METROPOLITAN
TRANSPORTATION
COMMISSION

Bay Area Metro Center
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San Francisco, CA 94105
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Transportation Revenue Measure Executive Group

September 17, 2024
9:30 AM – 11:00 AM
Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105
Yerba Buena room - 1st Floor

The Transportation Revenue Measure Executive Group is scheduled to meet at 9:30 AM.

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Please click the link below to join the webinar:
https://bayareametro.zoom.us/j/82569847391

+16699006833,,82569847391# US (San Jose)

Or

Dial: 833 548 0282 US Toll Free
Webinar ID: 825 6984 7391

Agenda

1. Welcome (Andy Fremier)

2. Select Committee Chair Report (Commissioner Spering)

3. Transportation Revenue Measure Scenarios (Stuart Cohen, SC Strategies)
   Executive Group members will be asked to discuss and provide input on the revised scenarios.

4. Policy Considerations for Transportation Revenue Measure Enabling Legislation (Stuart Cohen)
   Summary of input on policy considerations will be provided and Executive Group members can highlight any priorities for their agency.

5. Public Comment

6. Adjournment

Transportation Revenue Measure Executive Group Roster*:

Andrew Fremier, MTC
Anne Richman, Transportation Authority of Marin
April Chan, SamTrans
Bill Churchill, County Connection
Bob Powers, BART
Carolyn Gonot, Valley Transportation Authority
Christy Wegener, Livermore Amador Valley Transportation Authority
Daryl Halls, Solano Transportation Authority
Denis Mulligan, Golden Gate Bridge, Highway and Transportation District
Eddy Cumins, Sonoma – Marin Area Rail Transit
James Cameron, Sonoma County Transportation Authority
Jeffrey Tumlin, San Francisco Municipal Transportation Agency
Kate Miller, Napa Valley Transportation Authority
Michael Hursh, Alameda – Contra Costa County Transit District
Michelle Bouchard, Caltrain
Nancy Whelan, Marin Transit
Seamus Murphy, San Francisco Bay Ferry
Sean Charpentier, City/County Association of Governments of San Mateo County
Tess Lengyel, Alameda County Transportation Commission
Tilly Chang, San Francisco County Transportation Authority
Tim Haile, Contra Costa County Transportation Authority

***** *We welcome input and comments from all transit operators and transportation executives, and appreciate the willingness of those that have agreed to participate in the executive group.*

September 23, 2024 Agenda Item 4a

Transportation Revenue Measure Scenarios

Subject:

Review of draft scenarios, including the updates made since the August 26 Select Committee meeting. Select Committee members will be asked to discuss and provide input to further refine the scenarios.

Background:

Based on feedback, staff have revised Scenario 1. The most substantive change is that in years 9-15 there would no longer be a large drop in operating funds from the first eight years. The other years are unchanged, with transit operating receiving 90% of the measure for the first eight years, and County Transportation Agencies receiving 90% of the measure for the final fifteen years.

Scenario 2 underwent more significant changes, largely because of feedback that neither of the funding sources was realistic at that scale. To develop a more viable approach that still generates $1.5 billion per year a new “hybrid scenario” is introduced.

Scenario 1: Core Transit Framework Update

As previewed in August, the “Core Transit Framework”:

- Focuses on the largest operators in terms of ridership that are facing budget operating shortfalls; AC Transit, BART, Caltrain and SF Muni. This scenario seeks to cover the gap created by a loss in fare revenue since the pandemic. Specifically, it would fill a shortfall we are designating as “adjusted fares”. This shortfall represents the loss of fare revenue from FY 2019 actuals to FY 2024 budgeted levels, increased by a 2 percent annual escalation factor to help account for cost growth since 2019.[1]

- Proposes a 30-year, half-cent sales tax and assumes participation by Alameda, Contra Costa, San Francisco, and San Mateo counties as a baseline. Those counties are where the agencies with large shortfalls have most of their service. Small operators in these counties would also receive funds to compensate for fare losses.

- Allows Marin, Napa, Santa Clara, Solano, and Sonoma Counties can opt into the measure with certain requirements. While BART and Caltrain run service in Santa Clara County, the county has been designated as an opt-in county because BART and VTA already have an agreement that VTA is responsible for fully covering BART’s operating

[1] In the case of SF Muni, FY 2024-25 budgeted levels were used because their FY 2023-24 budgeted amount was much higher than a preliminary assessment of actual fares received.

costs in Santa Clara County. In essence, VTA is already committed to compensating BART for fare loss from lower-than-anticipated ridership.

