

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

**January 12, 2024**

**Agenda Item 3b - 24-0101**

**Regional Transportation Revenue Measure Enabling Legislation**

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**Subject:**

Outline of proposed legislation enabling MTC to place a future regional transportation revenue measure on the ballot.

**Background:**

At the December 2023 Commission meeting, staff provided an overview of the draft elements of the enabling legislation for a future regional transportation revenue measure (enabling legislation) that had been presented to the MTC/ABAG Joint Legislation Committee earlier in the month, plus a recommendation that the enabling legislation include policy provisions to help deliver rider-focused outcomes for the Bay Area traveling public, including priorities identified in the Bay Area Transit Transformation Action Plan (TAP) and other goals and focus areas of the measure (see Attachment A).

Specifically, staff recommended enabling legislation strengthen MTC's role as a regional transit network manager by including statutory changes to accelerate implementation of key Bay Area Transit Transformation Action Plan (TAP) action items and other customer facing policies that would benefit from a regional approach, such as ambassadors to assist riders and support a safe atmosphere. Staff also sought guidance on whether the Commission wanted staff to explore governance changes, including potential consolidation of transit agencies, in the context of the enabling legislation.

While no action was taken, numerous commissioners expressed support for including provisions in the enabling legislation to improve transit agency coordination, and specifically improving the transit rider experience by strengthening MTC's authority as the region's transit network manager. On the other hand, several commissioners expressed concerns about further exploring governance changes (including transit agency consolidations) in the context of the enabling legislation. While there were some comments noting that restructuring the region's transit governance to have fewer operators could be beneficial at some point the future, given the

significant opposition from many stakeholders – including local, state and federal elected officials – and the importance of building a strong unified coalition across all nine counties in support of the regional transportation measure, the Commissioner directed staff to focus on transit coordination over consolidation.

Based on feedback received to date, this memo presents an outline of the proposed enabling legislation for MTC to sponsor (see Attachment B for a summary of key provisions). Staff will incorporate additional input provided by this committee into a final proposed outline for Commission approval this month. Once approved, staff will share that outline with Senator Wiener, who has committed to authoring the bill, and would anticipate coordinating with his office on the introductory bill language in advance of the February 16 bill introduction deadline.

**Overview:**

**What is the Regional Transportation Measure Trying to Achieve?**

As indicated last month, staff proposes that the revenue measure's core goal be advancing "**a climate-friendly transportation system in the Bay Area that is safe, accessible and convenient for all.**" At the December Commission meeting staff also presented a vision statement for the transportation revenue measure to serve as a "North Star" to keep in focus for the entirety of the legislative and ballot measure development process. Below is an updated version that is more concise and attempts to incorporate feedback from the Commission and stakeholders. A vision statement describes the future we want to achieve, not present conditions. (See Attachment C for a track changes version.)

The Bay Area has a **world-class, reliable, affordable, efficient and connected** transportation network that meets the needs of Bay Area residents, businesses, and visitors while also helping **combat** the climate crisis; a public transit network that offers safe, clean, frequent, accessible, easy-to-navigate, and reliable service, getting transit riders where they want and need to go safely, affordably, quickly and seamlessly; local roads are well maintained; and transit, biking, walking and wheeling are safe, convenient and competitive alternatives to driving; enhancing access to opportunity, lowering

greenhouse gas emissions, strengthening the region's economy and improving quality of life.

While the vision would not necessarily be incorporated into the legislation, it could be used in the “findings and declarations” portion of the bill and useful in the development of fact sheets and other materials. Therefore, staff requests the Committee's feedback and endorsement of the vision language for final adoption by the Commission. Staff proposes the following three specific focus areas for the measure (see Attachment C for a track changes version):

1. ***Protect and Enhance Transit Service***: Protect existing service – including through ensuring existing resources are maintained and used effectively – and enhance service frequency and areas served where needed and financially sustainable.
2. ***Make Transit Faster, Safer, and Easier to Use***. Create a seamless and convenient Bay Area transit system that attracts far more riders by improving public safety on transit, implementing the Bay Area Transit Transformation Action Plan and strengthening regional network management.
3. ***Enhance Mobility & Access for All***. Make it safer and more accessible for people of all ages and abilities to get to where they need to go by preserving and enhancing mobility for all transportation system users, including people walking, biking, and wheeling.

### **Revenue Measure Funding –Expenditure Priorities and Funding Source Options**

Based on feedback at the Commission last month, staff recommends pursuing enabling legislation that would authorize Bay Area voters in 2026 or later to raise revenue (with no capped limit on amount) to invest in the expenditure categories listed below, which are described in more detail in Attachment D. MTC in our early work analyzing revenue options assessed tax rates needed to generate approximately \$1 billion per year. Transit advocates have voiced support for raising *at least \$2 billion* per year – a scale that would allow for significant investments in improving and expanding transit service, in addition to closing the formidable transit operating gap (transit operators continue to forecast shortfalls in excess of \$700 million per year starting in FY 2025-26). Additionally, other stakeholders – including county

transportation authorities and labor partners – have conveyed their top priorities for a measure include robust investments in safe streets and other capital improvements. The approach above would keep the door open for revenue generation at that “at least \$2 billion” magnitude while providing flexibility to scale a measure according to what voters will bear.

