Connect Bay Area Act: SB 1031 (Wiener/Wahab) Proposed Amendments

METROPOLITAN TRANSPORTATION COMMISSION

Joint MTC ABAG Legislation Committee

April 12, 2024

MTC's Core Objectives in Sponsoring Connect Bay Area Act

Sustain and Improve Transit

Address transit operating fiscal cliff and improve transit across region.

Rider-Focused Improvements

To accelerate the *Bay Area Transit Transformation Action Plan* implementation, strengthen MTC's network management authority in the enabling legislation.

Improve Mobility for All Users (Fund a Balanced Measure)

Include funding for roadway improvements for all users, including local road repairs, active transportation improvements (Safe Streets) and mobility improvements (Connectivity) as well as climate resilience. Achieve geographic balance.

Comparison of Commission-Approved Framework and SB 1031 (Wiener/Wahab)

Topic	Included in Commission's January Bill Framework	In SB 1031	Comments
Goals of Measure, Expenditure Priorities, Geographic Area of Tax	√	√	
Funding Distribution	Deferred pending further engagement	√	Bill includes more detail than approved by Commission, setting $750M Transit Transformation Floor
Transit Consolidation Study & Plan		√	Commission preference to focus on Transit Coordination
Strengthen MTC Role in Network Management	√	√	
TDM Mandate	√	√	
Revenue Options	√	√	Bill removes two options from menu (income tax and vehicle miles traveled charge)

Bay Area Transit is a Network – Its Impacts Extend Beyond Individual Systems

$20 Billion+ in Major Capital Transit Projects Underway

- BART Silicon Valley, Phase 2 - $12.8 billion
- The Portal/Downtown Rail Extension – $8.3 billion
- Valley Link - $2 billion
- Caltrain electrification $2.4 billion

Leveraging $11 Billion in Federal Funds

- Projects poised to secure approximately **$11 billion** in federal funds in next two years.
- Ridership important component of securing Full Funding Grant Agreements

What We've Heard from Voters, Stakeholders and Legislators

- Averting transit fiscal cliff is fundamental
- Transit reforms and accountability are needed
- Residents paying into a tax must see benefit – "return to source" is a key concern for local stakeholders and legislators
- The region has diverse mobility needs; to be successful, a future regional measure must invest in a modally balanced set of investments

Proposed Expenditure Categories

Transit Transformation

Formula + discretionary program to sustain and/or expand transit service levels and accelerate rider-focused Transformation Action Plan improvements and fund zero-emission transit transition. Ensure riders throughout Bay Area receive benefit, regardless of if system rider uses is experiencing deficit.

Safe Streets

Subvention program to County Transportation Agencies to support safety, equity and climate goals, including through including through bike/ped infrastructure investments, safe routes to transit, resilience, pothole repairs and other safety improvements on local roads.

Connectivity

Multimodal Capital Improvement Program to be developed by MTC in partnership with county transportation agencies, with each county guaranteed a share in proportion to their contributions towards the tax over a specified time frame. Projects required to be in Plan Bay Area 2050+ and successor plans.