- Proposes a temporal element that recognizes that San Mateo, Contra Costa and Santa Clara counties face transportation sales tax expirations in 2034 or soon after. The Core Transit Framework proposes to scale down the transit service portion of the measure after 2034 to allow for "County Flex" funds. County transportation agencies would be able to invest County Flex in any priority that is part of Plan Bay Area 2050 or successor plans.

There were three primary changes to Scenario 1 since August: 1) increased level of guaranteed transit funding in Years 9-15; 2) support for Muni's companion efforts to secure additional operating funding sources; 3) confirmation of expected Santa Clara County contribution to Caltrain; and 4) required minimum transit investment of 30% in opt-in counties.

The revised scenario is described below.

Transit Transformation:

For all 30 years, 10% of the funds generated in each county would support Transit Transformation. These funds would be allocated at the regional level for customer-focused improvements.

Transit Operations

Years 1-8: During this period 90% of funds, or $490 million per year from the four baseline counties would go towards transit operations for operators serving their county by filling the adjusted fare gap. This timeframe provides an eight-year runway to improve operator's financial situations by: growing ridership and fare revenue, especially with implementation of the Transit Transformation Action Plan; speeding up transit and reducing operating costs via transit priority measures; allowing local sources of operating funds to recover; and together seeking additional support from the state and federal levels.

Years 9-15: In the first version of Scenario 1, the percentage to transit operations funding was proposed to decline to 40% of the measure, or $220 million per year, with 50% going to County Flex during this six-year period. Many agencies, organizations and members of the public commented that this decline in annual support, from $490 million to $220 million, would be too precipitous.

The **first change** since August is to guarantee a minimum amount of transit operating funding of $380 million per year during this period. This would come from a combination of the

Transportation Revenue Measure and new, non-local funding sources.[2] The measure would also provide a minimum of 40%, or $220 million. In this way, the transportation revenue measure would serve as a backstop providing at least $380 million for transit operations annually.

To illustrate how this revision works consider three examples. For any given year in Years 9-15:

1) If there are no new outside sources of funds, the measure would allocate $380 million for transit operations.
2) If $100 million is raised from outside sources, the measure would allocate $280 million, for a total of $380 million.
3) If $250 million is raised from outside sources, the measure would still provide the minimum guaranteed 40%, or $220 million, for a total of $470 million.

This revision provides substantially higher funding for AC Transit, BART and Caltrain, nearly 90% of the year 1-8 funding level.

The original scenario had $50 million for SFCTA County Flex that could be used for Muni transit operations at their discretion. The revised scenario includes dedicated funding for Muni of $30 million per year during Years 9-15, plus another $20 million per year that would go to SFCTA for County Flex. These funds would be in addition to any new outside sources of funds. The reduction in Muni funding during these years allows San Francisco's revenue from the measure to contribute to BART and Caltrain shortfalls during this timeframe.

Years 16-30: There is no dedicated transit funding during this period, but county transportation agencies may elect to use their County Flex funds to support transit.

The **second change** since August is to identify and more formally support Muni's companion efforts to secure additional operating funding sources given the Scenario 1 framework focuses on adjusted fare losses and Muni has experienced significant losses in general fund and parking revenues as well.

The **third change** since August is with respect to Caltrain. Now, Santa Clara County would be expected to contribute their portion of funding from the measure to cover their share of Caltrain's shortfall, in Years 1-15. Additionally, if Santa Clara chooses not to opt in, they would

[2] Local sources such as a county sales tax, an operator-specific funding measure, or express lane funding from a non-MTC/BAIFA toll facility would not be counted towards this minimum. New, non-local sources include state and federal operating funds (that are additional and not replacing existing state and federal funding). It would also include new regional funds that had not previously been programmed for operations.

still be expected to cover their share of Caltrain's shortfall from funding sources besides the measure. The measure's expenditure plan would be updated to reflect this contribution.

County Flex

Years 9-15: In the original scenario, County Flex started in year 9 and was fixed at 50% of the measure. Given the change described above to the transit operating formula, the amount during any given year during this period would be 20-50%. If ongoing transit operating funds are obtained from outside sources, the County Flex funds may be above the 20% minimum. Additionally, county transportation agencies could borrow from projected funding in Years 16-30 to support capital priorities during the Years 9-15 timeframe, but this would reduce flexibility over the use of those funds in the future.

