



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 5

Bay Area Metro Center
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Memorandum

TO: Partnership Board

DATE: May 27, 2016

FR: Rebecca Long, Legislation and Public Affairs

RE: Regional Gas Tax Update: Request for Input for Possible Expenditure Plan

Background

Recent polling in the nine Bay Area counties found that almost two-thirds of Bay Area likely voters support a 5-cent per gallon regional gas tax to fund local street and road repairs (including bicycle and pedestrian improvements). Regionwide, the response was 65 percent support, with support only varying considerably in Solano County at 50%. This matter was discussed at the Commission Workshop in April and MTC's Legislation Committee meeting in May. Excerpts from the presentations at those meetings is included as Attachment A.

To better inform the Commission's decision about whether to place a measure on the November ballot, MTC staff is seeking your input on an expenditure plan that would primarily fund local street and road repairs, while also providing eligibility for bicycle and pedestrian improvements, consistent with the way in which the measure was described in the poll.

The statute requires that revenue be returned to the counties based on population, but does not specify how the funds are distributed within each county. Given the concept is a program focused on local streets and roads, staff believes a formula program makes the most sense. Attachment B details a number of options, including:

1. A population-based distribution;
2. A 50/50 county/city split, with the city share further distributed based on population;
3. A combination formula that takes into account population, road miles and pavement needs with each factor counting 33%. MTC used a similar distribution method for a portion of federal Surface Transportation Funds prior to the One Bay Area Grant Program based on the recommendation of Bay Area Public Works Directors.

The remainder of this memo provides an overview of the regional gas tax statute with respect to project eligibility and development of the expenditure plan, provides a rough timeline for placement on the ballot, and highlights the competing statewide and local measures that are confirmed or likely to be on the November 2016 ballot.

Key Provisions of the Bay Area's Regional Gas Tax Statute

MTC has the authority to request that Bay Area counties place a regional gas tax on the ballot in any amount *up to* 10 cents per gallon for up to 20 years. The statute authorizing this tax specifies the exact wording of the ballot question, as shown in Attachment C. Staff estimates a 5-cent per gallon tax would raise approximately \$140 million annually region wide. The statute requires that each county receive at least 95 percent of its population share in proceeds from the tax. While the statute provides for broad eligibility, MTC proposes to pursue a “pennies for potholes” program focused on local road repairs. With respect to process, the statute requires that MTC adopt a Regional Transportation Expenditure Plan (RTEP) in consultation with “cities, counties, transit operators, congestion management agencies, and other interested groups.”

Election Process: Timeline & Other Key Requirements

- To place the measure on the ballot, MTC must make a request of the Board of Supervisors in each of the nine counties. A county can opt out of the regional measure if it submits another countywide transportation funding measure to the voters at the same election.
- Election costs are to be paid out of proceeds from tax or other MTC funds if the measure fails.
- Election law requires MTC to submit a measure to each Board of Supervisors 88 days prior to the election — by August 12, 2016 if it is to be on the November 2016 ballot.

Competing Funding Measures

An important consideration about whether or not to pursue a regional gas tax this fall is the potential for the measure to negatively affect (and be affected by) other local transportation and affordable housing measures, as well as statewide revenue measures. A number of Bay Area jurisdictions, including the BART, AC Transit, Contra Costa Transportation Authority, SFCTA, and the Santa Clara Valley Transportation Authority, are expected to place revenue measures before the voters this November.

Next Steps

Staff is seeking input through various key stakeholder meetings over the next several weeks. We look forward to hearing your feedback at the June Partnership Board meeting.

