

# Transportation Revenue Measure

Special Commission Meeting  
December 9, 2024



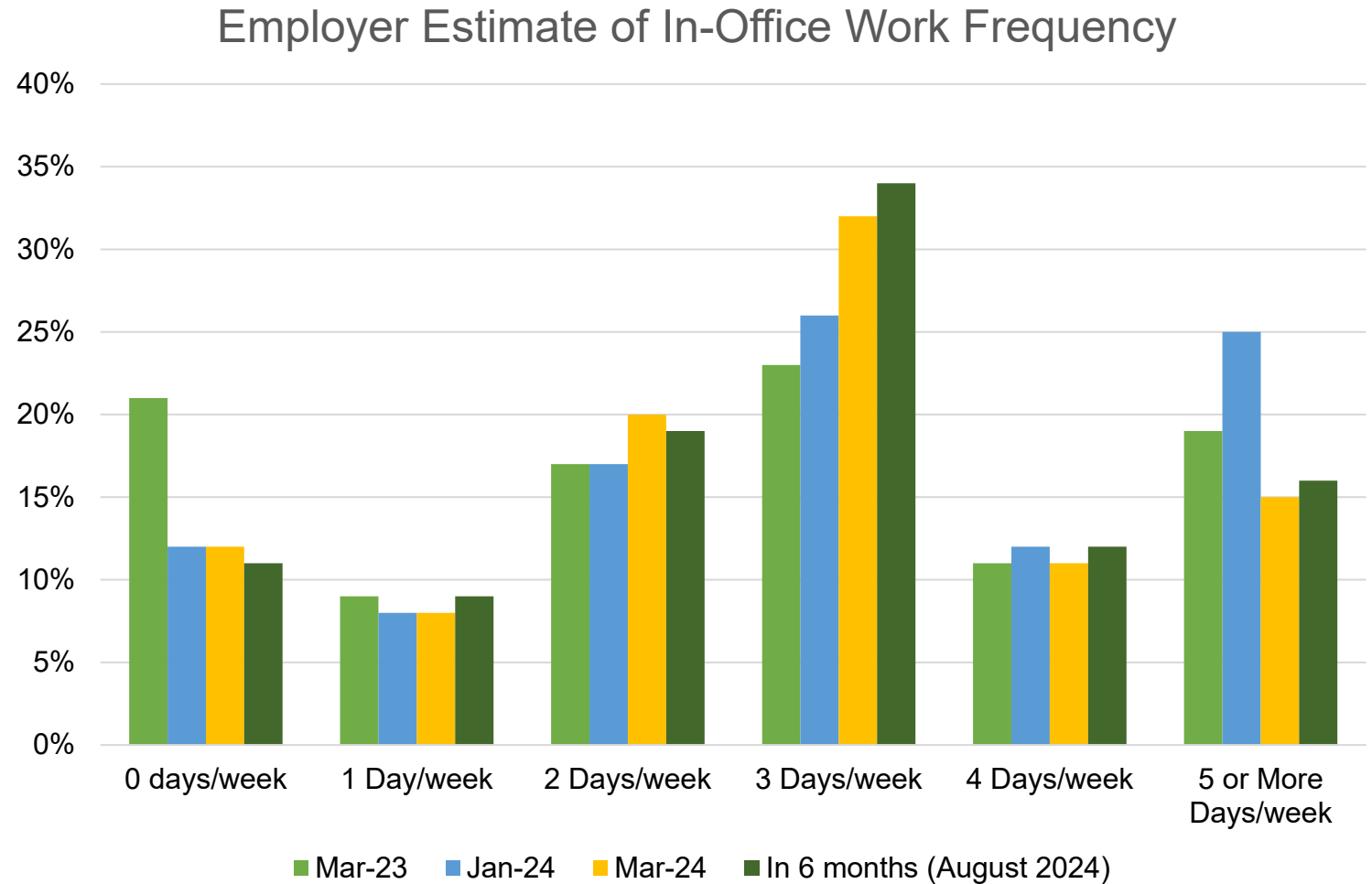
# Transportation Revenue Measure Select Committee Background

- ▶ 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.



