decrease local authority over mitigation options
- Increase efficiency and effectiveness of the program

STEP 2 Determine Sponsor

There are a few organizational components to consider when creating a mitigation Bank. These elements include:

- Administrative – The Bank must perform several administrative functions such as collecting fees, managing information, answering questions, and performing other business operations.
- Technical – There is a significant amount of technical work needed to initially and continually prove the mitigation options reduce VMT and that the reductions would not have occurred without the programs. The Bank also needs to show the fees it receives are related and proportional to new development.
- Accounting – The Bank requires a thorough accounting system to track collected fees and to ensure fees are being handled according to legal requirements. This includes payments for implementing VMT reduction projects.

Agencies should consider their ability to perform these roles when deciding whether the Bank should be run internally or by a third party.

STEP 3 Formally Establish Bank & Review Team

The entity creating the Bank must legally formalize its creation. If the intent is for the Bank to be used by multiple agencies, this may require a joint powers authority or equivalent.

A review team should be used to verify the effectiveness of mitigation options based on substantial evidence. This team could be internal to the entity creating the Bank or an independent third party.

STEP 4 Fund and implement VMT reduction projects

The Bank sponsor must fund and implement VMT reduction projects or strategies that pass the additionality test (e.g., would not have otherwise occurred). Credits can then be created based on the amount of reduced VMT and priced to be sold as mitigation.

Some VMT reduction strategies could include services like transit passes that would be funded through credit purchases and then subsequently implemented.

For other VMT reduction projects, implementation comes first. And, in all cases, the VMT reduction credits must consider how long the VMT reducing project or strategy will be in effect. A transit pass that only lasts one year is limited to one year of VMT reduction while a new bike path with a 50-year design life provides 50 years of VMT reduction.

STEP 5 Administer Bank

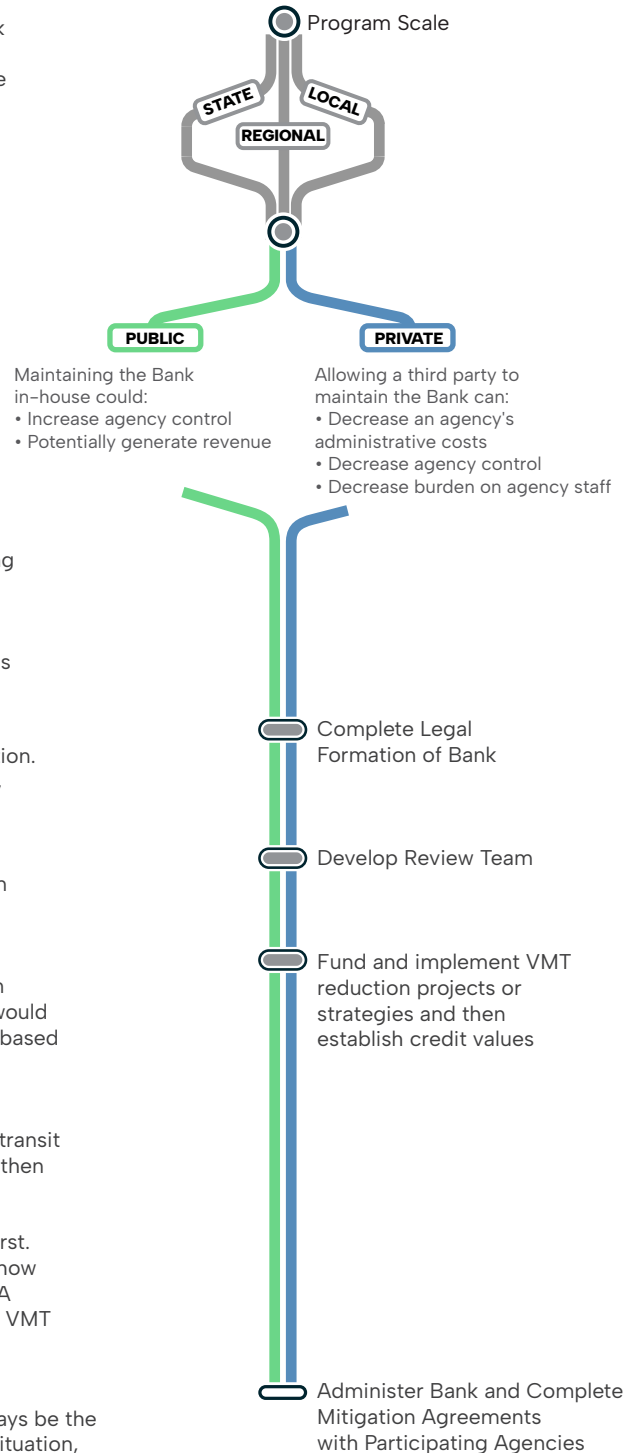
The public agency or entity sponsoring a Bank may not always be the agency reviewing the land use project for approval. In this situation, the sponsor should develop an agreement with the agency that allows the Bank's credits to be considered an acceptable mitigation measure.