Attachments

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Bay Area Gas Tax

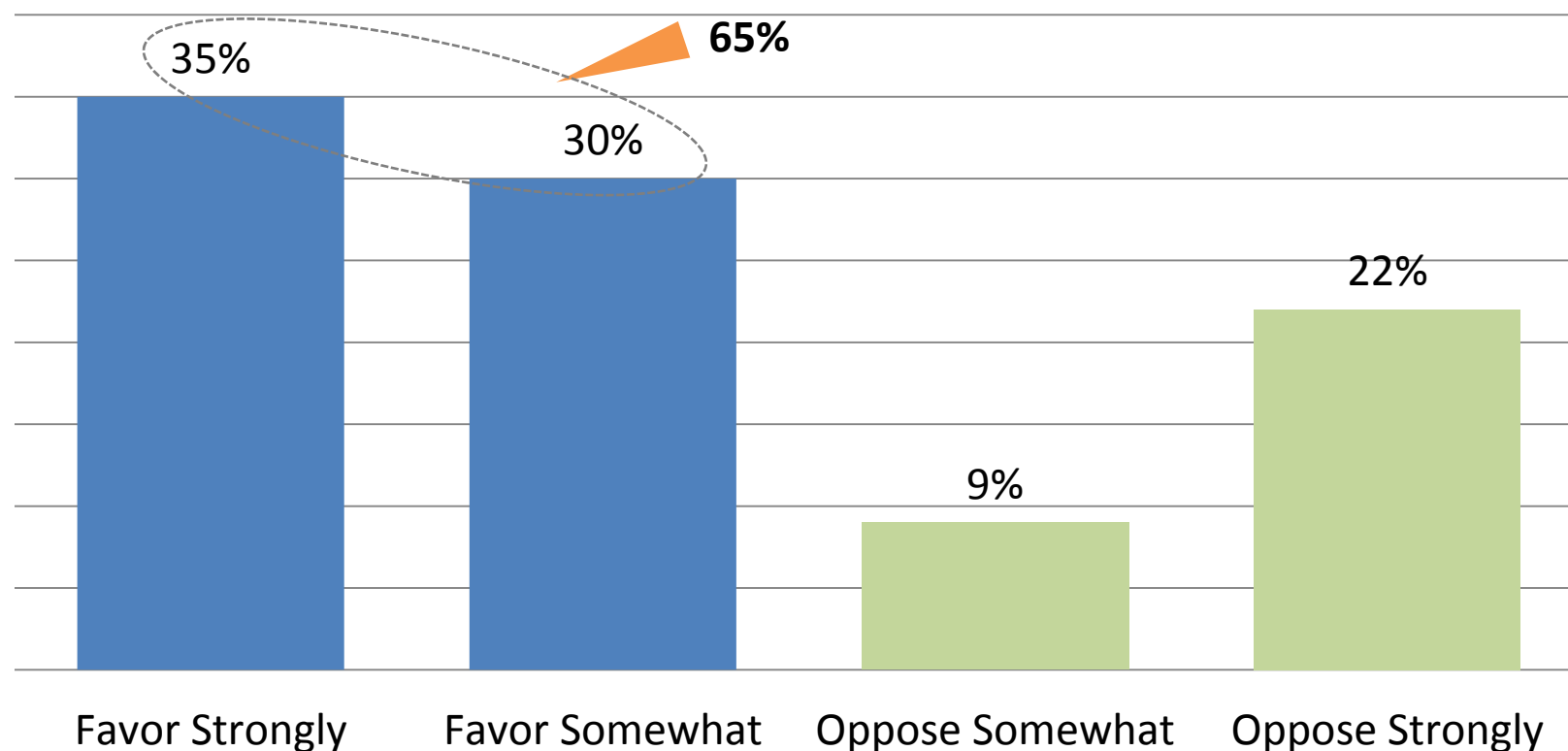
A ballot measure is being proposed to establish a gas tax which would increase the cost of gasoline by _____* per gallon in all Bay Area counties. The revenue would directly fund local road repairs, as well as improvements for bicycle and pedestrian routes.

- **Overall, do you favor or oppose this measure? Is that strongly or somewhat?**