# 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%



# 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 Sept 2024

# Bay Area Climate Goals Depend on Transit

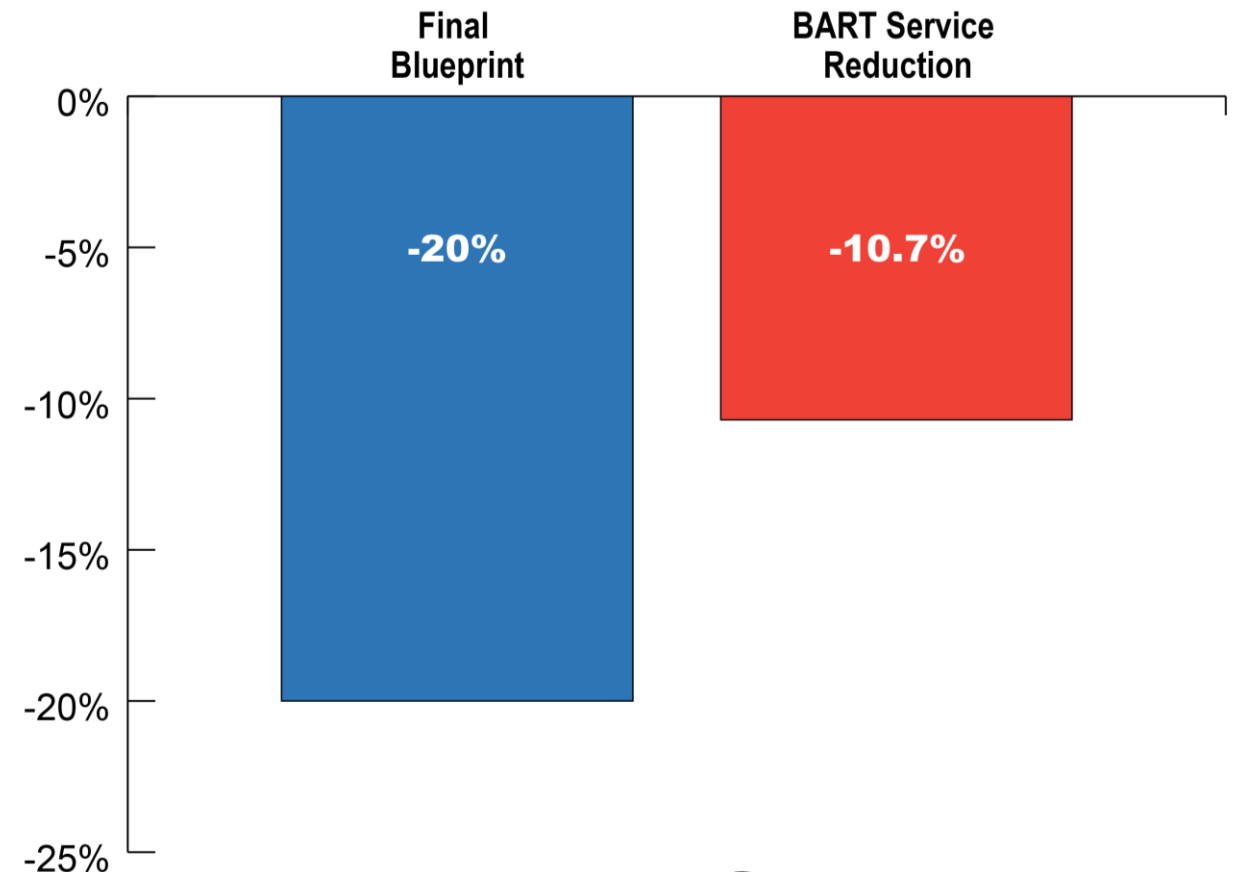
The Bay Area cannot achieve state climate goals without transit. A transit “doom spiral” would mean driving increases and even with accelerated fleet electrification would undercut our greenhouse gas reduction goals.

