

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

November 8, 2024

Agenda Item 3a

Transportation Revenue Measure Select Committee Update

Subject:

Update on the Transportation Revenue Measure Select Committee and proposed next steps.

Overview:

On October 21, 2024, MTC's Transportation Revenue Measure Select Committee held its fifth and final meeting about a potential 2026 Bay Area transportation ballot measure that aims (at a minimum) to avert major transit service cuts due to significant operating deficits among some of the region's largest transit operators post-pandemic and fund improvements to the transit rider experience that the Bay Area Transit Transformation Action Plan prioritized.

Who Participated?

The Select Committee included nine commissioners and seven representatives of key constituencies, including the business community, labor, transit advocates and equity advocates, along with ex officio participation by staff from Senator Wiener and Senator Wahab's offices and legislative staff from Senate Transportation Committee Chair Cortese and Assembly Transportation Committee Chair Wilson also in regular attendance. The Committee's work was guided by additional input from the Bay Area public, MTC's Policy Advisory Council, state, federal and local leaders, and the Transportation Revenue Measure Executive Group comprised of leaders of Bay Area transit agencies and county transportation agencies. (See Attachment A for a roster of the Select Committee and Transportation Revenue Measure Executive Group).

What Did the Select Committee Explore?

The Committee considered several key topics in its five months of deliberations, including:

- The measure's expenditure framework (e.g., addressing pandemic-driven fare losses, closing transit operator shortfalls, and/or making broader multimodal system improvements)
- Potential revenue mechanisms
- Duration of the measure
- Ensuring transparency and accountability

- Other policy considerations for accompanying legislation

What Was the Outcome of the Select Committee?

The Select Committee didn't reach consensus on a specific funding framework, but they did coalesce around some items and provided clarity about areas where there are continued concerns and differences of opinion. At the final meeting, committee members received a presentation from MTC's consultant Stuart Cohen on four variations of a potential measure, incorporating feedback from the prior month. (See Attachment B for a description of the four scenarios.) The Select Committee also received a [presentation](https://mtc.legistar.com/LegislationDetail.aspx?ID=6895800&GUID=7A4E2C9C-D2F5-4344-83CC-644AE28E0C3F) (https://mtc.legistar.com/LegislationDetail.aspx?ID=6895800&GUID=7A4E2C9C-D2F5-4344-83CC-644AE28E0C3F) of a "compromise proposal" developed by San Francisco Municipal Transportation Agency (SFMTA) comprised of a variable rate parcel tax in the five counties served by BART.

Motions and Gradients of Agreement Shed Light on Areas of Consensus

The Select Committee voted on two motions capturing areas of agreement related to funding provisions and policy components for the enabling legislation. (See Attachment C for the approved motions). Committee members were also asked to rank their degree of support for discrete components of a potential measure (incorporating aspects of the MTC frameworks as well as the SFMTA proposal) on a 1-5 scale to further assist MTC's efforts to craft a measure that achieves three key objectives articulated by Select Committee Chair Spering: sustain transit, advance transit transformation and win support of legislators and voters. (See Attachment D for results of the gradients of agreement exercise).

Over the course of the Select Committee's work, stakeholders provided extensive input. Included as Attachment E are letters and public comment submitted to Chair Spering or the Select Committee since September 2023. We anticipate further formal comment to be submitted by November 6, which will be included as a handout at your meeting.

Chair Spering asked staff to narrow the options down to two frameworks for further consideration and comment, taking into consideration input provided by the Select Committee members, key stakeholders and the public. The proposed two frameworks are:

- **Scenario 1A:** A transit-only measure in Alameda, Contra Costa, San Francisco and San Mateo (with Santa Clara given the option to participate) lasting just 10 years. This would be a more modest measure funded by a ½-cent sales tax. Funds would offset the loss of fare revenue for operators in participating counties. Changes to this scenario since October include an updated revenue forecast (increasing it from \$540 million/year to \$562 million/year in FY 2026-27). When combined with a contribution from Santa Clara County to help fund Caltrain’s adjusted fares gap (already assumed in the October presentation), there would be an additional \$20 million available to SamTrans for feeder bus and other service and an additional \$10 million for feeder bus service in Alameda and Contra Costa counties.
- **Hybrid:** A 30-year measure that would generate sufficient funding to make investments in infrastructure in addition to a higher transit funding level. The Hybrid scenario is now being proposed as an opt-in measure whereby the five counties of Santa Clara, Marin, Napa, Solano and Sonoma would have the opportunity to join. This opt-in framework is proposed for consideration *only if Santa Clara County opts into the measure* because, of the five counties served by BART and other operators facing significant funding shortfalls, only Santa Clara County commissioners expressed a preference for a 30-year measure. It is proposed to be funded by a ½-cent sales tax plus a 9-cent per building square foot parcel tax.

Staff believes Scenario 1A, a transit-focused ten year measure, is the preferred option and is the minimum-sized measure necessary to address the immediate transit emergency facing the Bay Area. That said, it’s important to acknowledge that it leaves a significant portion of operating deficits (as projected by operators) unaddressed, particularly for SFMTA. Therefore, complementary supplemental funding would be needed if Scenario 1A is the option chosen. Should there be support for a larger measure by Santa Clara County (and any counties in the North Bay), staff believe the Hybrid approach could be viable and is worth further exploration. Polling will further guide the Commission’s refinement and narrowing of frameworks and is planned after the December 9 Special Commission meeting. The attached presentation highlights the main financial features of each framework.

A comprehensive report of the Select Committee's work is under development and will be submitted to the Legislature later this month. We look forward to hearing feedback and responding to questions from the Joint MTC ABAG Legislation Committee.

Recommendation:


Information

Issues:

None identified.

Attachments:

- Attachment A: Roster of the Select Committee and Transportation Revenue Measure Executive Group
- Attachment B: Summary of the four scenarios ([from October Select Committee](https://mtc.legistar.com/gateway.aspx?M=F&ID=66f11282-8186-48d3-bdc5-4ebe23f33f47)) ([https://mtc.legistar.com/gateway.aspx?M=F&ID=66f11282-8186-48d3-bdc5-4ebe23f33f47.pdf](https://mtc.legistar.com/gateway.aspx?M=F&ID=66f11282-8186-48d3-bdc5-4ebe23f33f47))
- Attachment C: October 21, 2024, Select Committee motions
- Attachment D: October 21, 2024, Select Committee Gradients of Agreement
- Attachment E: Funding details of Scenario 1A and Hybrid
- Attachment F: Compilation of feedback provided to Chair Sperring & the Select Committee since September 2023
- Attachment G: Presentation



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