*question was asked at 5 cents and 10 cents per gallon

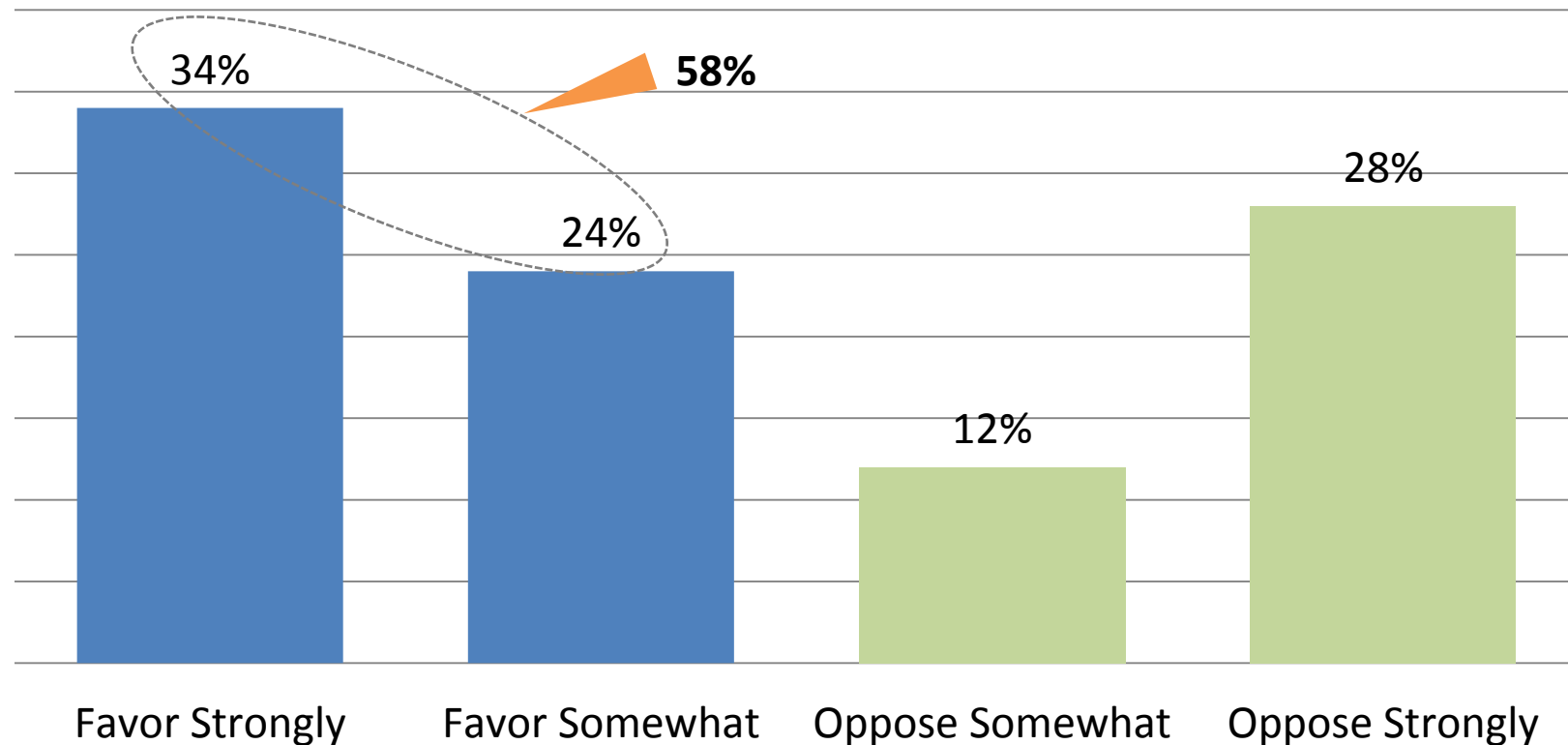
Bay Area Gas Tax – 5 cents/gallon

If this tax increased the cost of gasoline by 5 cents per gallon, rather than 10 cents, would you favor or oppose this measure?



Bay Area Gas Tax – 10 cents/gallon

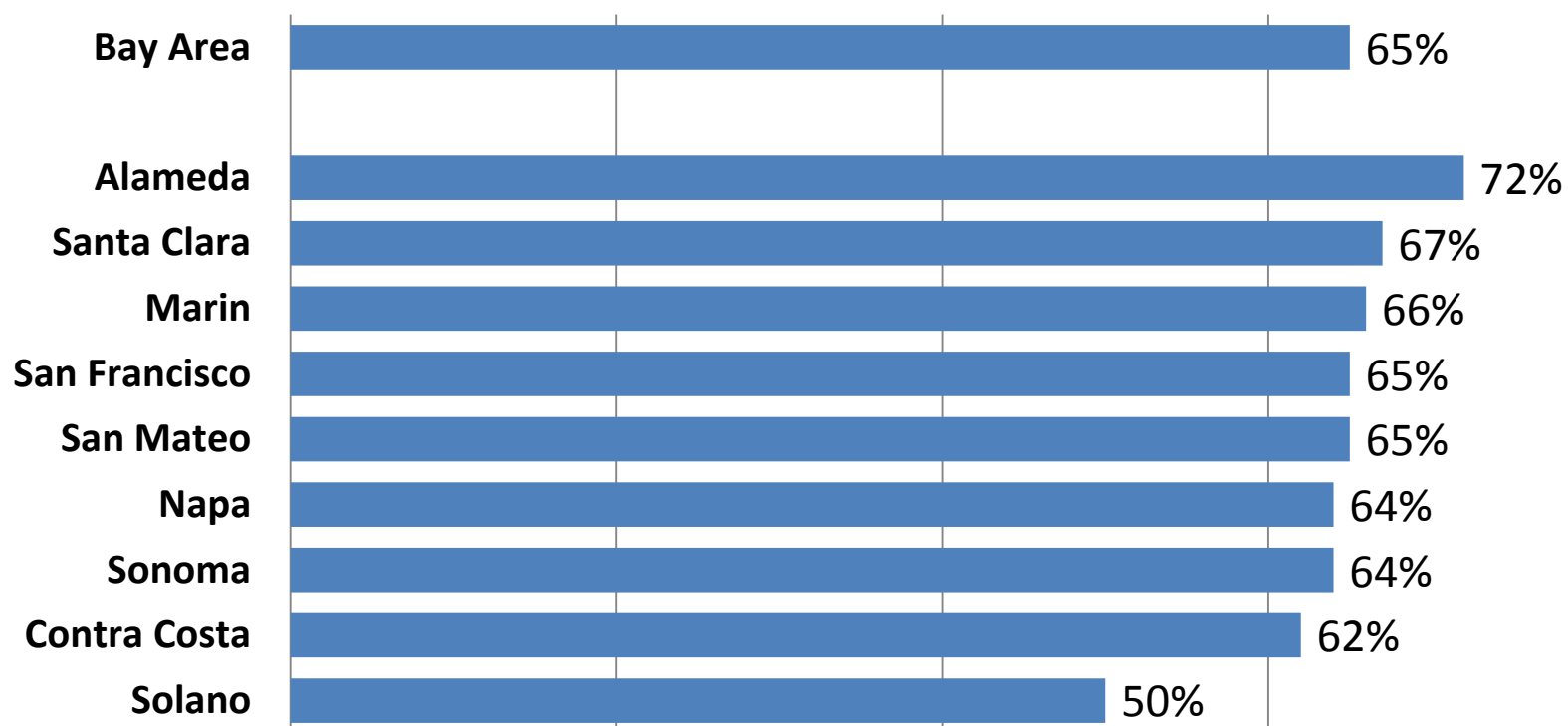
Overall, do you favor or oppose this measure?...Is that strongly or somewhat?