**Final Blueprint** Plan Bay Area 2050 alternative that achieves SB 375 target of 19% per capita CO<sub>2</sub> 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 CO<sub>2</sub> 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)



# Traffic Impacts of Devastating Cuts

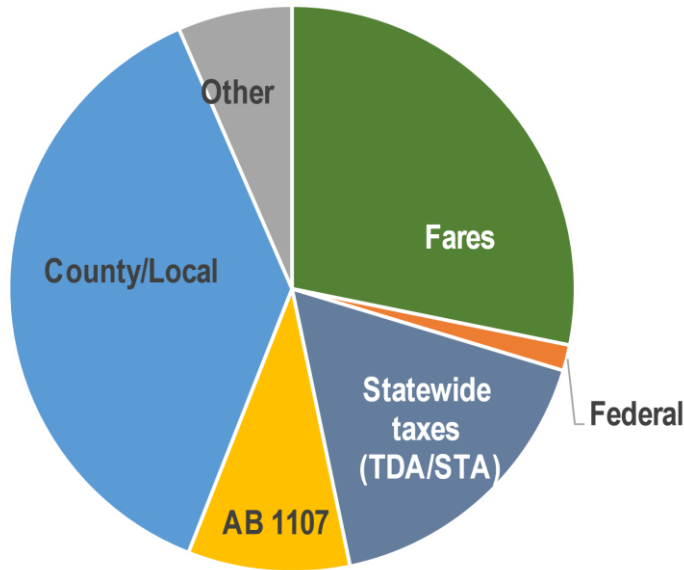
- ▶ The Bay Area's \$1 trillion economy depends on a well-functioning transit system.
- ▶ For context, the Bay Bridge carries about 118,000 paid trips per day; BART is already back up to about 200,000.
- ▶ If 50% of BART riders shifted to driving, delays on Bay Area highways would **grow exponentially**:
  - A daily commuter from Walnut Creek to SF would spend six more hours in their car/week.
  - A daily commuter from El Cerrito to SF would spend 11 more hours in their car/week.



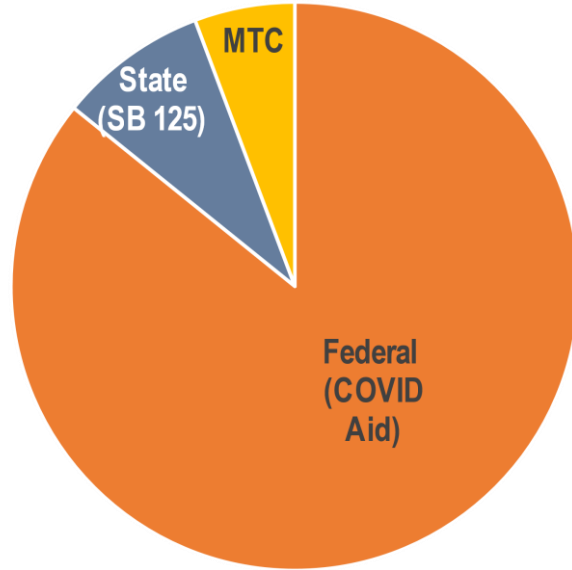
# Funding Bay Area Transit Service Has Always Been a Partnership



## 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)

(Examples of range of ongoing revenue sources)

**Fares:** BART 5.5% increase

### County/Local:

Caltrain Measure RR (\$120M/year)

