

Transportation Revenue Measure Select Committee Update

Joint MTC ABAG Legislation Committee
November 8, 2024



Transportation Revenue Measure Select Committee Background

- ▶ Convened by MTC to help Bay Area leaders and stakeholders reach consensus on a potential 2026 transportation revenue ballot measure after decision made to pause SB 1031 (Wiener/Wahab).
- ▶ Members met monthly from June to October 2024 to consider options and alternatives and build consensus for a measure that could be on ballot in 2026.



Select Committee's Composition

Nine Commissioners

- ▶ Canepa
- ▶ Chavez
- ▶ Josefowitz
- ▶ Mahan
- ▶ Miley
- ▶ Noack
- ▶ Moulton-Peters
- ▶ Rabbitt
- ▶ Spering (Select Committee Chair)

Seven representatives of interested organizations:

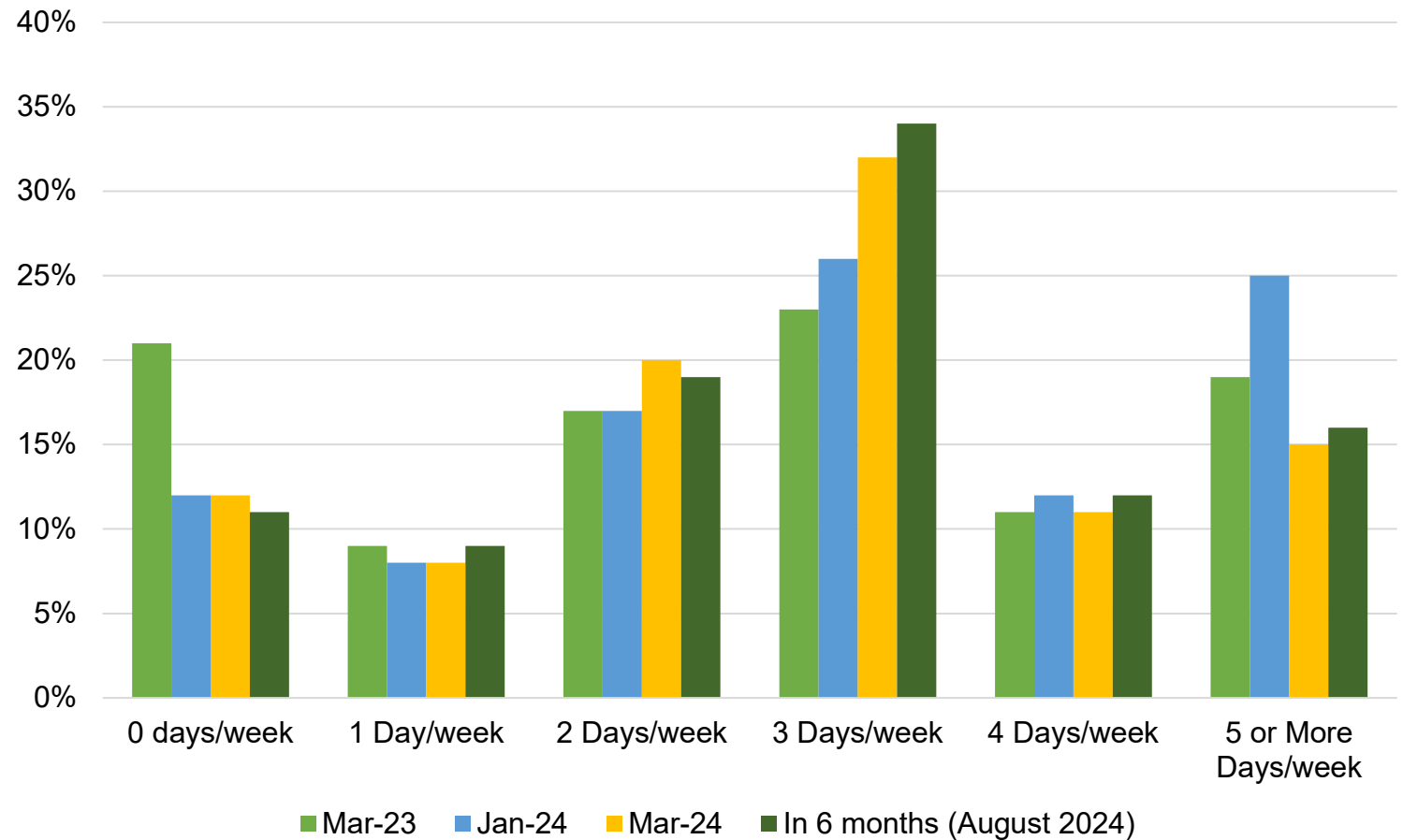
- John Arantes, SEIU
- Alicia John-Baptiste, SPUR
- Manny Leon, CA Alliance for Jobs
- Adina Levin, Seamless Bay Area
- James Lindsay, Amalgamated Transit Union
- Ellen Wu, Voices for Public Transportation
- Jim Wunderman, Bay Area Council