Years 16-30: County Flex remains at 90% during this time. Transit operating is an eligible expense.

Opt-in Counties

Marin, Napa, Santa Clara, Solano, and Sonoma Counties could opt in to Scenario 1 with a minimum of 10% contribution to regional Transit Transformation and some degree of contribution towards transit operating deficits for operators serving their county, taking into consideration existing contractual agreements and subject to agreement with MTC. The remainder would be for County Flex.

MTC received several comments that given this is proposed as a measure to sustain and improve transit, there should be a minimum commitment to transit from opt-in counties. The **fourth change** since August proposes a minimum transit investment of at least 30% of the County Flex funds in transit capital, operations and/or maintenance. Funding contributions towards the county's operator shortfalls, subject to agreement with MTC, would count towards the 30% County Flex transit investment.

Counties would need to determine whether they want to opt in before enabling legislation is passed by the legislature in 2025. Ideally, counties would make a decision to opt in no later than April 2025 to be considered by legislative policy committees. Passing enabling legislation that includes the opt-in counties by fall 2025 will provide the time necessary to build awareness about the measure before it goes to the voters.

The New Hybrid Scenario

This scenario responds to requests by Voices for Public Transportation and Senator Wiener's office, among others, for a revenue measure that provides robust funding for transit operations - at least $750 million per year over 30-years, in all nine counties. They also recommended a measure that generates at least $1.5 billion per year.

The August version of Scenario 2, known as the Go Big Framework, proposed using either a per square foot parcel tax or a payroll tax to generate the $1.5 billion in response to requests for an alternative to the sales tax. Funding from the parcel and payroll taxes have generated significant concerns. A parcel tax would be in direct conflict with a future BAHFA affordable housing bond as both are a form of property tax. Similarly, a $1.5 billion payroll tax will generate business community opposition, potentially with significant funding behind it. Several Select Committee members recommended exploring a measure with multiple funding sources so that the tax rate for a given source could be lower.

The revised Go Big Framework proposes a measure with two funding sources: a ½-cent sales tax generating $1 billion annually complemented by a payroll tax generating $500 million annually. If applied to all businesses, that would require a rate of 0.18% of total payroll. It could also be designed to exempt small businesses and use a slightly higher rate.

The updated Go Big Framework hews closely to the August version. The most significant change is a new employee commuter benefits program at $200 million annually to provide benefits to employees, help with recruitment and retention, and reduce single-occupant vehicle travel and traffic congestion.

Revised Expenditure Plan

Since the revised Go Big Framework includes $1 billion in funding from a ½-cent sales tax, the expenditure plan's foundation replicates that of Scenario 1. It then layers on top two funding categories from the $500 million payroll tax revenues: an employer commuter benefits program representing 40% of the funds (approximately $200 million) and transit operations representing 60% (approximately $300 million). In summary, the revised expenditure plan for the Go Big Framework is:

1) Transit Transformation at $100 million per year, allocated at the regional level for customer-focused improvements (same as Scenario 1).
2) Employer Commuter Benefits Program at $200 million per year, distributed to each county based on the amount of payroll tax collected in that county. The program would fund programs that promote transit and other non-single occupant vehicle commuting, e.g. vanpool, carpool or active transportation incentives, building on MTC's existing Bay Area Commuter Benefits Program that is jointly administered with the Bay Area Air Quality Management District. Program details would be at the discretion of County Transportation Agencies with guidance from MTC.
3) Transit operating funding that is $300 million higher than Scenario 1, for the life of the measure. That would mean:
    a. Years 1-8 would provide approximately $790 million per year and could support 90% of the most recent operator-reported shortfalls. This scenario funds all the agencies with reported funding gaps, including the four agencies in Scenario 1 plus Golden Gate Transit and small operators facing deficits in all nine counties.

   b. Years 9-15 would provide $520 million per year, and could support 65% of the operator-reported shortfalls. Muni funding would decline more substantially than others in this period but would still receive $90 million more than in Scenario 1.
   c. Years 16-30 would provide $300 million per year.