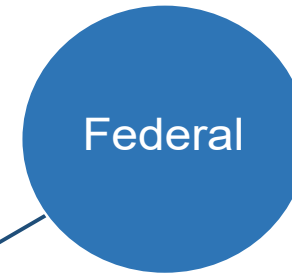
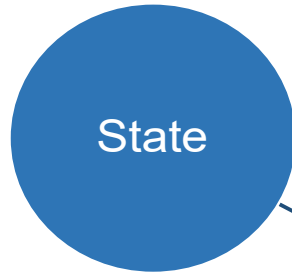
### Other:

RM 3 (up to \$52M/year); Golden Gate Bridge toll increase (up to \$37M/year)



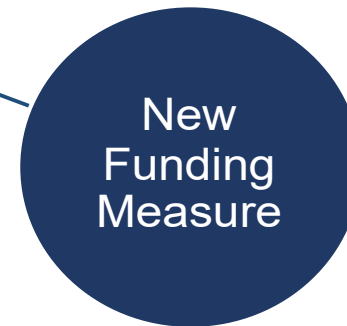
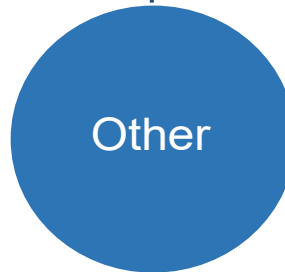
# Continued Partnership Necessary for Future Transit Operating Funding Picture

**SB 125 TASK Force** identifying and evaluating potential new revenue sources



**CONGRESS** is beginning to explore increasing and expanding federal transit operating assistance.

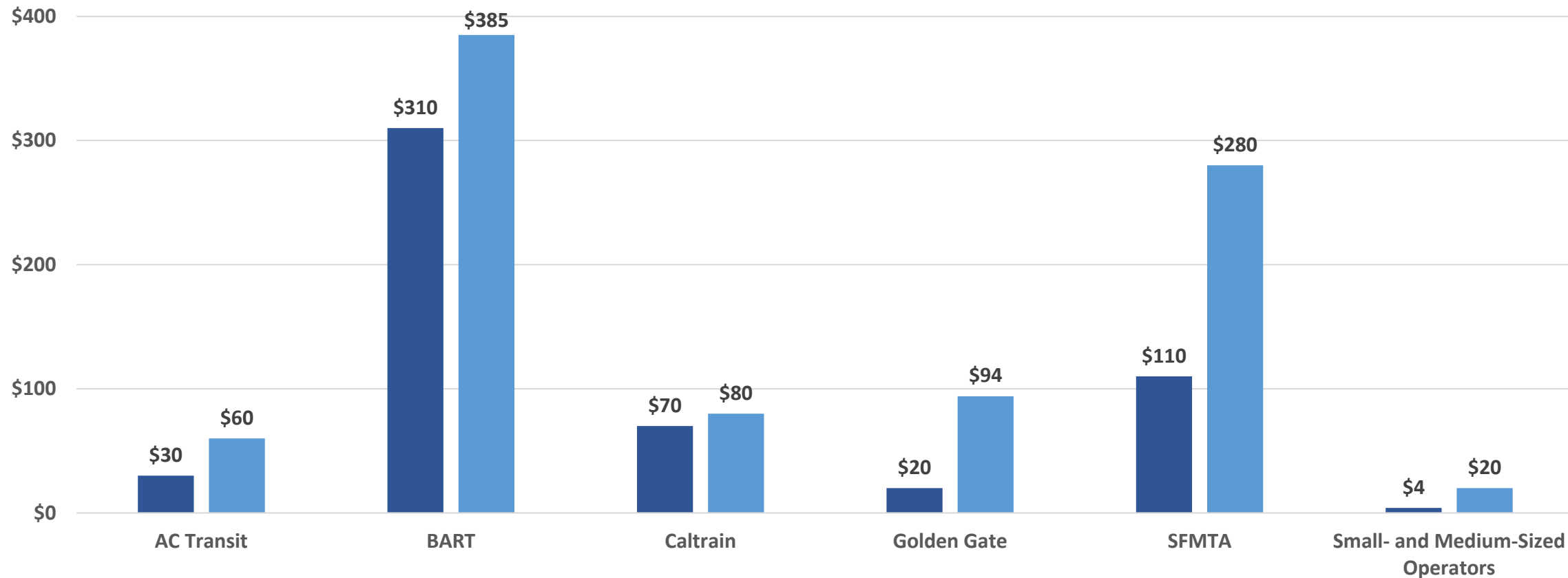
**TRANSIT OPERATORS** exploring fare increases and other local revenues (parking fees and fines); ongoing service adjustments & improvements