Context of the funding crisis facing Bay Area transit

Four Years Since Start of Pandemic, Return to in-Office Work in Full-Swing

- Over half of Bay Area employers report workers in-office 2-3 days per week
- Share of employers with workers in-office 3 days per week continues to grow
- Share of employers fully remote has settled around 12%

Employer Estimate of In-Office Work Frequency



Bay Area Ridership Recovery

Total Bay Area Transit Ridership



Note: Data for Vacaville CityCoach and Union City Transit is not available.

Source: National Transit Database, Through August 2024

Bay Area Climate Goals Depend on Transit

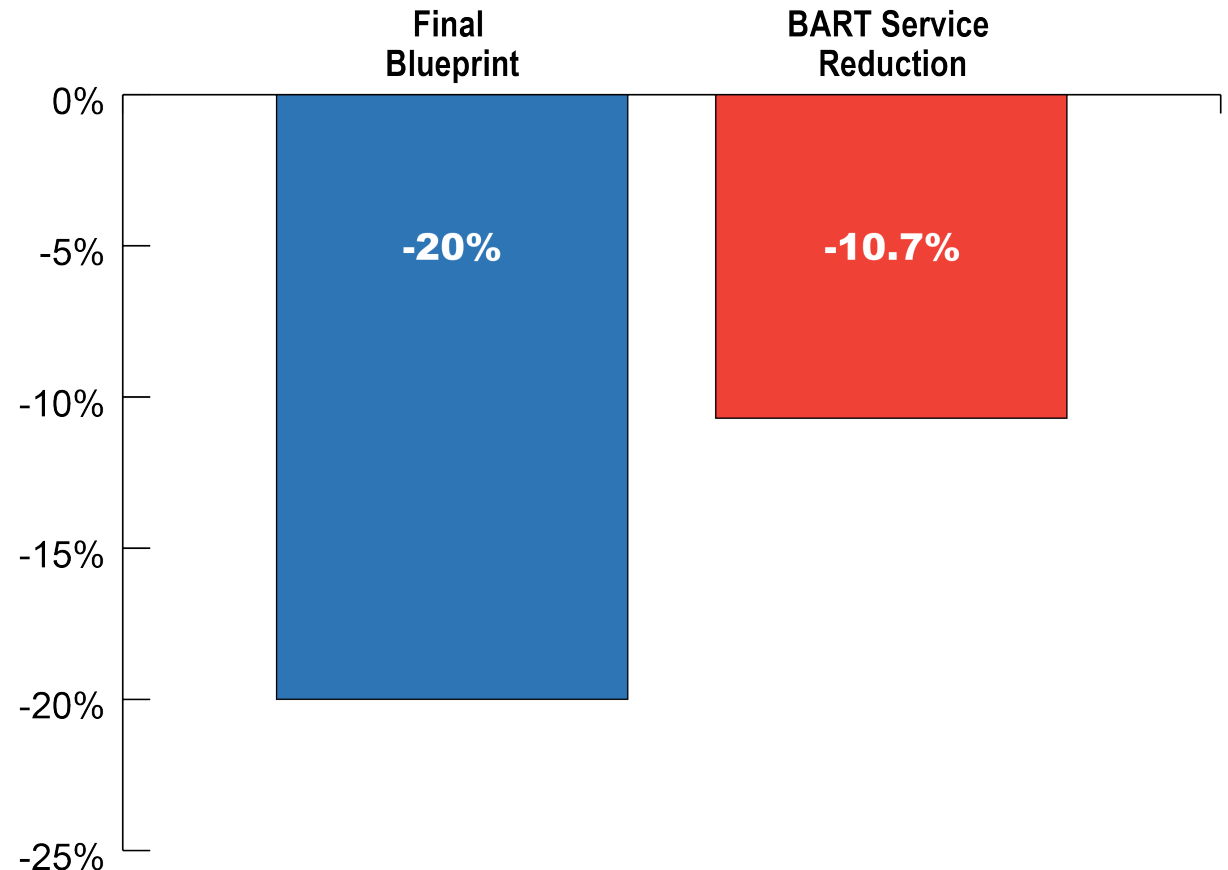
The Bay Area cannot achieve state climate goals without transit. A transit “doom spiral” would mean driving increases and even with accelerated fleet electrification would undercut our greenhouse gas reduction goals.