Percentages above do not include don't know responses (2% of total)

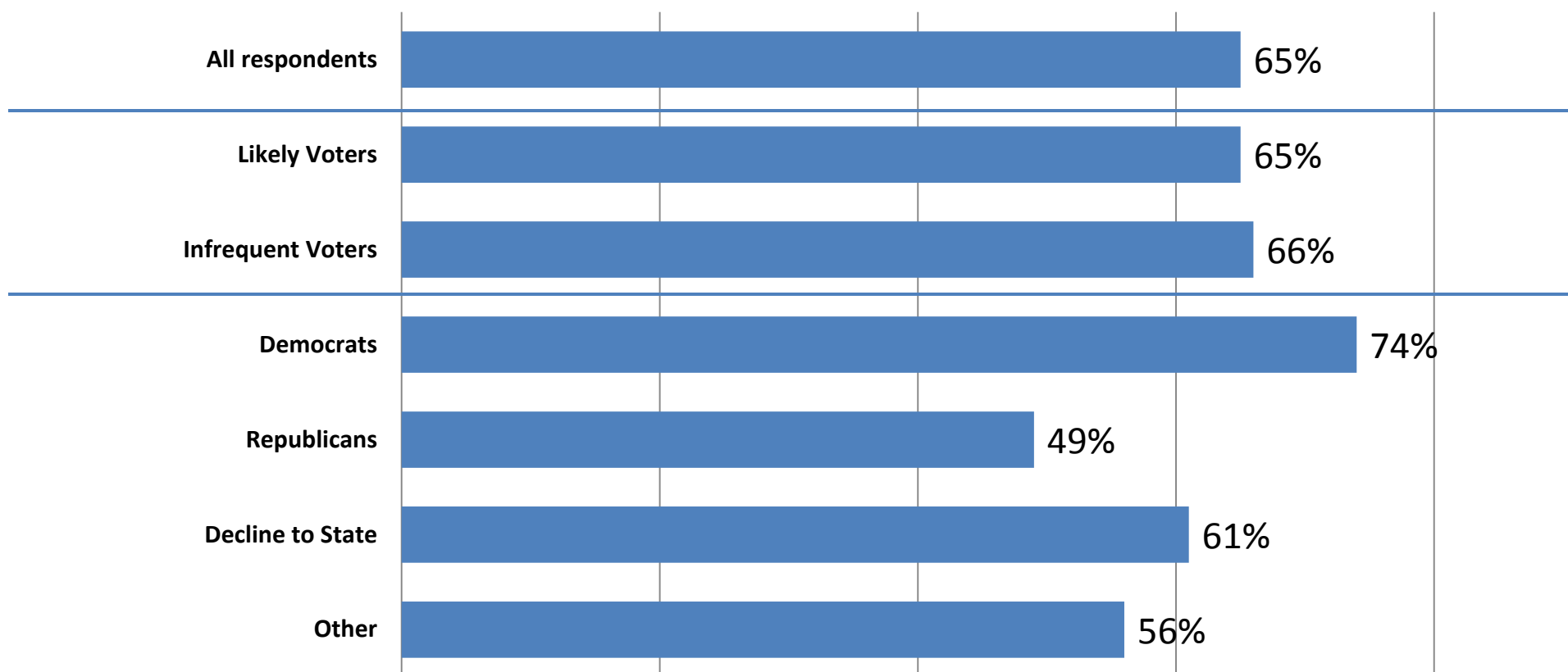
Support by County – 5 cents/gal

Share who support gas tax strongly or somewhat...



Support for Gas Tax – 5 cents/gal

Share who favor strongly or somewhat ...