**BAY AREA VOTERS** via transportation revenue measure/s

# Overview of Select Committee Outcomes

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



**Adjusted Fare Loss (Annual)**  
**\$544M Total**

**Annual Operator-Reported Shortfalls**  
**\$919M Total (FY 2026-27 forecast)**

# 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 <b>Payroll tax</b> plus Sales Tax</p>	<p>Hybrid</p> <p>Hybrid, with <b>Parcel tax</b> 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 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

**L**

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 bus in AL, CC and SM counties (\$505M/year)





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

## Proposed Funding Strategies

### Scenario 1A

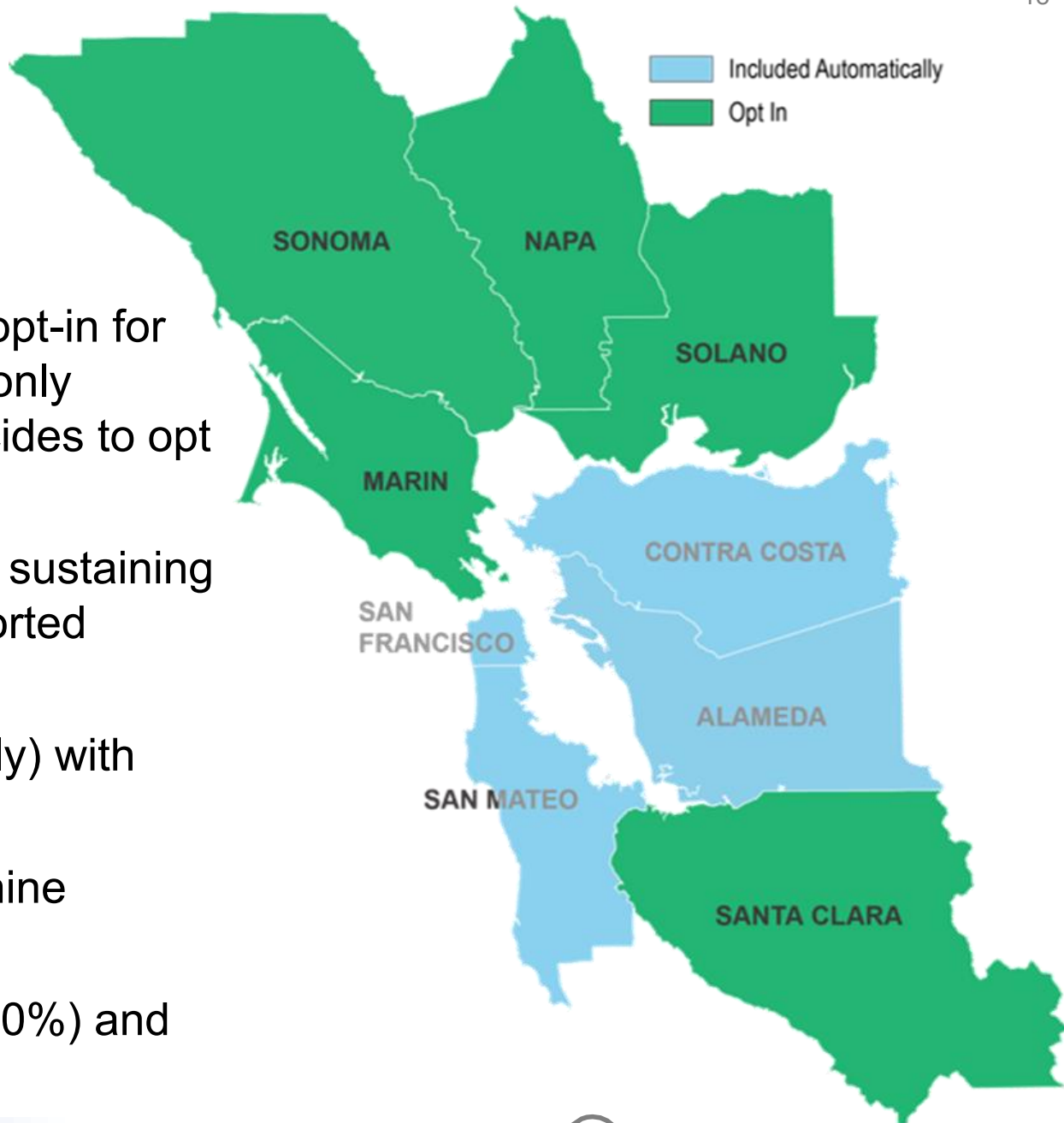
**\$5B investment in transit operating and \$560M for Transit Transformation over 10 years**