Final Blueprint Plan Bay Area 2050 alternative that achieves SB 375 target of 19% per capita CO₂ emissions (relative to 2005).

BART Service Reduction

With significant BART cutbacks such as cutting service to one-hour headways and station closures, the Bay Area's climate goals will be cut in half.

Total per Capita CO₂ Emissions in Relation to 2005



Transit is Foundational to the Bay Area's Housing Strategy

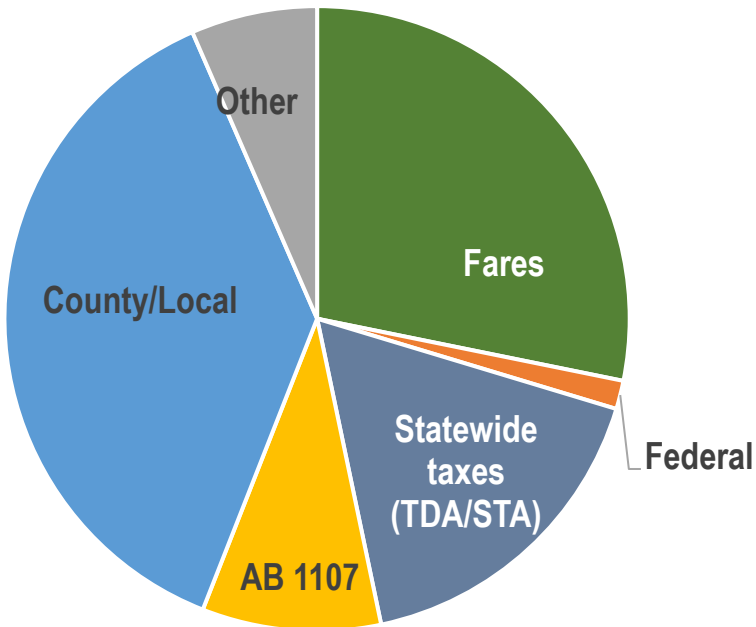
- Plan Bay Area 2050 assumes significant growth around BART stations.
- Today, nearly 500,000 people live in the 200,000 homes located within ½ mile of a BART station.
- By 2050, the number of homes is projected to more than double, growing to nearly 550,000.
- Nearly 70% of that new housing is projected to be affordable (deed restricted)