Statements and Impact

- Following initial gas tax question (at 10 cents), voters were read statements in favor and opposed to measure.
- Some statements resonated more than others with voters.
- However, there was no change in overall support for measure when voters were re-asked the measure (at 10 cents) after hearing statements.
- Support DID increase when asked about a 5 cent gas tax

Annual Regional Gas Tax Revenue (2017) Distribution Scenarios

Regional Gas Tax (5 cents/gallon)	
Total	\$ 141,975,208
BOE 1% Takedown	\$ 1,419,752
Net after BOE	\$ 140,555,456
MTC 1% Admin Takedown	\$ 1,405,555
Net after MTC	\$ 139,149,901
5% Regional Discretionary Funding	\$ 6,957,495
Net 95% for County Distribution	\$ 132,192,406

Total Bay Area Revenue (2017 Estimate)	County Shares
Alameda	\$ 28,064,378
Contra Costa	\$ 19,410,504
Marin	\$ 4,557,901
Napa	\$ 2,470,368
San Francisco	\$ 14,882,576
San Mateo	\$ 13,254,947
Santa Clara	\$ 33,257,585
Solano	\$ 7,560,105
Sonoma	\$ 8,734,041
Bay Area Subtotal	\$ 132,192,406

Local Jurisdiction	Population	Gas Tax Subvention (50% County, 50% Pop) *	DIFFERENCE: Gas Tax Subvention vs. Pop. Distribution	Combo Formula: (1/3 Pop., 1/3 Miles, 1/3 Road Maint. Need)**	DIFFERENCE: Combo Formula vs. Pop Distribution
Alameda County (Unincorporated)	\$ 2,583,448	\$ 14,032,189	\$ 11,448,741	\$ 3,055,211	\$ 471,763
Alameda	\$ 1,348,827	\$ 742,791	\$ (606,036)	\$ 1,137,958	\$ (210,869)
Albany	\$ 326,744	\$ 179,936	\$ (146,808)	\$ 272,177	\$ (54,567)
Berkeley	\$ 2,090,525	\$ 1,151,239	\$ (939,286)	\$ 1,923,869	\$ (166,656)
Dublin	\$ 982,853	\$ 541,251	\$ (441,602)	\$ 767,703	\$ (215,150)
Emeryville	\$ 186,032	\$ 102,447	\$ (83,585)	\$ 151,366	\$ (34,666)
Fremont	\$ 3,987,292	\$ 2,195,777	\$ (1,791,515)	\$ 4,037,948	\$ 50,655
Hayward	\$ 2,690,843	\$ 1,481,830	\$ (1,209,013)	\$ 2,451,846	\$ (238,997)
Livermore	\$ 1,513,422	\$ 833,432	\$ (679,990)	\$ 1,997,800	\$ 484,378
Newark	\$ 777,989	\$ 428,434	\$ (349,555)	\$ 792,679	\$ 14,689
Oakland	\$ 7,226,603	\$ 3,979,645	\$ (3,246,958)	\$ 7,152,609	\$ (73,994)
Piedmont	\$ 195,589	\$ 107,709	\$ (87,879)	\$ 238,937	\$ 43,348
Pleasanton	\$ 1,317,358	\$ 725,461	\$ (591,897)	\$ 1,435,262	\$ 117,904
San Leandro	\$ 1,556,560	\$ 857,188	\$ (699,372)	\$ 1,629,059	\$ 72,499
Union City	\$ 1,280,293	\$ 705,049	\$ (575,244)	\$ 1,019,954	\$ (260,339)
Alameda County Total	\$ 28,064,378	\$ 28,064,378	\$ -	\$ 28,064,378	\$ -