   The proposed funding levels by transit operator are illustrated in Attachment A, the Select Committee presentation. Transit funding for Years 16-30 has not yet been determined. Since operating shortfalls, by operator, in the 2040s and 2050s are very hard to predict, the Select Committee may consider setting up a process in year 14 or 15 that develops an approach for assessing need and equitably allocating funding during that period.

4) The remainder of funds would be for County Flex. For the baseline counties that amount is the same as the presentation in August, slide 1. Over the course of the measure the annual average County Flex would be:
   a. $125 million for Alameda
   b. $64 million for Contra Costa
   c. $55 million for San Francisco
   d. $62 million for San Mateo County

   For opt-in counties, County Flex would be a large majority of what they generate from the sales tax, with the exact amount dependent on the county's ultimate contribution towards transit operations.

Finally, Marin and Sonoma Counties' expenditure plans require additional consideration. First, the allocation of sales tax and payroll tax to address Golden Gate Transit's deficit would be subject to further discussion. Second, this measure could provide sufficient funding to backfill SMART's ¼-cent sales tax, if desired.

<u>Alternative Approach – Coordinated, Single-Agency Measures</u>

As mentioned in August, an alternative approach is one in which the five agencies projecting substantial operating funding gaps pursue their own measures. Some of these agencies are actively considering this "Plan B" approach in the event the regional measure does not move forward.

Given the stakes and challenging funding environment, MTC understands the interest in fallback strategies being developed in parallel to a larger regional measure. There remains the concern that in the counties of Alameda, Contra Costa and San Francisco, this approach could present voters with multiple measures, e.g., San Francisco voters could be asked to vote on BART, Caltrain, Golden Gate Transit and S.F. Muni measures, potentially at the same election. In addition, transit agencies are likely to consider using sales taxes as a potential funding source, creating concern among counties that face expiring transportation sales taxes over the next decade.

Issues:

None identified.

Recommended Action:

Information.

Attachments:

Attachment A: Presentation

Attachment B: Gradients of Agreement

Reviewed:

Andrew B. Fremier

Transportation Revenue Measure Select Committee

September 23, 2024

METROPOLITAN TRANSPORTATION COMMISSION

Meeting Goals

1. Review comments about the scenarios and discuss potential improvements.
2. Rate the scenarios, using gradients of agreement.
3. Review and seek feedback on companion policy ideas.

Timeline

DATE	ACTION
September 23	Select Committee refines scenarios, discusses companion policies
October 21	Select Committee votes on the framework(s)
November - December	MTC Commission votes to advance to the legislature
January	Bill introduced with goal to pass in 2025 legislative session
Nov. 2026	Voters decide

Overview of Scenarios from Aug. 26 meeting

Scenario 1:
Core Transit Framework

30-year, ½-cent Sales Tax

- Includes Alameda, Contra Costa, SF & San Mateo Counties
- Opt-in for other counties, with required contribution to Transit Transformation and funding for operating gaps, subject to negotiation with MTC.
- **Generates $540 million/year** in the four base counties, approx. $1 billion/year in all nine counties.