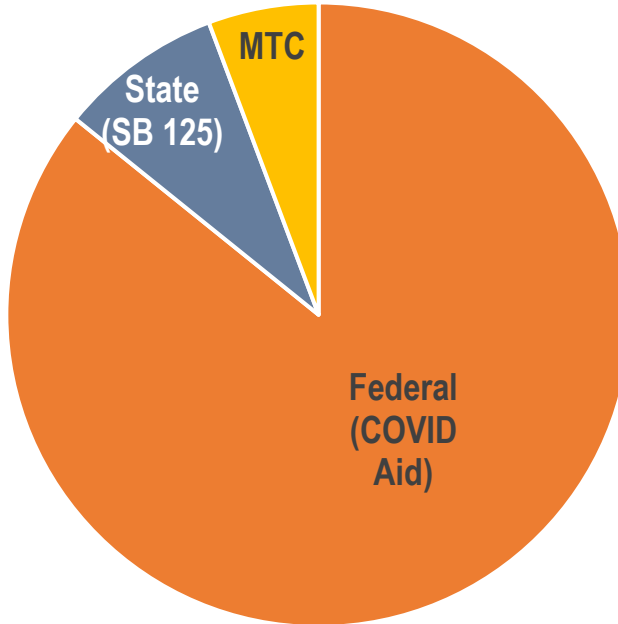
Funding Bay Area Transit Service Has Always Been a Partnership



Pre-COVID Transit Operating Revenue Mix (FY 2018-19)



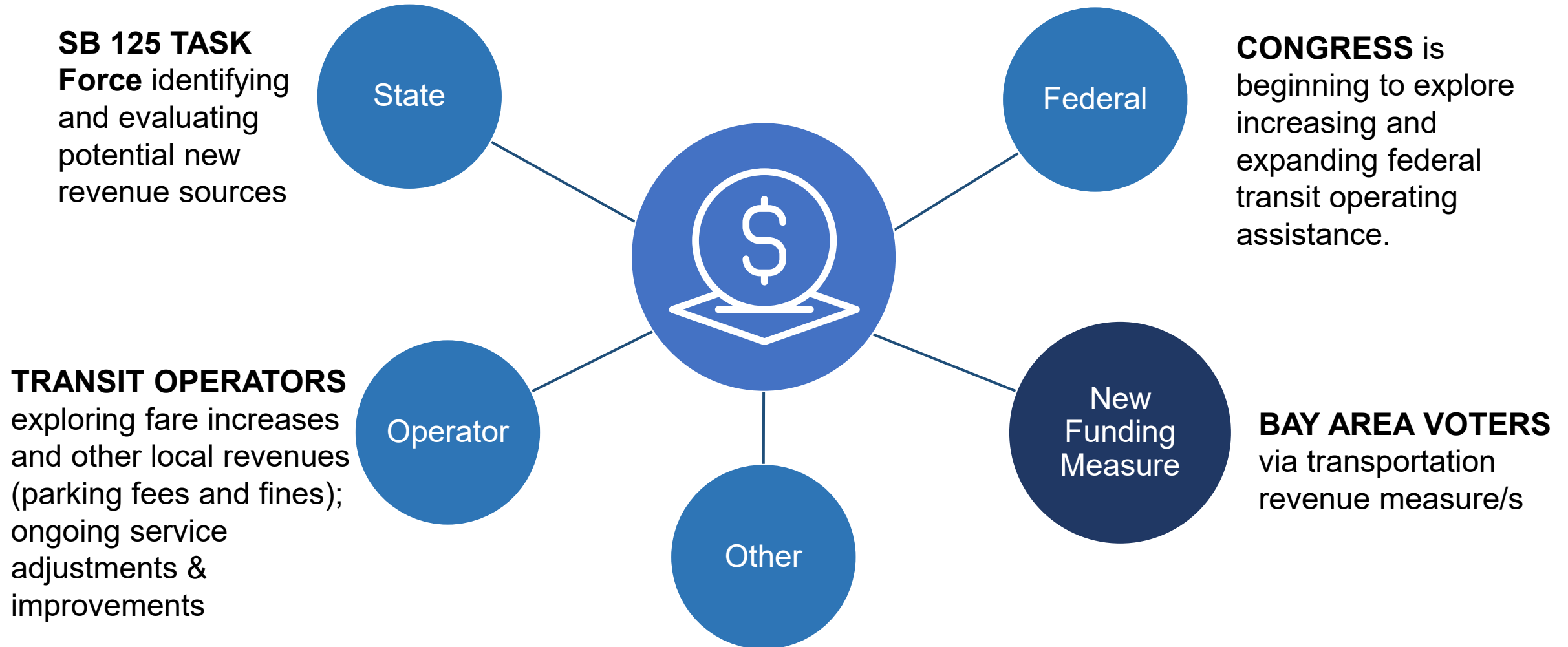
COVID Emergency Assistance (Federal Aid, SB 125 and \$300M MTC Commitment)