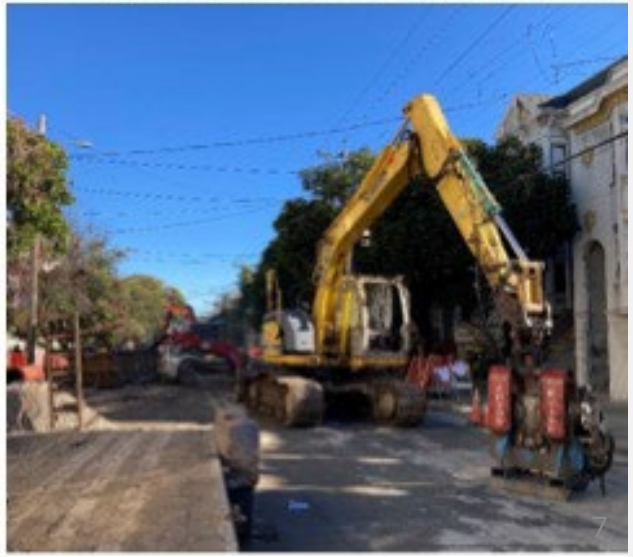
Flexible

A combined county + regional program that can be spent on eligible expenditures in the other three categories. First priority, funded “off the top” is ensuring **each county receives a minimum benefit of 70 percent of the total tax proceeds**. Next priority is addressing outstanding transit operating shortfalls; Remaining funds, if any, are available to MTC for investment in regional priorities.

Connectivity and Flex Funding Categories

- The **Connectivity** Program is envisioned as a **multi-modal capital** program that would be available to fund county priorities that are included in Plan Bay Area 2050+ and successor plans.

- **Flex Funding (both County Flex and Regional Flex)** could be used for any project that is eligible in the Connectivity, Transit Transformation and Safe Streets categories.



Proposed Connect Bay Area Expenditure Framework

Expenditure Category	$1.5 B Scenario	$1 B Scenario
45% - Transit Transformation	$675 M	$450 M
40% - Transit Formula	*$270 M*	*$180 M*
60% - Discretionary	*$405 M*	*$270 M*
25% - Safe Streets	$375 M	$250 M
15% - Connectivity	$225 M	$150 M
15% - Flex	$225 M	$150 M
TDM Mandate (Transit portion)	*$150 M*	*$150 M*
TOTAL	**$1.65B**	**$1.15B**

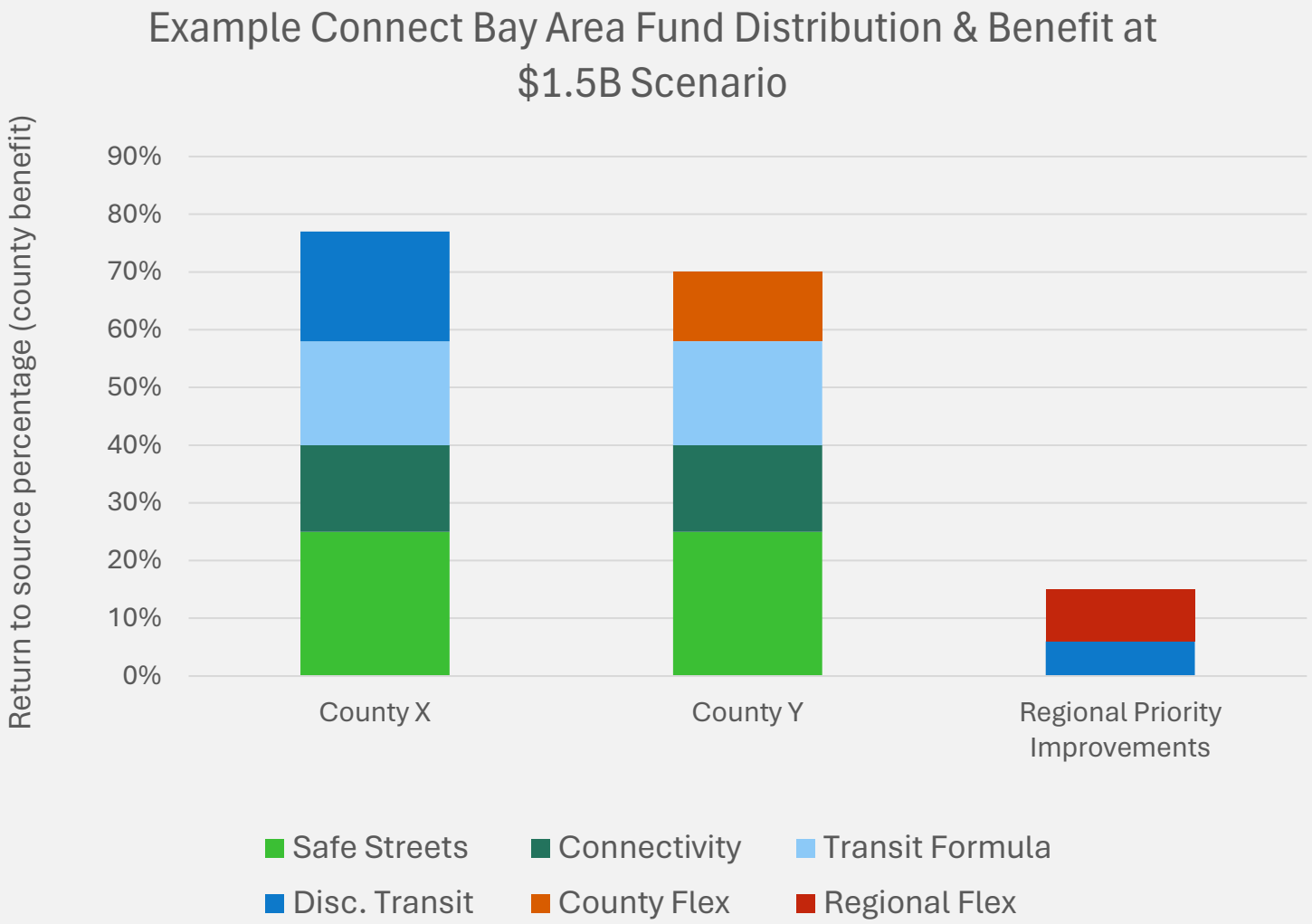
- Minimum 70 percent "return to source" or "county benefit" for the first five years with option to grow in Year 6 and beyond.
- County benefit is derived from total a county receives from formula portion of Transit Transformation, Safe Streets and Connectivity, **plus** potential funding to address transit operating deficits from operators serving that county, and if not sufficient to reach 70%, additional **Flex funds.**
- Amendments should **accommodate** this framework but may be advisable to retain further flexibility.