Banks relying on services to provide VMT reductions in the future must continue to prove that their mitigation options reduce VMT and that the reduction would not have occurred without the projects/programs.

Separate environmental review of the Bank creation may be required to be considered as a formal mitigation program.

Procedural Flowchart

○ Decision ● Analytical process or procedural outcome



Implementation Considerations

STEP 1 Determine Scale/Scope

Program may be local or regional. Programs with larger scopes can:

- Decrease administrative costs
- Decrease local authority
- Increase efficiency and effectiveness of the program

STEP 2 Determine Sponsor

The organizational components of a mitigation Exchange will depend on the type of sponsor (public or private).

STEP 3 Determine & Propose Mitigation Options

If the sponsor is a public agency, they will develop a list of VMT reduction strategies from which project applicants can choose to mitigate the VMT generated by their project. VMT reduction strategies must have substantial evidence supporting their effectiveness.

If the applicant wants to propose their own mitigation Exchange, they must get it approved by the sponsor and agency reviewing the land use project for approval.

STEP 4 Develop Review Team

The Exchange should have a Review Team to verify mitigation effectiveness and additionality based on substantial evidence. The team could consist of third-party representatives. The team reviews the mitigation list and verifies that the options reduce VMT and that the reductions would not have occurred without the project, program, or incentive.

Because Exchanges can include programs/incentives as mitigation options, the Review Team must continually evaluate them to ensure the options are still effective and determine to what degree they reduce VMT.