New Ongoing Revenue Sources (Examples of range of ongoing revenue sources)

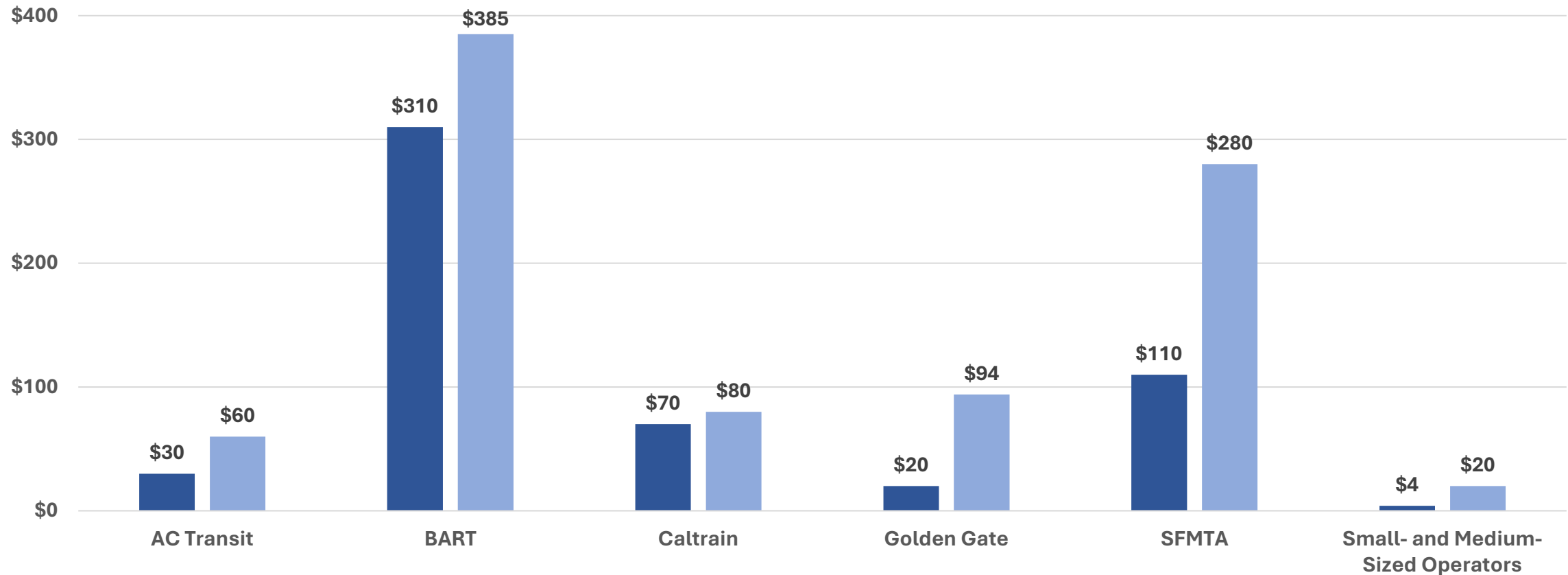
- ▶ **Fares:** BART 5.5% increase
- ▶ **County/Local:** Caltrain Measure RR (\$120M/year)
- ▶ **Other:** RM 3 (up to \$52M/year); Golden Gate Bridge toll increase (up to \$37M/year)

Continued Partnership Necessary for Future Transit Operating Funding Picture



Overview of Select Committee Outcomes

Defining the Problem to Solve: Different Measurements of Operating Funding Need



Adjusted Fare Losses
\$544M Total

Operator-Reported Shortfalls
\$919M Total

Select Committee Feedback on Key Components

Gradients of Agreement exercise provided insight into committee members views:

- ▶ **Geography:** Strong preference for measure to be placed on ballot in the four counties of Alameda, Contra Costa, SF and San Mateo (letting the other five **opt in**) versus requiring all nine counties.
- ▶ **Duration:** Select Committee slightly preferred 10 years. Strong preference for a 10-year measure among commissioners representing the four core counties, whereas Santa Clara commissioners strongly prefer a 30-year measure.
- ▶ **Transit Operating Funding Target:** Overall, a slight preference for targeting adjusted fares over operator-reported shortfalls. Commissioners, business community and construction labor representatives strongly prefer adjusted fares; transit operating union labor representatives and advocates favor operator-reported shortfalls.
- ▶ **Funding Mechanism:** Support for sales tax over parcel tax or payroll tax, but interest in a measure with multiple sources.

Scenarios Presented on October 21

September Scenarios	Variations
<p>Scenario 1</p> <p>Core Transit Framework: 30 years</p>	<p>Scenario 1A</p> <p>Core Transit: 10-year version</p>
<p>Hybrid</p> <p>Hybrid, with Payroll tax plus Sales Tax</p>	<p>Hybrid</p> <p>Hybrid, with Parcel tax plus Sales tax</p>

SFMTA Compromise Proposal Presented in October with Variable Rates

Tax Measure

F

- Short/Near-Term (11 – 15 years)
- Sales OR Parcel Tax
- Variable Rates by County
- Revenues sufficient to fully fund transit needs for 10-years
- Regional Program Funded first
- Allows for a Long-Term more visionary measure for November 2036 ballot OR reauthorization of Short-Term Measure

Regional Program

R

- *Regional Rail System* Funded (BART, Caltrain, BSV)
- *Regional Transit Service* (Regional Bus Services creating connectivity to regional rail)
- *Regional Transit Transformation* (Fare Integration & Modernization, CX, Cleanliness, Safety)

Legislation & Policy

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- Authorization for:
 - A retail transactions and use tax
 - A parcel tax
- *Variable Rate District Based Program
- Allows for a qualified voter initiative
- Legislates the “Regional Program”
- Legislates an Independent Auditor

- Imposed in the 5 core counties – others could opt-in.
- Funding for regional and local transit plus county flex in Alameda, Contra Costa, San Mateo and Santa Clara (amount depends on tax rate)

Proposed Next Step:

Focus in on the two scenarios which have the greatest potential support.

Note: Data for scenarios provided by NBS (parcel tax) based on July 2023 assessment data and Sperry Consulting (sales tax) based on estimated 2027 taxable sales.

Scenario 1A

- ½ cent sales tax
- Yields ~\$560M/year
- 10 years
- **Transit only**
- 10% or \$56M for Transit Transformation
- 4 Counties: AL, CC, SF, SM (opt-in for SC only)