Formula, Flex & Discretionary Funding Example

Step 1 – Safe Streets, Connectivity and Transit Formula "off the top."

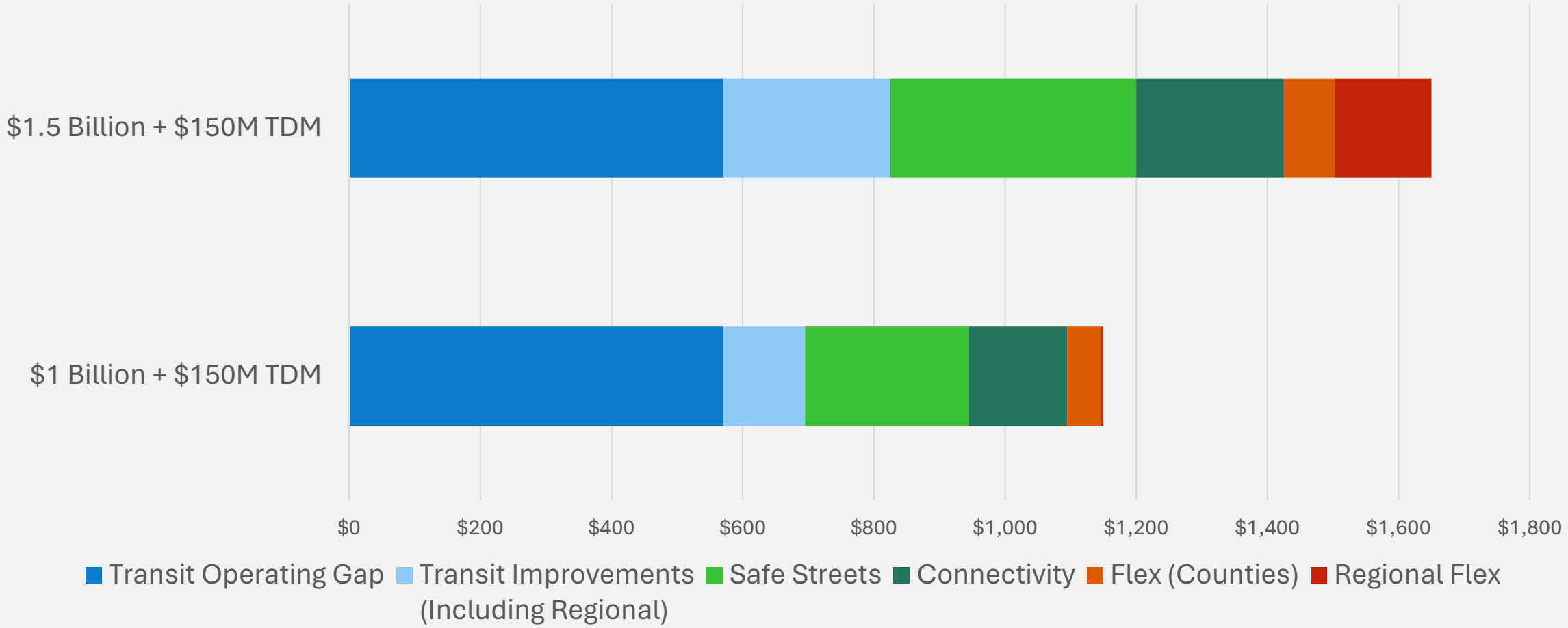
Step 2 – Discretionary transit to address operating gaps & meet operator minimums. Remaining Transit Transformation for regional priorities.