### **Proposed Expenditure Categories**

1. **Transit transformation.** Sustain, expand and improve transit service for both current and future riders. Accelerate Transformation Action Plan customer-focused initiatives and other service improvements that are high priorities for Bay Area voters and riders, including safety, and help fund zero-emission transit transition.  
(Note incorporation of zero emission transit transition, which had been accidentally omitted from wording in December)
2. **Safe streets.** Transform local roads to support safety, equity and climate goals, including through bike/ped infrastructure investments, safe routes to transit, other safety enhancements and pothole repairs.
3. **Connectivity.** Fund mobility improvements that close gaps and relieve bottlenecks in the existing transportation network in a climate-neutral manner.
4. **Climate resilience.** Fund planning, design and/or construction activities that protect transportation infrastructure and nearby communities from rising sea levels, flooding, wildfires and extreme heat.

Staff is not recommending any expenditure shares or dollar amounts for any of these categories at this time, given the importance of further conversation with Bay Area stakeholders and our legislative delegation, as well as uncertainty about the size of the revenue measure that the Legislature will authorize for placement on the ballot. However, staff recommend that the Commission incorporate the concept of flexibility into the introductory version of the bill version of the bill through a “flexible” category (amount to be determined) that would enable MTC to adjust the funding levels for the four categories over time, according to changing circumstances and need.

***Potential Source of Revenue for a Future Measure***

Regarding the revenue mechanism, staff continues to recommend pursuit of a menu of revenue options, subject to a maximum rate, and an allowance for revenue options to be pursued sequentially over time. Staff continue to recommend the Commission pursue the following revenue options for inclusion “on the menu”: 1) Sales tax; 2) Income tax; 3) Payroll tax; 4) Square footage-based parcel tax; 5) Bay Area-specific vehicle registration surcharge with tiered rates based on the value of the vehicle; and 6) Regional vehicle miles traveled (VMT) charge. Neither a vehicle registration surcharge or a regional VMT charge could be pursued in 2026 so these options will only make sense if the Legislature agrees to authorize sequential measures. Furthermore, staff recommends a regional VMT charge be conditioned upon the state having already implemented its own statewide road usage charge and a vehicle registration charge (with higher rates based on vehicle’s value), and that the regional charge may not be implemented sooner than 2030.

**Policy Provisions to Deliver on Rider-Focused Outcomes**

As described in the “background” portion of this memo, staff heard support at the Commission meeting for strengthening MTC’s ability to deliver transformational “rider focused outcomes” that were the focus of the Bay Area Transit Transformation Action Plan. Accordingly, staff recommends the enabling legislation designate MTC with responsibility for setting policies that are essential to the user experience of a seamless transit system and condition receipt of transportation funds on compliance with standards related to:

- Fare payment (how fares are paid)
- Fare integration (fare transfers, discounts, passes, etc.).
- Schedule coordination
- Mapping & wayfinding (includes directional signage and harmonious transit branding to make transit more accessible and recognizable across the region)
- Real time information

- Other customer-facing operating policies that would benefit from a regional approach, including safety and workforce development

Notably, statutes related to MTC's existing transit coordination role already require establishing a "regional transit coordinating council," so the newly established Regional Network Management Council could be recognized to have a formal advisory role concerning key decisions MTC would make as a regional network manager.

As referenced during discussion at the Commission, staff also recommends inclusion of a policy provision to expand the Bay Area Commuter Benefit Program (administered jointly by MTC and the Bay Area Air Quality Management District) to include a mandate requiring that large employers (with 50 or more employees located in the Bay Area) with locations near transit provide their staff with a universal transit pass, i.e., the Clipper BayPass. According to initial feedback Senator Wiener's Office has received from the state's Legislative Counsel, such a mandate would be subject to voter approval and would therefore need to be incorporated into the regional transportation measure.

### **Conclusion**

Staff seeks the Committee's support for the proposed vision, goal and focus areas, expenditure categories and summary of key policy provisions (Attachment B) outlined in this memo to forward to the Commission for final approval.

### **Recommendations:**

Commission Approval

### **Attachments:**

- Attachment A: Rider-Focused Outcomes from a Regional Measure
- Attachment B: Summary of Key Provisions for Regional Transportation Revenue Measure Enabling Legislation (Draft)
- Attachment C: Proposed Vision Statement and Focus Areas and Comparison with Prior Versions

- Attachment D: Description of Expenditure Categories

A handwritten signature in blue ink that reads "Andrew B. Fremier". The signature is written in a cursive, flowing style.

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Andrew B. Fremier