Local Jurisdiction	Population	Gas Tax Subvention (50% County, 50% Pop)	Gas Tax Subvention vs. Pop. Distribution	Combo Formula: (1/3 Pop., 1/3 Miles, 1/3 Road Maint. Need)	Combo Formula vs. Pop Distribution
Contra Costa County (Unincorporated)	\$ 2,962,481	\$ 9,705,252	\$ 6,742,771	\$ 3,268,403	\$ 305,922
Antioch	\$ 1,906,042	\$ 1,124,671	\$ (781,371)	\$ 1,902,537	\$ (3,505)
Brentwood	\$ 994,275	\$ 586,678	\$ (407,597)	\$ 888,770	\$ (105,506)
Clayton	\$ 198,669	\$ 117,226	\$ (81,443)	\$ 202,227	\$ 3,558
Concord	\$ 2,218,811	\$ 1,309,223	\$ (909,589)	\$ 2,161,980	\$ (56,832)
Danville	\$ 768,961	\$ 453,730	\$ (315,231)	\$ 819,752	\$ 50,791
El Cerrito	\$ 427,468	\$ 252,230	\$ (175,238)	\$ 321,931	\$ (105,537)
Hercules	\$ 436,039	\$ 257,288	\$ (178,752)	\$ 354,611	\$ (81,428)
Lafayette	\$ 442,710	\$ 261,224	\$ (181,486)	\$ 432,740	\$ (9,970)
Martinez	\$ 657,958	\$ 388,232	\$ (269,726)	\$ 809,347	\$ 151,390
Moraga	\$ 289,801	\$ 170,999	\$ (118,802)	\$ 338,425	\$ 48,624
Oakley	\$ 682,686	\$ 402,823	\$ (279,863)	\$ 700,261	\$ 17,576
Orinda	\$ 327,571	\$ 193,285	\$ (134,286)	\$ 488,070	\$ 160,499
Pinole	\$ 333,449	\$ 196,754	\$ (136,696)	\$ 334,496	\$ 1,047
Pittsburg	\$ 1,190,251	\$ 702,315	\$ (487,937)	\$ 1,046,401	\$ (143,850)
Pleasant Hill	\$ 601,250	\$ 354,771	\$ (246,479)	\$ 638,357	\$ 37,107
Richmond	\$ 1,889,287	\$ 1,114,785	\$ (774,502)	\$ 1,833,450	\$ (55,838)
San Pablo	\$ 523,247	\$ 308,745	\$ (214,502)	\$ 329,236	\$ (194,012)
San Ramon	\$ 1,382,672	\$ 815,854	\$ (566,818)	\$ 1,201,042	\$ (181,629)
Walnut Creek	\$ 1,176,875	\$ 694,422	\$ (482,453)	\$ 1,338,468	\$ 161,593
Contra Costa County Total	\$ 19,410,504	\$ 19,410,504	\$ -	\$ 19,410,504	\$ -
Marin County (Unincorporated)	\$ 1,205,387	\$ 2,278,951	\$ 1,073,563	\$ 1,737,274	\$ 531,887
Belvedere	\$ 37,330	\$ 25,376	\$ (11,954)	\$ 34,974	\$ (2,356)
Corte Madera	\$ 167,041	\$ 113,550	\$ (53,491)	\$ 147,226	\$ (19,815)
Fairfax	\$ 134,358	\$ 91,333	\$ (43,025)	\$ 115,527	\$ (18,831)
Larkspur	\$ 217,307	\$ 147,720	\$ (69,587)	\$ 205,032	\$ (12,275)
Mill Valley	\$ 254,126	\$ 172,748	\$ (81,378)	\$ 260,472	\$ 6,346
Novato	\$ 942,919	\$ 640,971	\$ (301,947)	\$ 768,154	\$ (174,765)
Ross	\$ 43,877	\$ 29,826	\$ (14,050)	\$ 39,866	\$ (4,011)
San Anselmo	\$ 222,992	\$ 151,584	\$ (71,408)	\$ 184,646	\$ (38,345)
San Rafael	\$ 1,042,165	\$ 708,436	\$ (333,729)	\$ 820,385	\$ (221,780)
Sausalito	\$ 128,480	\$ 87,337	\$ (41,143)	\$ 112,380	\$ (16,099)
Tiburon	\$ 161,920	\$ 110,069	\$ (51,851)	\$ 131,964	\$ (29,956)
Marin County Total	\$ 4,557,901	\$ 4,557,901	\$ -	\$ 4,557,901	\$ -
Napa County (Unincorporated)	\$ 473,422	\$ 1,235,184	\$ 761,762	\$ 1,071,102	\$ 597,680
American Canyon	\$ 354,622	\$ 219,347	\$ (135,275)	\$ 240,115	\$ (114,507)
Calistoga	\$ 92,593	\$ 57,272	\$ (35,321)	\$ 68,251	\$ (24,343)
Napa	\$ 1,389,888	\$ 859,696	\$ (530,192)	\$ 962,182	\$ (427,706)
St Helena	\$ 106,744	\$ 66,025	\$ (40,719)	\$ 95,639	\$ (11,105)
Yountville	\$ 53,099	\$ 32,844	\$ (20,255)	\$ 33,079	\$ (20,021)
Napa County Total	\$ 2,470,368	\$ 2,470,368	\$ -	\$ 2,470,368	\$ -
San Francisco	\$ 14,882,576	\$ 14,882,576	\$ -	\$ 14,882,576	\$ -
San Francisco Total	\$ 14,882,576	\$ 14,882,576	\$ -	\$ 14,882,576	\$ -