<b>Regional Rail</b>	<b>\$3B</b> BART	<b>\$390M*</b> Caltrain	
<b>Regional &amp; Local Transit</b>	<b>\$880M</b> SF MTA		
<b>Local Transit</b>	<b>\$300M</b> AC Transit	<b>\$200M</b> SamTrans & SM Feeder	<b>\$144M</b> 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) for first 8 years.
- ▶ 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%).



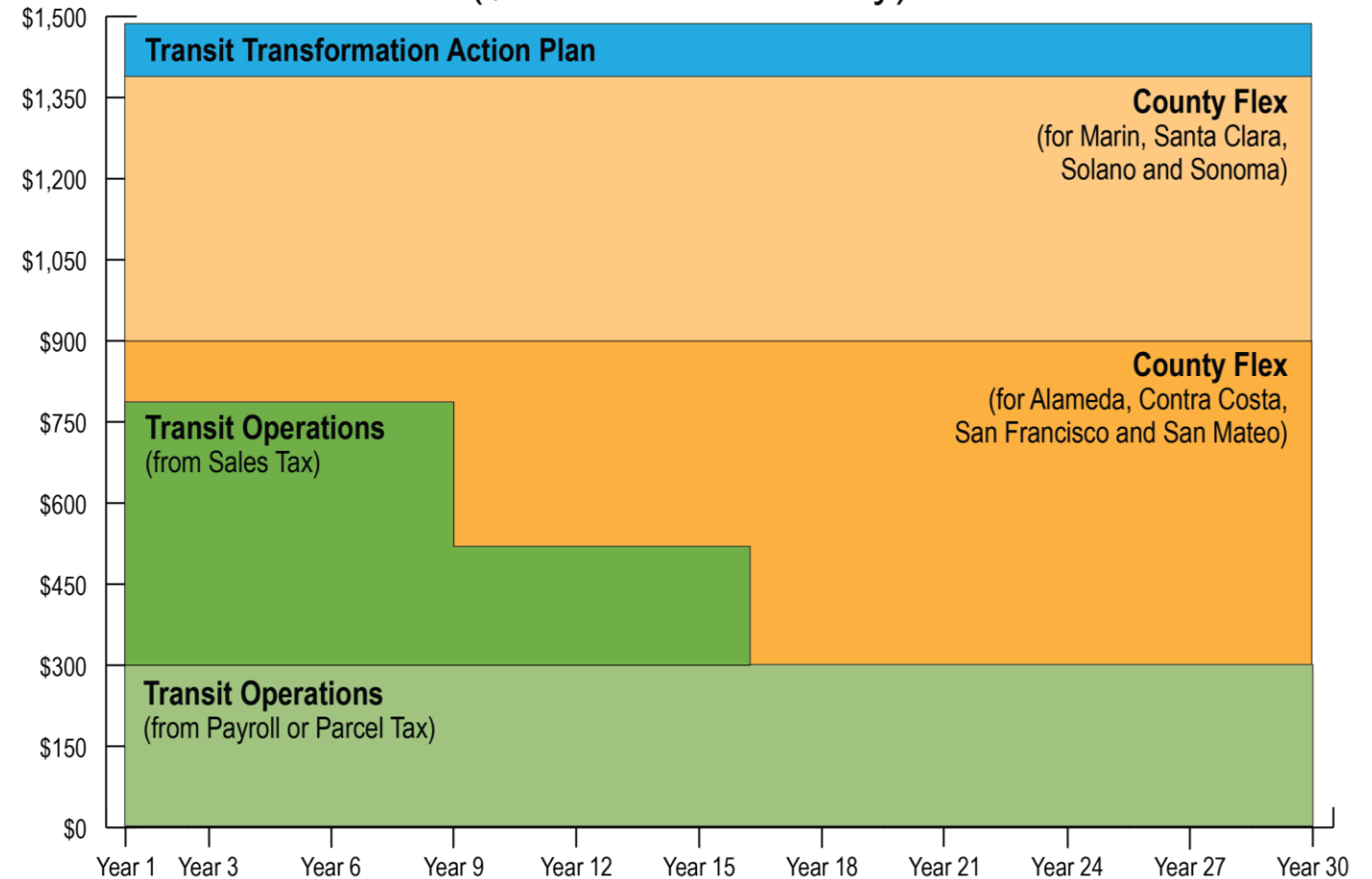
# Hybrid Focuses on Transit, County Flex, and Transformation