Step 3 – Flex funds meet return to source minimums, if needed. Remaining flex for regional priorities.



Note: Share shown for Regional Priority Improvements represents its share of total annual funding.

Comparing $1B vs. $1.5B Scenarios



Transit Funding & Regional Discretionary Funding Levels Under $1 B and $1.5 B Scenarios

Measure Scenarios	$1.5 billion Annual Funding Available ($ in millions)	$1.0 billion Annual Funding Available ($ in millions)
Transit Funding Range	**$825 - 1,100**	**$600-$750**
Transit Transformation Regional Discretionary	**$92**	**$0**
Flex Regional Discretionary	**$147**	**$4**

Proposed Consolidation Study Amendments

- Developed collaboratively with transit operators
- Clarify language to make clear intent is not a merger of **all** agencies
- Define “consolidation” to include “shared services” type models as well as governance consolidation.
- Push assessment due date to 24 months after election.
  - **Rationale**: Operators need to focus on delivering improvements to the customer through the network management efforts underway. Assessment happening before election could slow down critical progress as resources are diverted to assessment.
  - **Fall back option**: Assessment due September 31, 2026 (Instead of January 1, 2026)
- Set “Implementation Plan” due date one year **after** assessment, consistent with current language.

Proposed Amendments to Network Management Authority in Response to Operator Concerns

- On March 7, operators communicated concerns about SB 1031's Network Management provisions diluting their control over
  - Operating budgets and fare policies
  - Funding sources
  - Bargaining
  - Individual logos/brands
  - Schedule and service planning
- Amendments are proposed to strike a balance between strengthening Network Management oversight and accountability and operators' concerns and aim to:
  - Provide guardrails on scope of MTC network management authority and "maintenance of effort" (MOE) provisions in bill related to an operator's obligation to sustain existing transit operating funding.

Upcoming Bill Deadlines

Date	Committee/Floor Deadline
April 23	Senate Transportation Committee
April 24	Senate Revenue & Taxation Committee
May 17	Senate Appropriations Committee Deadline
May 24	Senate Floor Deadline

Summary of Staff Recommendation

- Endorse Connect Bay Area Expenditure Framework (Attachment D)
  - **For discussion**: Consider pros and cons of including a more flexible range in the amendments versus specified percentages.
- Endorse consolidation study amendments (Attachment C)
- Endorse network management guardrail amendments (Handout)

► Direct staff to work with Senator Wiener and Senator Wahab on amendments to incorporate these elements into the legislation