Local Jurisdiction	Population	Gas Tax Subvention (50% County, 50% Pop.)	Gas Tax Subvention vs. Pop. Distribution	Combo Formula: (1/3 Pop., 1/3 Miles, 1/3 Road Maint. Need)	Combo Formula vs. Pop Distribution
San Mateo County (Unincorporated)	\$ 1,137,223	\$ 6,627,474	\$ 5,490,251	\$ 2,025,594	\$ 888,372
Atherton	\$ 122,056	\$ 66,755	\$ (55,301)	\$ 333,057	\$ 211,001
Belmont	\$ 470,764	\$ 257,472	\$ (213,292)	\$ 549,142	\$ 78,378
Brisbane	\$ 79,921	\$ 43,711	\$ (36,211)	\$ 159,463	\$ 79,542
Burlingame	\$ 526,063	\$ 287,717	\$ (238,347)	\$ 567,270	\$ 41,207
Colma	\$ 26,048	\$ 14,246	\$ (11,802)	\$ 65,387	\$ 39,339
Daly City	\$ 1,862,254	\$ 1,018,511	\$ (843,743)	\$ 836,455	\$ (1,025,798)
East Palo Alto	\$ 512,811	\$ 280,468	\$ (232,342)	\$ 359,989	\$ (152,822)
Foster City	\$ 570,063	\$ 311,781	\$ (258,282)	\$ 341,751	\$ (228,312)
Half Moon Bay	\$ 212,097	\$ 116,001	\$ (96,096)	\$ 204,177	\$ (7,921)
Hillsborough	\$ 200,992	\$ 109,927	\$ (91,065)	\$ 530,670	\$ 329,679
Menlo Park	\$ 585,604	\$ 320,281	\$ (265,323)	\$ 650,861	\$ 65,257
Millbrae	\$ 403,004	\$ 220,413	\$ (182,592)	\$ 480,290	\$ 77,286
Pacifica	\$ 678,497	\$ 371,086	\$ (307,411)	\$ 794,450	\$ 115,953
Portola Valley	\$ 79,675	\$ 43,576	\$ (36,099)	\$ 221,859	\$ 142,184
Redwood City	\$ 1,440,347	\$ 787,760	\$ (652,587)	\$ 1,066,240	\$ (374,107)
San Bruno	\$ 781,597	\$ 427,474	\$ (354,123)	\$ 729,300	\$ (52,298)
San Carlos	\$ 518,302	\$ 283,472	\$ (234,830)	\$ 696,991	\$ 178,690
San Mateo	\$ 1,785,148	\$ 976,340	\$ (808,808)	\$ 1,295,051	\$ (490,097)
South San Francisco	\$ 1,164,995	\$ 637,164	\$ (527,831)	\$ 1,030,555	\$ (134,440)
Woodside	\$ 97,486	\$ 53,318	\$ (44,169)	\$ 316,394	\$ 218,908
San Mateo County Total	\$ 13,254,947	\$ 13,254,947	\$ -	\$ 13,254,947	\$ -
Santa Clara County (Unincorporated)	\$ 1,534,401	\$ 16,628,793	\$ 15,094,391	\$ 3,862,892	\$ 2,328,491
Campbell	\$ 736,682	\$ 386,157	\$ (350,525)	\$ 681,800	\$ (54,882)
Cupertino	\$ 1,051,704	\$ 551,287	\$ (500,417)	\$ 1,021,476	\$ (30,228)
Gilroy	\$ 932,799	\$ 488,958	\$ (443,840)	\$ 924,307	\$ (8,491)
Los Altos	\$ 528,633	\$ 277,101	\$ (251,532)	\$ 573,500	\$ 44,867
Los Altos Hills	\$ 146,801	\$ 76,951	\$ (69,850)	\$ 262,006	\$ 115,204
Los Gatos	\$ 536,887	\$ 281,428	\$ (255,459)	\$ 656,461	\$ 119,573
Milpitas	\$ 1,277,864	\$ 669,836	\$ (608,028)	\$ 1,080,982	\$ (196,882)
Monte Sereno	\$ 60,738	\$ 31,838	\$ (28,900)	\$ 77,665	\$ 16,928
Morgan Hill	\$ 735,309	\$ 385,438	\$ (349,872)	\$ 819,724	\$ 84,414
Mountain View	\$ 1,371,285	\$ 718,806	\$ (652,479)	\$ 1,125,796	\$ (245,489)
Palo Alto	\$ 1,178,002	\$ 617,490	\$ (560,512)	\$ 1,314,751	\$ 136,750
San Jose	\$ 17,890,007	\$ 9,377,659	\$ (8,512,348)	\$ 16,121,123	\$ (1,768,884)
Santa Clara	\$ 2,129,122	\$ 1,116,052	\$ (1,013,070)	\$ 1,876,117	\$ (253,005)
Saratoga	\$ 542,062	\$ 284,140	\$ (257,922)	\$ 811,507	\$ 269,445
Sunnyvale	\$ 2,605,289	\$ 1,365,652	\$ (1,239,638)	\$ 2,047,479	\$ (557,810)
Santa Clara County Total	\$ 33,257,585	\$ 33,257,585	\$ -	\$ 33,257,585	\$ -
Solano County (Unincorporated)	\$ 340,524	\$ 3,780,053	\$ 3,439,528	\$ 1,148,124	\$ 807,599
Benicia	\$ 487,326	\$ 255,156	\$ (232,170)	\$ 498,687	\$ 11,361
Dixon	\$ 337,180	\$ 176,542	\$ (160,638)	\$ 301,436	\$ (35,744)
Fairfield	\$ 1,969,279	\$ 1,031,082	\$ (938,197)	\$ 1,625,452	\$ (343,827)
Rio Vista	\$ 144,197	\$ 75,499	\$ (68,698)	\$ 122,405	\$ (21,792)
Suisun City	\$ 508,428	\$ 266,205	\$ (242,224)	\$ 444,449	\$ (63,979)
Vacaville	\$ 1,666,753	\$ 872,684	\$ (794,069)	\$ 1,414,404	\$ (252,349)
Vallejo	\$ 2,106,418	\$ 1,102,885	\$ (1,003,533)	\$ 2,005,148	\$ (101,270)
Solano County Total	\$ 7,560,105	\$ 7,560,105	\$ -	\$ 7,560,105	\$ -