## Hybrid Scenario Attributes:

- ▶ Funds 90% of **operator-reported shortfalls** for first 8 years, with 65% in Years 9-15 and less in years 16-30.\*
- ▶ 10% for Transit Transformation
- ▶ Remaining funding, or 61% of total, for County Flex

*\*Data for scenarios provided by NBS (parcel tax) based on July 2023 assessment data and Sperry Consulting (payroll tax) based on 2022 taxable wages and 2022 taxable sales*

**Hybrid Transit Scenario: 30-Year Funding Distribution**  
(\$ in Millions Annually)



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

## Proposed Funding Strategies

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

## Hybrid

Regional Rail	<b>\$4.5B</b> BART	<b>\$940M</b> Caltrain	<b>\$4.5B</b> Transit ops in years 16-30. Specific allocations to be decided in year 15 of measure.
	Regional Bus	<b>\$3B</b> SF MTA	
Local Transit		<b>\$705M</b> AC Transit	

# Select Committee's Recommended Policy Provisions for Legislation

- ▶ **Strengthen Accountability:** Provide greater oversight of transit agency financial information.
- ▶ **Deliver on Transit Transformation:** Require operators to report on and comply with policies and programs developed through the Regional Network Management framework related to Transit Transformation to be eligible for new funding from measure.
- ▶ **Transit Agency Consolidation:** Topic is worthy of further study but should be pursued separate from enabling legislation for transportation revenue measure.
- ▶ **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:** A citizen initiative should be authorized 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