Scenario 2:
Go Big Framework

30-year

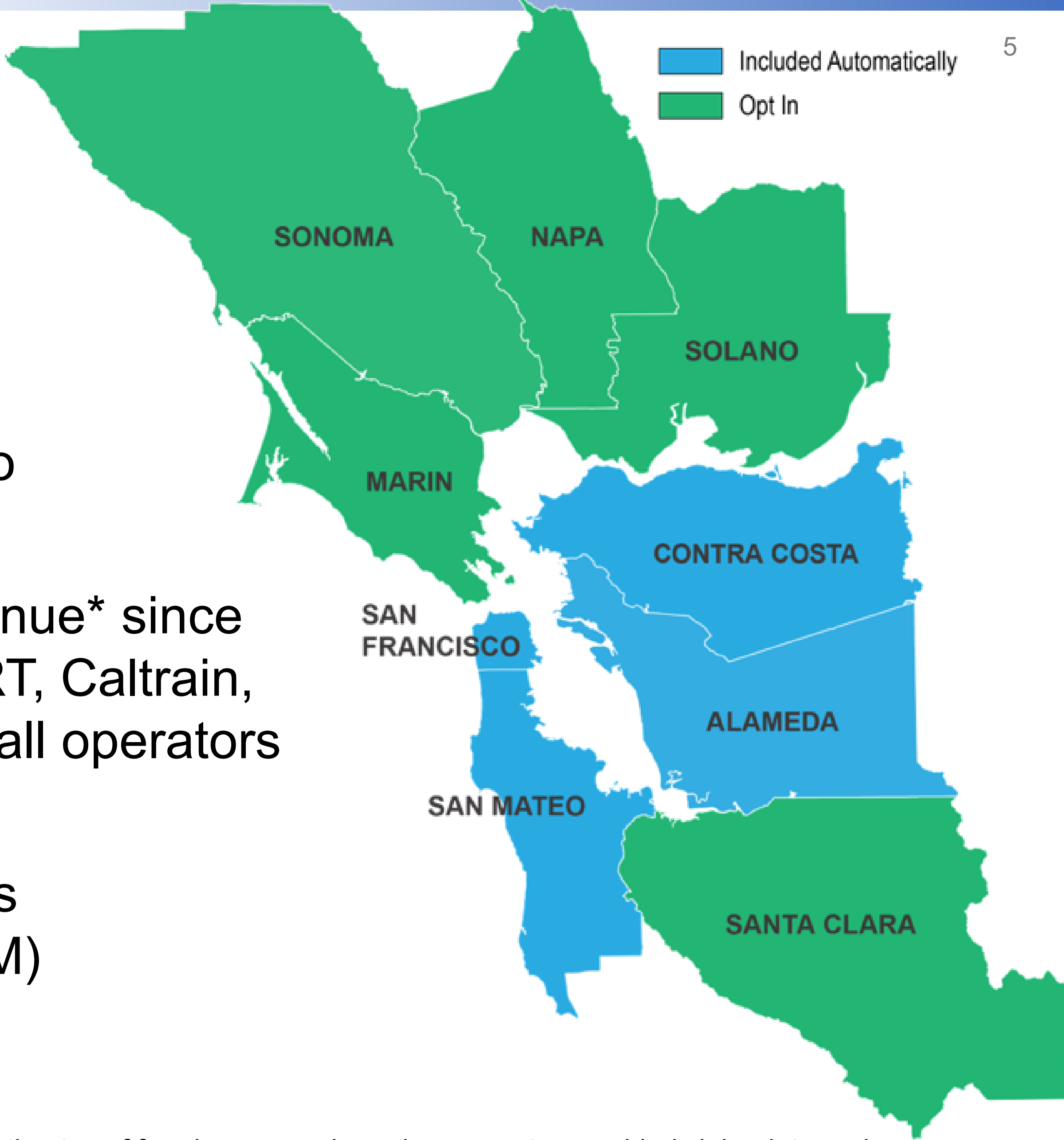
- All nine Bay Area counties
- **Generates $1.5 billion/year** through either a $0.28 per square foot parcel tax or a 0.54% payroll tax.*

**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.*

Scenario 1 Review:
Core Counties

Applies to Alameda, Contra Costa, S.F. and San Mateo

- 10% per year for Transit Transformation to grow ridership for entire measure.
- **Years 1- 8**: 90% to offset loss of fare revenue* since 2019 and mitigate service impacts at BART, Caltrain, AC Transit, and Muni, plus funding for small operators in AL and CC counties ($490M/year).
- **Years 9-15**: 40% to transit operating funds ($220M/year), 50% to County Flex ($270M)
- **Years 16-30**: 90% to County Flex