Hybrid

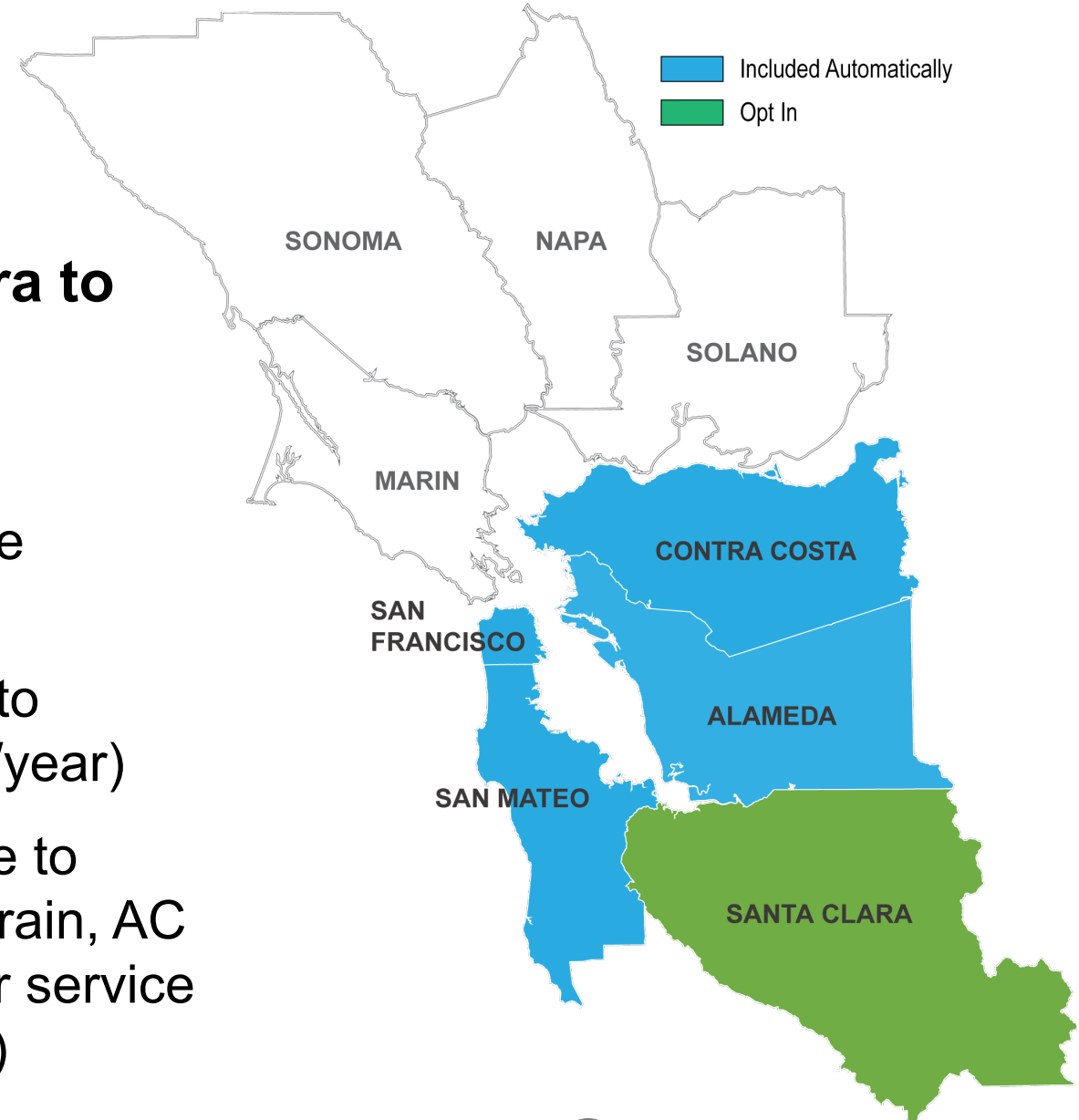
- ½ cent sales tax + \$0.09 bldg. sq. ft. parcel
- Yields \$1.3-\$1.5B year
- 30 years
- **Transit + infrastructure:** 10% of sales tax revenue for Transit Transformation
- 5-9 Counties (including at least AL, CC, SF, SM and SC **(if SC opts in)**).

Scenario 1A Summary:

Transit Focus

Applies to Alameda, Contra Costa, S.F. and San Mateo + **option for Santa Clara to join.**

- ▶ 10-year duration
- ▶ ½-cent sales tax (\$560M/year in four core counties)
- ▶ 10% per year for Transit Transformation to grow ridership for entire measure (\$55M/year)
- ▶ 90% to make up for lost fare revenue due to changes in travel behavior at BART, Caltrain, AC Transit, and Muni, plus funding for feeder service in AL, CC and SM counties (\$505M/year)



10yrs Duration	\$560M Annually
1/2¢ Sale Tax	Transit only
4 Counties <i>With option of Santa Clara opt-in</i>	
\$4M Annually for Small Operators	\$10M Annually for AL/CC BART Feeder Bus
\$20M Annually for SamTrans/ San Mateo County Feeder Bus	

Proposed Funding Strategies

Scenario 1A

\$5B investment in transit operating over 10 years

Regional Rail	\$3B BART	\$390M* Caltrain	
Regional Bus	\$880M SF MTA	\$560M Transformation	
Local Transit	\$300M AC Transit	\$200M SamTrans & SM Feeder	\$144M AL/CC/Small Operators

*Assumes Caltrain will receive partial funding for their loss of fare revenue from the measure and the remainder from Santa Clara County.