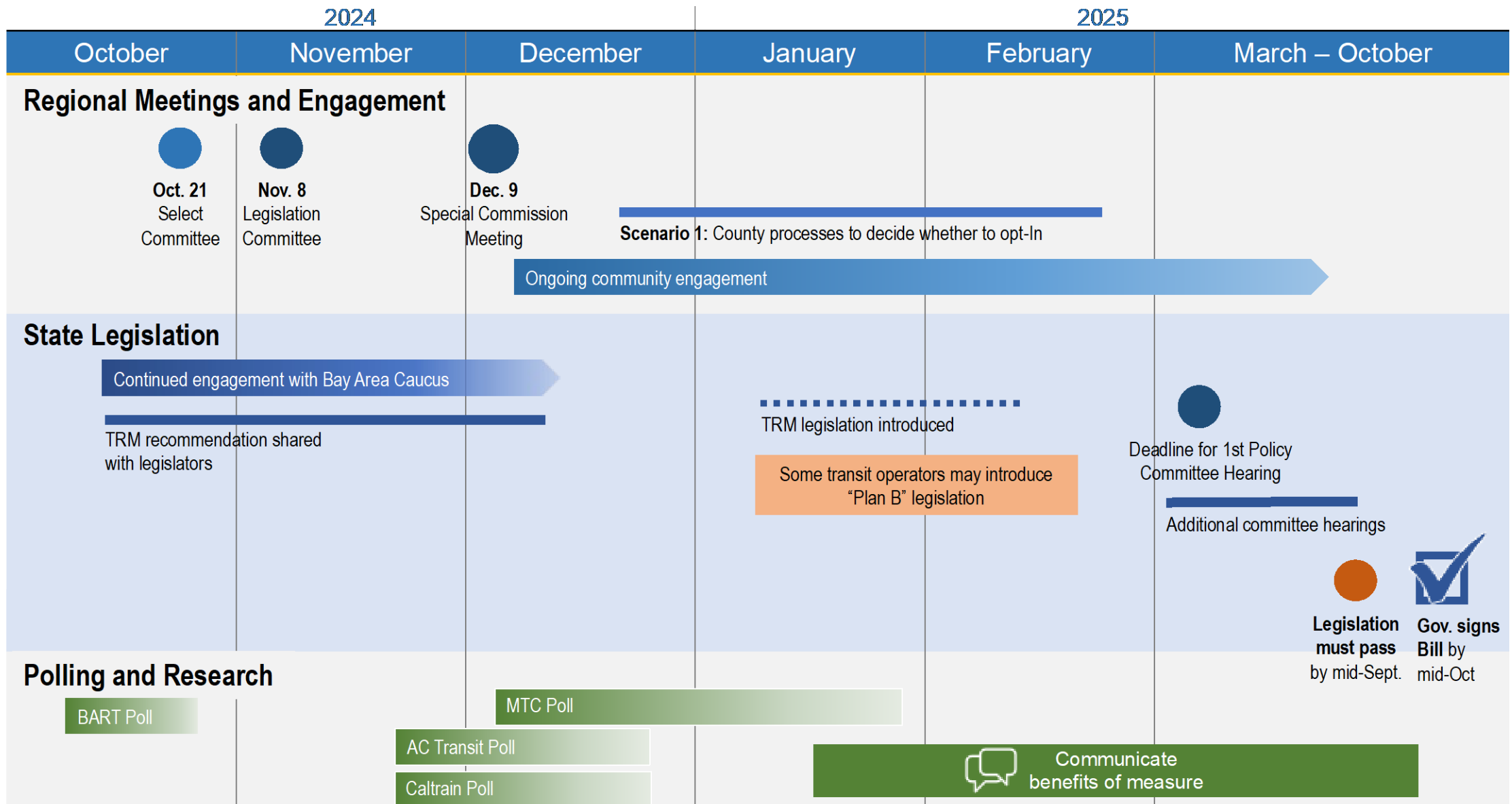
### Transit Priority

- 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





# Staff Recommendation

- ▶ Endorse key policy provisions and include questions related to them in the poll.
- ▶ Endorse Scenario 1A and Hybrid for polling and additional refinement. Further, permit coordination on polling a variable rate option (if there is interest by partners) to ensure comparability of poll results.
- ▶ Direct staff to return by February 2025 with polling results and sponsorship considerations for transportation revenue measure enabling legislation.