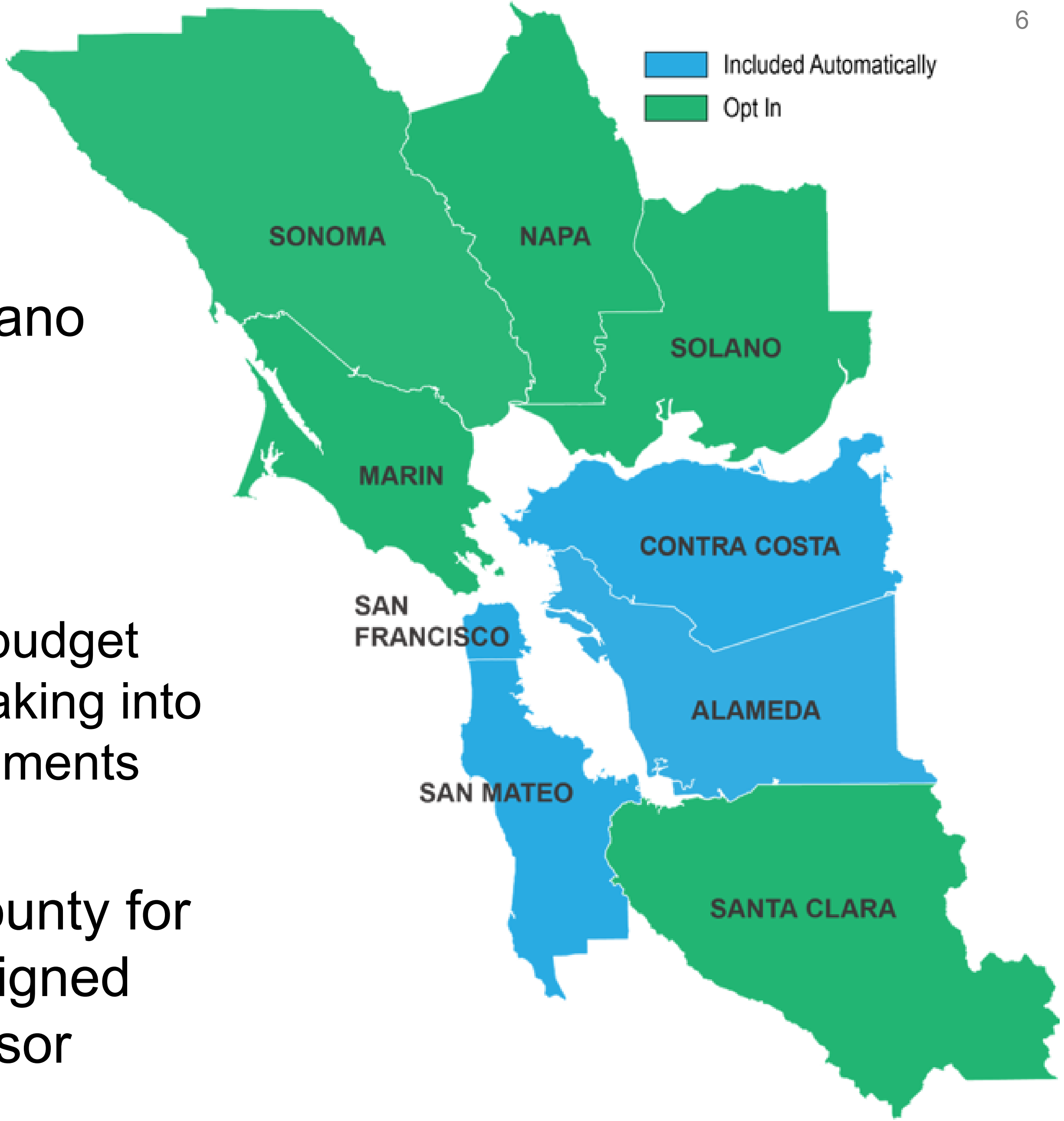


* *Estimates of fare losses are based on operator provided claim data and compares FY19 fare revenue(indexed at 2% annually) to FY24 or FY 25 budgeted fare revenue,*

Scenario 1 Review:
Opt-In Counties

Applies to: Marin, Napa, Santa Clara, Solano and Sonoma

- Commitments:
  - 10% Transit Transformation
  - Transit operating support to help close budget gaps for operators serving the county, taking into consideration existing contractual agreements and subject to agreement with MTC.
- Remaining funds are at discretion of county for any transportation priority as long as aligned with Plan Bay Area 2050+ (and successor plans).



Scenario 1 Comments

1. The decrease in transit operating funds in year 9 is too steep.
2. Muni's proposed funding is inadequate.
3. There should be more funding dedicated to transit overall.
4. Santa Clara should help to close Caltrain's deficit.
5. Consider a shorter measure that focuses exclusively on transit.