Local Jurisdiction	Population	Gas Tax Subvention (50% County, 50% Pop.)	Gas Tax Subvention vs. Pop. Distribution	Combo Formula: (1/3 Pop., 1/3 Miles, 1/3 Road Maint. Need)	Combo Formula vs. Pop Distribution
Sonoma County (Unincorporated)	\$ 2,623,259	\$ 4,367,021	\$ 1,743,762	\$ 4,154,412	\$ 1,531,153
Cloverdale	\$ 153,261	\$ 109,526	\$ (43,734)	\$ 124,360	\$ (28,900)
Cotati	\$ 129,289	\$ 92,396	\$ (36,894)	\$ 104,951	\$ (24,339)
Healdsburg	\$ 205,691	\$ 146,995	\$ (58,696)	\$ 183,715	\$ (21,975)
Petaluma	\$ 1,047,903	\$ 748,875	\$ (299,028)	\$ 879,643	\$ (168,259)
Rohnert Park	\$ 722,954	\$ 516,653	\$ (206,301)	\$ 485,129	\$ (237,826)
Santa Rosa	\$ 3,046,046	\$ 2,176,832	\$ (869,214)	\$ 2,232,215	\$ (813,830)
Sebastopol	\$ 132,123	\$ 94,421	\$ (37,702)	\$ 99,676	\$ (32,448)
Sonoma	\$ 192,421	\$ 137,512	\$ (54,909)	\$ 138,326	\$ (54,095)
Windsor	\$ 481,095	\$ 343,811	\$ (137,284)	\$ 331,615	\$ (149,480)
Sonoma County Total	\$ 8,734,041	\$ 8,734,041	\$ -	\$ 8,734,041	\$ -

Notes:

*** Gas Tax Subvention (50% County, 50% Pop).** This distribution method apportions the funds by population to each county first (as required by statute) and then splits the funds 50/50 with 50% apportioned to the county for county-owned roads and the remainder split between cities based on population. This is the same formula used in the state's gas tax subvention formula for local streets and roads.

**** Combo Formula: (1/3 Pop., 1/3 Miles, 1/3 Road Maint. Need).** This version distributes the funds using a combination formula that incorporates population, road miles and pavement needs with each factor counting 33%. MTC used a similar distribution method to this for federal Surface Transportation Funds prior to OBAG based on the recommendation of Bay Area Public Works directors. The best approach (and the one we used prior to OBAG) would add a fourth "performance" factor to reward jurisdictions that spend their local road funds in the most cost-effective manner - prioritizing an appropriate share for preventive maintenance based on StreetSaver data unique to each jurisdiction. In a four-part formula, each criteria would be worth 25%.

Regional Gas Tax Ballot Question

Revenue & Taxation Code 8504

- (a) Following the adoption by the commission of a regional transportation expenditure plan, the board of supervisors of each county and city and county in the region shall, upon the request of the commission, submit to the voters at a local election consolidated with a statewide primary or general election specified by the commission, a measure, adopted by the commission, authorizing the commission to impose the tax throughout the region.
- (b) The measure may not be grouped with state or local measures on the ballot, but shall be set forth in a separate category and shall be identified as Regional Measure 2.
- (c) Regardless of the system of voting used, the wording of the measure shall read as follows:
“Shall The Metropolitan Transportation Commission be authorized to impose a tax of ____ per gallon on the sale of gasoline to build and operate transportation projects identified in the expenditure plan adopted by the commission?”
- (d) The commission shall reimburse each county and city and county in the region for the cost of submitting the measure to the voters. These costs shall be reimbursed from revenues derived from the tax if the measure is approved by the voters or, if the measure is not approved, from any funds of the commission that are available for general transportation planning.
- (e) The board of supervisors of a county or city and county may elect not to submit the measure adopted by the commission to the voters if it submits an alternative countywide transportation funding measure to the voters at the same election.
- (Amended by Stats. 1999, Ch. 724, Sec. 13. Effective January 1, 2000.)*