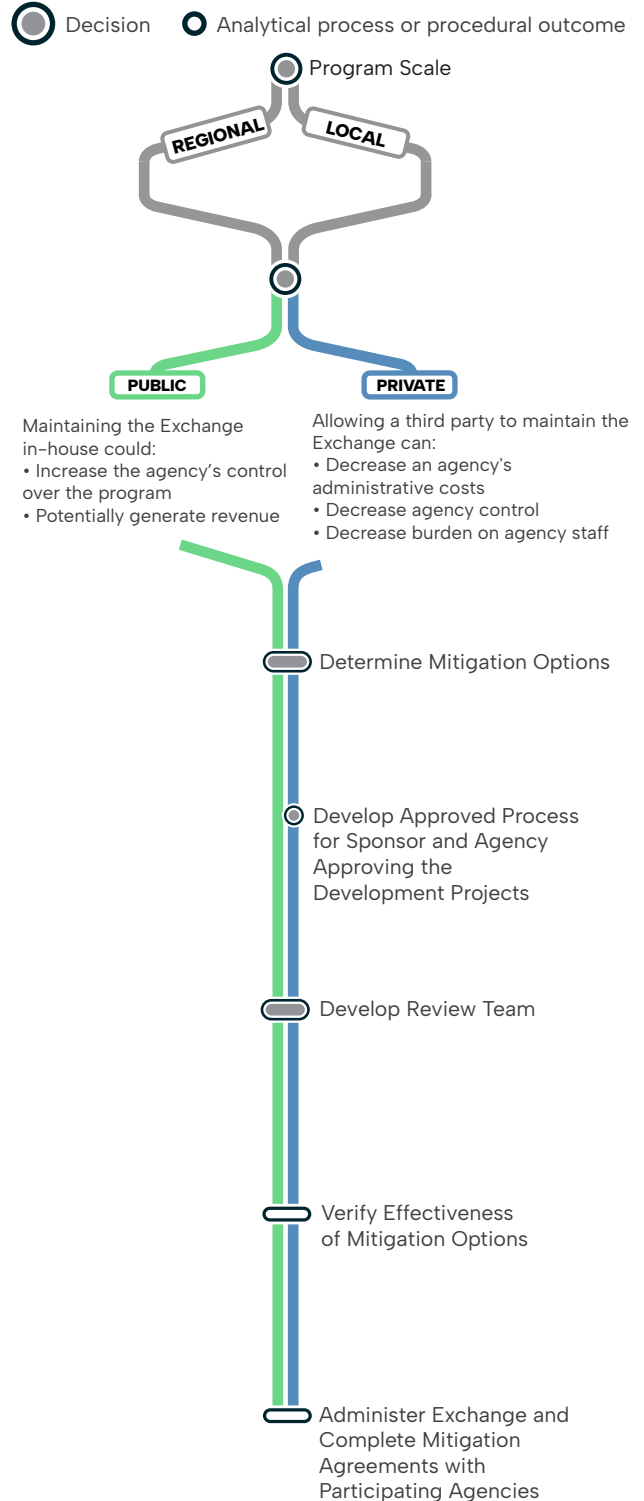
STEP 5 Administer Exchange

The public agency/entity sponsoring an Exchange may not always be the agency reviewing the project for approval. In this situation the sponsor should develop an agreement with the agency that allows the Exchange's mitigation options to be considered an acceptable mitigation measure.

Exchanges must continue to prove that their mitigation options reduce VMT and that the reduction would not have occurred without the projects/programs.

Separate environmental review of the Exchange creation may be required to be considered as a formal mitigation program.

Procedural Flowchart



Implementation Considerations

STEP 1 Determine Scale/Scope

Impact fees based on a VMT reduction nexus may be developed at a local or regional scale. Regional fee programs require subsequent approval from the participating local agencies. Program design can be an in-lieu or complete AB 1600 structure. This flowchart focuses on AB 1600 programs.

STEP 2 Determine Nexus (VMT)

The agency creating the program must develop a nexus between VMT impacts and the VMT reduction strategies that the impact fees pay to implement. VMT reduction strategies for AB 1600 programs are limited to infrastructure projects and must be included in an adopted capital improvement program (CIP). Legal review is essential in this step since the nexus relationship typically depends on the effects that new development has on public infrastructure that justifies its modification or expansion.

STEP 3 Determine & Propose Mitigation Options

The CIP is a list of projects necessary to reduce VMT consistent with the desired reduction goal. The agency should prioritize the projects so they are constructed in a logical order.

- The prioritization process could consider:
- Equity
 - Timeliness
 - Cost
 - Modal Preference (Walking/Biking/Transit)
 - Stakeholder/Community Input

STEP 4 Prepare & Approve Nexus Study

Agencies must demonstrate that the projects in the fee program contribute to VMT reduction. The agency must also show that the fees are related and proportional to new development.

Fees should take into account the delay in the time when fees are collected and when they are used.

STEP 5 Prepare & Approve Fee Ordinance

For a fee to be regularly imposed, it must be adopted as an ordinance.

- The ordinance must include:
- Reason for the fee
 - The relationship between the fee and new development
 - Methodology used in developing the fee
 - Projects to be included in the CIP

STEP 6 Complete Environmental Review for the Program

For a fee program to serve as acceptable mitigation, the program itself may require separate environmental review.

STEP 7 Administer the Program

For Regional Impact Fee Programs, all participating agencies must adopt the program.

Procedural Flowchart

