

Transportation Revenue Measure Update

Bay Area Partnership Board
December 2, 2024
Agenda Item 4d – Attachment A



Select Committee Feedback on Key Components of Measure

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 targeting operator-reported shortfalls.
- ▶ **Funding Mechanism:** Support for sales tax over parcel tax or payroll tax, but interest in a measure with multiple sources.

Proposed Next Step *(presented to Joint MTC/ABAG Legislation Committee 11/8)*

Focus 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

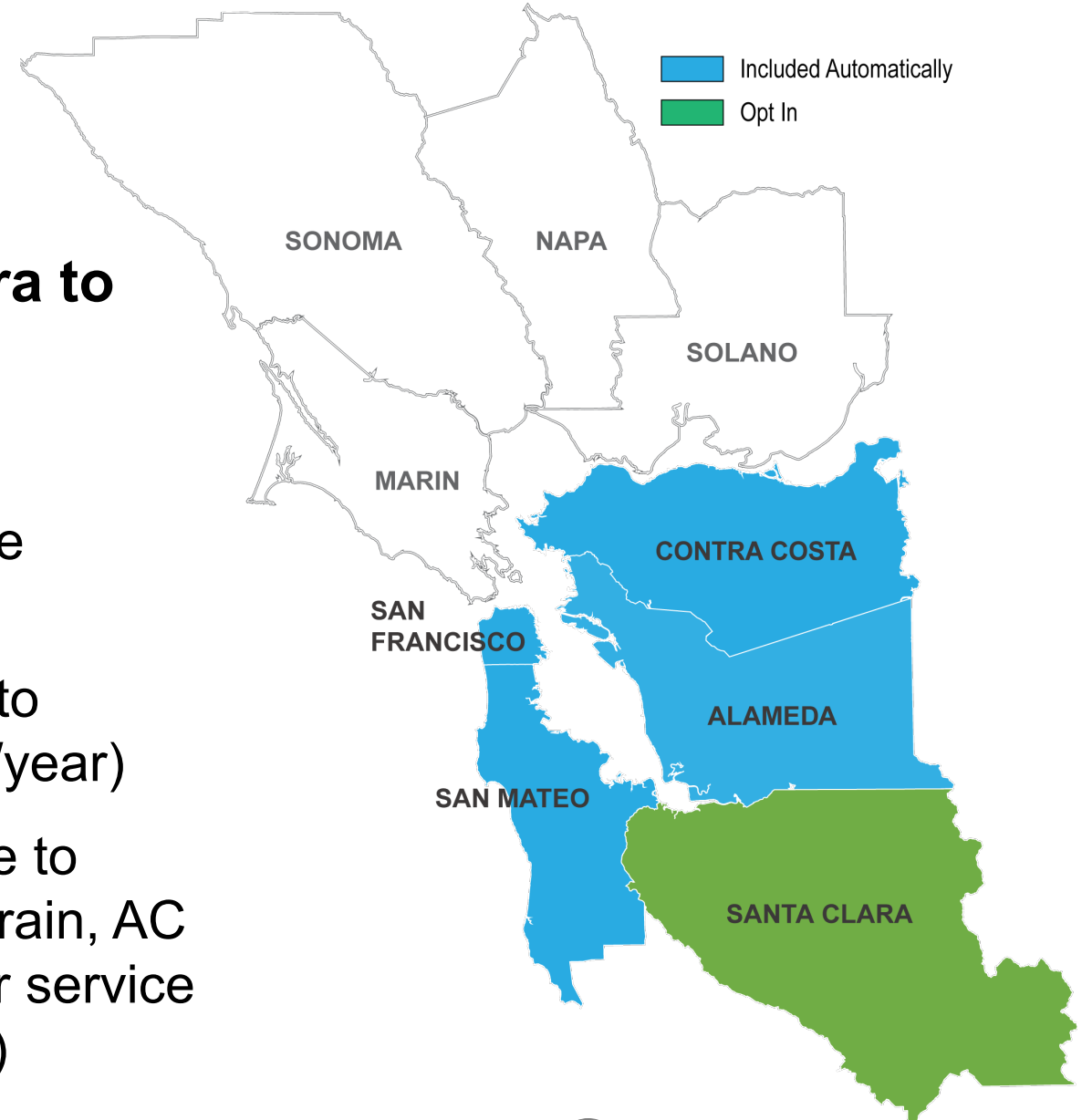
- ½ cent sales tax + \$0.09 bldg. sq. ft. parcel
- Yields \$1.3-\$1.5B year
- 30 years
- **Transit + infrastructure:** 10% of sales tax revenue for Transit Transformation
- 5-9 Counties (including at least AL, CC, SF, SM and SC *(if SC opts in)*).

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)



Proposed Funding Strategies

Scenario 1A

\$5B investment in transit operating and \$560M in Transit Transformation over 10 years

10yrs
Duration

\$560M
Annually

1/2¢
Sales Tax

Transit only

4 Counties
With option of Santa Clara opt-in

\$4M Annually for Small Operators

\$10M Annually for AL/CC BART Feeder Bus

\$20M Annually for SamTrans/ San Mateo County Feeder Bus

Regional Rail	\$3B BART	\$390M* Caltrain	
	\$880M SF MTA		
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 & Local Transit	\$3B SF MTA	\$500M Golden Gate	
Local Transit	\$705M AC Transit	\$240M Small/Medium Operators	

Ensuring Transit Transformation Benefits in Every Participating County

- ▶ Both scenarios invest 10% of sales tax into Transit Transformation.
- ▶ 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.



Select Committee's 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.

TRM Enabling Legislation Timeline

