

May 8, 2025

Joint Metropolitan Transportation Commission (MTC) /
Association of Bay Area Governments (ABAG) Legislation Committee
5 Beale St. Suite 800
San Francisco, CA 94105

RE: Agenda Item #5 - Update on Santa Clara County and Senate Bill 63

Dear Chair Canepa and Committee Members,

As the MTC commissioners representing Santa Clara County, we are writing to provide an update on the ongoing discussions regarding Senate Bill 63 (SB 63). First, we would like to extend our gratitude to the authors, State Senators Wiener and Arreguin, for their thoughtful engagement and collaboration with all Bay Area counties involved in SB 63. Their approach, which prioritizes understanding local issues in the context of a regional self-help revenue measure, has fostered significant progress since the bill was introduced earlier this year.

The Santa Clara Valley Transportation Authority (VTA) Board has not yet taken a formal position on SB 63. We are not speaking on behalf of the VTA Board but as fellow Commissioners that believe it is important to inform our MTC colleagues about the key issues currently being discussed in the South Bay.

As highlighted in a previous letter dated November 7, 2024, Santa Clara County's priorities include supporting local transportation, assisting our partners, and facilitating access to the greater Bay Area region. We remain committed to meeting existing contractual obligations to partner agencies, such as BART and Caltrain, providing additional resources to address pending fiscal cliffs through updates to current agreements, and supporting regional transit transformation – all while preserving and increasing local transit service levels in Santa Clara County. In light of these priorities, we would like to share several key considerations for Santa Clara County; and we look forward to continuing productive discussions on the following ideas.

Allocate regional measure funds directly to participating counties, allowing local governments to allocate revenues based on local needs and existing agreements with partner agencies.

We share the concerns expressed by San Mateo County that creating a new governing entity for a Tax Revenue Management District duplicates existing structures that already allow local governments to meet their fiduciary responsibility to voters and implement taxes for transportation purposes. A new district would likely introduce additional layers of bureaucracy, potentially complicating efforts to address the immediate issue at hand: preserving and safeguarding transit services. The proposed structure, with its 1% administrative overhead, could cost taxpayers millions of dollars. Funding generated by a county's residents should be directly allocated back to the governing body, specifically the VTA for our County, which should have the authority to distribute funds based on existing agreements with partner transit agencies, as well as MTC. Furthermore, counties like Santa Clara need flexibility to utilize funds for certain capital investments necessary to enable increased transit service

anticipated as part of the implementation of VTA's Visionary Network, including procurement of vehicles and fueling infrastructure.

Additional clarity is needed for funding commitments to Transit Transformation.

Transit Transformation remains a commendable vision for the region to pursue. However, further clarity and discussion are needed to determine what constitutes a reasonable contribution from all counties—including those not involved in SB 63—and how contributions should be made. At the moment, it is unclear how much counties will be required to contribute and how funding can support local projects aligned with regional transformation goals. As we work with our partners and authors to define this commitment, we envision programs of transit transformation projects eligible for regional funds would be developed and approved through the MTC Commission's regular process, with clear, detailed implementation and expenditure plans. Decisions around the programming of funds would be retained locally while commitments are maintained to regional transit transformation goals. If the current transformation set-aside remains in the bill, the following should be considered:

1. Clear guidelines on how the set-aside percentage is determined.
2. Regular public reporting to the MTC Commission, including detailed budgets, work plans, and progress updates.

These steps will ensure transparency and accountability for transit transformation investments.

Caltrain fair share and remedying current agreements remains a priority.

Santa Clara County has been actively collaborating with San Mateo County and the City and County of San Francisco to determine fair and reasonable cost-sharing strategies to address Caltrain's projected fiscal shortfalls. Allocating funds to counties would provide the flexibility and time needed to complete negotiations, address outstanding governance issues, and establish a more sustainable and equitable funding arrangement. This is essential to ensuring the continued operation of this vital rail service for the foreseeable future. However, these discussions cannot progress without also addressing outstanding concerns about Caltrain's governance structure. At this point in time, the JPA counties have not achieved a consensus on these governance issues.

As noted earlier, we believe regional measure funds should be allocated directly to participating counties, allowing local jurisdictions to distribute revenues in accordance with existing agreements. This approach is especially important in the case of Caltrain. We are concerned that the current version of SB 63 imposes a short timeline for Caltrain to finalize a funding agreement.

Extend the county opt-in deadline to support transparency and enable counties to evaluate the final, amended version of the bill before deciding whether or not to opt-in to a regional measure.

The issues presented here highlight the broader and more intricate challenges surrounding our county's potential involvement in a regional measure. While the VTA Board of Directors has yet to take an official position, we remain optimistic that continued analysis and further discussions with the Board will ultimately lead to a clear path forward that balances the needs of all stakeholders. Additionally, as of the date of this letter, the bill has not yet been heard in the State Assembly, and any subsequent amendments could significantly impact our County's position. Given this, we respectfully urge the authors to consider extending the opt-in deadline. An extension would provide both Santa Clara and

other opt-in counties the time needed to thoroughly evaluate the final, amended version of the bill before making any decisions.

In conclusion, we want to express our sincere gratitude to the committee members, staff, and all commissioners for your continued dedication and active engagement on this critical issue, which will have a lasting impact on the future of our regional transit system.

Sincerely,

A handwritten signature in blue ink that reads "Matt Mahan". The signature is fluid and cursive.

Matt Mahan
Commissioner & San José Mayor

A handwritten signature in blue ink that reads "Margaret Abe-Koga". The signature is fluid and cursive.

Margaret Abe-Koga
Commissioner & Santa Clara County Supervisor

A handwritten signature in blue ink that reads "Pat Burt". The signature is fluid and cursive.

Pat Burt
Commissioner & City of Palo Alto Councilmember

CC:
Metropolitan Transportation Commission
Santa Clara Valley Transportation Authority Board of Directors
State Senator Scott Wiener
State Senator Jesse Arreguín