Hybrid Scenario Summary

- ▶ Multi-modal measure with 30-year duration
- ▶ Geography includes four core counties, with opt-in for Santa Clara and North Bay but this scenario only proposed for consideration *if Santa Clara decides to opt in*.
- ▶ Provides higher transit funding level aimed at sustaining current service levels (targeting operator-reported deficits, not just fare loss).
- ▶ Combines ½-cent sales tax (\$1 billion annually) with parcel tax of \$0.09/building square foot.
- ▶ \$1.3B/year in 5 counties or \$1.5B/year in all nine counties.
- ▶ Parcel tax would support transit operations (60%) and County Flex (40%).



30yrs Duration	\$1.3B- \$1.5B Annually
\$0.05 Sales Tax + \$0.09/sq ft parcel tax	Transit & Infrastructure
5 - 9 Counties <i>If Santa Clara elects to join</i>	
\$23B-\$29B County Flex for county priorities	
\$2.6 - \$3.1B Transit Transformation	

Proposed Funding Strategies

**\$9.4-\$10B investment in transit
operating first 15 years**

Hybrid

Regional Rail	\$4.5B BART	\$940M Caltrain	\$4.5B Transit ops in years 16-30. Specific allocations to be decided in year 15 of measure.
Regional Bus	\$3B SF MTA	\$500M Golden Gate	
Local Transit	\$705M AC Transit	\$240M Small/Medium Operators	

Recap of Select Committee's October Policy & Funding Recommendations

- ▶ **Transit Agency Accountability:** Strengthen oversight of transit agency financial information and condition new funding on operators complying with transit transformation policies adopted through the Regional Network Management framework.
- ▶ **Transit Agency Consolidation:** Topic is worthy of further study but should be pursued separate from enabling legislation.
- ▶ **Transit Transformation:** Support for investing 10% of measure in improvements to make system more connected, affordable and reliable, with 50% invested in proportion to each county's contributions to the measure.
- ▶ **Citizen Initiative:** Support for authorizing a citizen initiative in the enabling legislation.

Ensuring Transit Transformation Benefits in Every Participating County

- ▶ Both scenarios invest 10% of sales tax into Transit Transformation.
- ▶ New commitment in response to feedback:
 - ▶ 50% of Transit Transformation funds to go towards local Transit Transformation priorities (e.g., bus-only lanes or signal coordination), to benefit each county in proportion to their share of sales tax generated by the measure.



Investing in Transformation

Hypothetical \$100 Million Annual Investment Over Five Years
 Half of funds directed to local Transit Transformation priorities

\$25 million
 Transit Fares

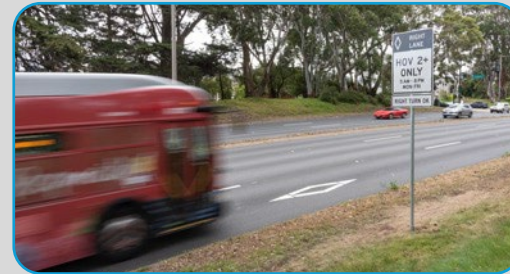
\$20 million
 Mapping & Wayfinding

\$40 million
 Transit Priority

\$15 million
 Access. & Paratransit

What Benefits Do We Get From This Investment?

A more affordable, easier to navigate, faster, and more accessible regional transit system.



Transit Fares

- Ongoing Free/Discounted Interagency Transfers
- Ongoing Clipper START Program + enhancements
- Ongoing Clipper BayPass Program

Mapping & Wayfinding

- Initiate regionwide deployment and installation of mapping/wayfinding/visual identity standard at rail stations, ferry terminals, transit hubs, and bus stops

Transit Priority

- Approx. three corridor-wide projects like SFMTA's Geary Rapid project
- Approx. 100+ "hot spot" interventions (TSP, stop placement/spacing/design, transit only or HOV lanes)

Accessibility

- Operations support for one-seat paratransit rides
- Mobility management programs at the county level
- Regional data clearinghouse for accessible services

TRM Enabling Legislation Timeline