1: The decrease in transit operating funds in year 9 is too steep

Original proposal:

In years 9-15 Transit operations funding would decrease from $490m/year to $220m/year

New proposal:

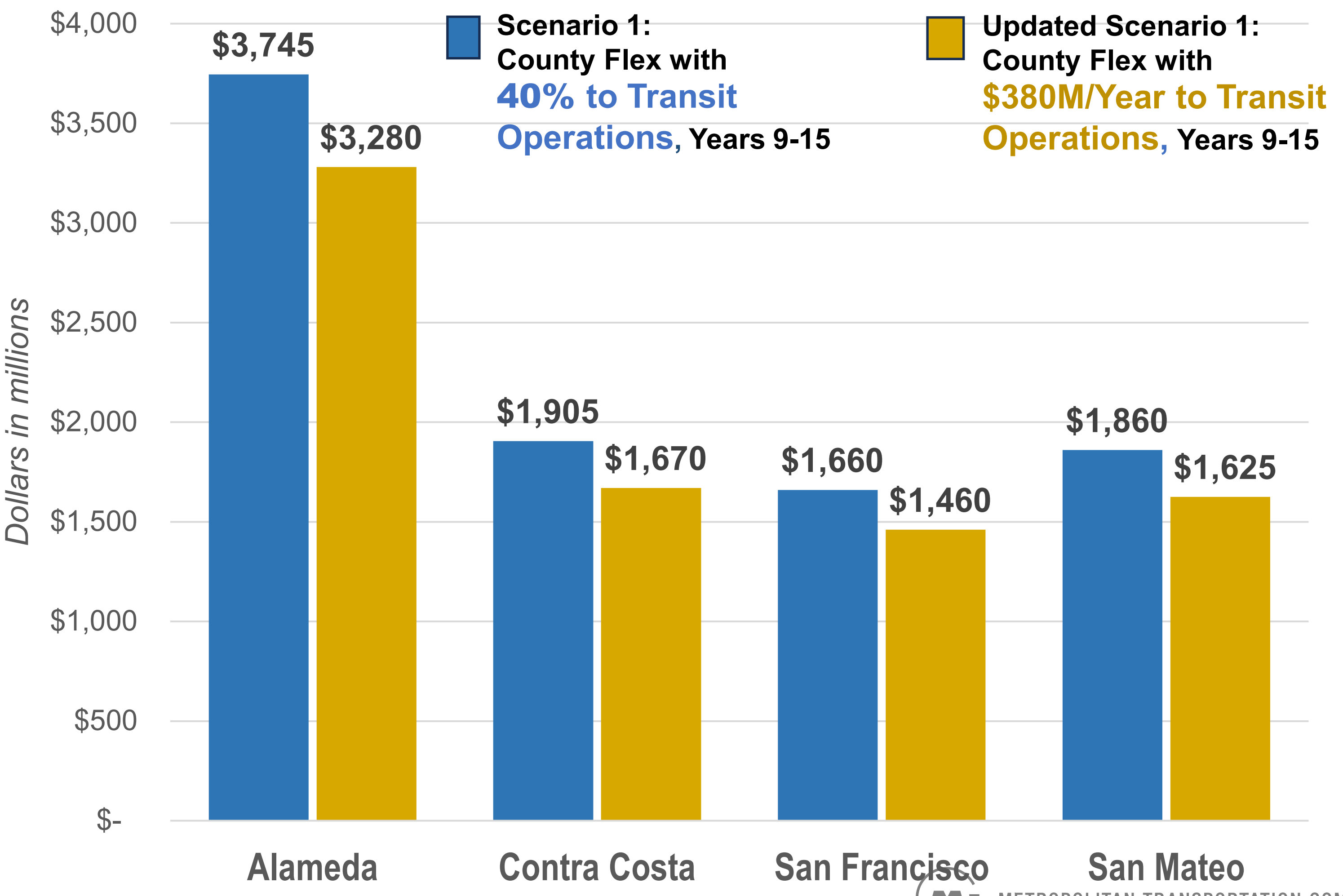
Guarantee at least $380M/year from transportation revenue measure or other new non-local ongoing funding source.

Proposed Change: Increase minimum transit operating funding for Years 9-15 from $220m/year to $380m/year.

- Instead of dropping dedicated transit operating funding to $220M/year, 40% of the measure, ensure that agencies get at least $380M/year in Years 9-15 from a combination of **new measure** or **additional (non-local) sources.**
  - Substantially higher, more stable funding for AC Transit, BART and Caltrain - nearly 90% of Years 1-8 funding level.
  - Dedicated Muni funding of $30M plus $20M option from County Flex (instead of no dedicated funding and $50M County Flex)
  - In the event more than $160M/year is raised from additional sources, measure would still provide floor of $220M/year.

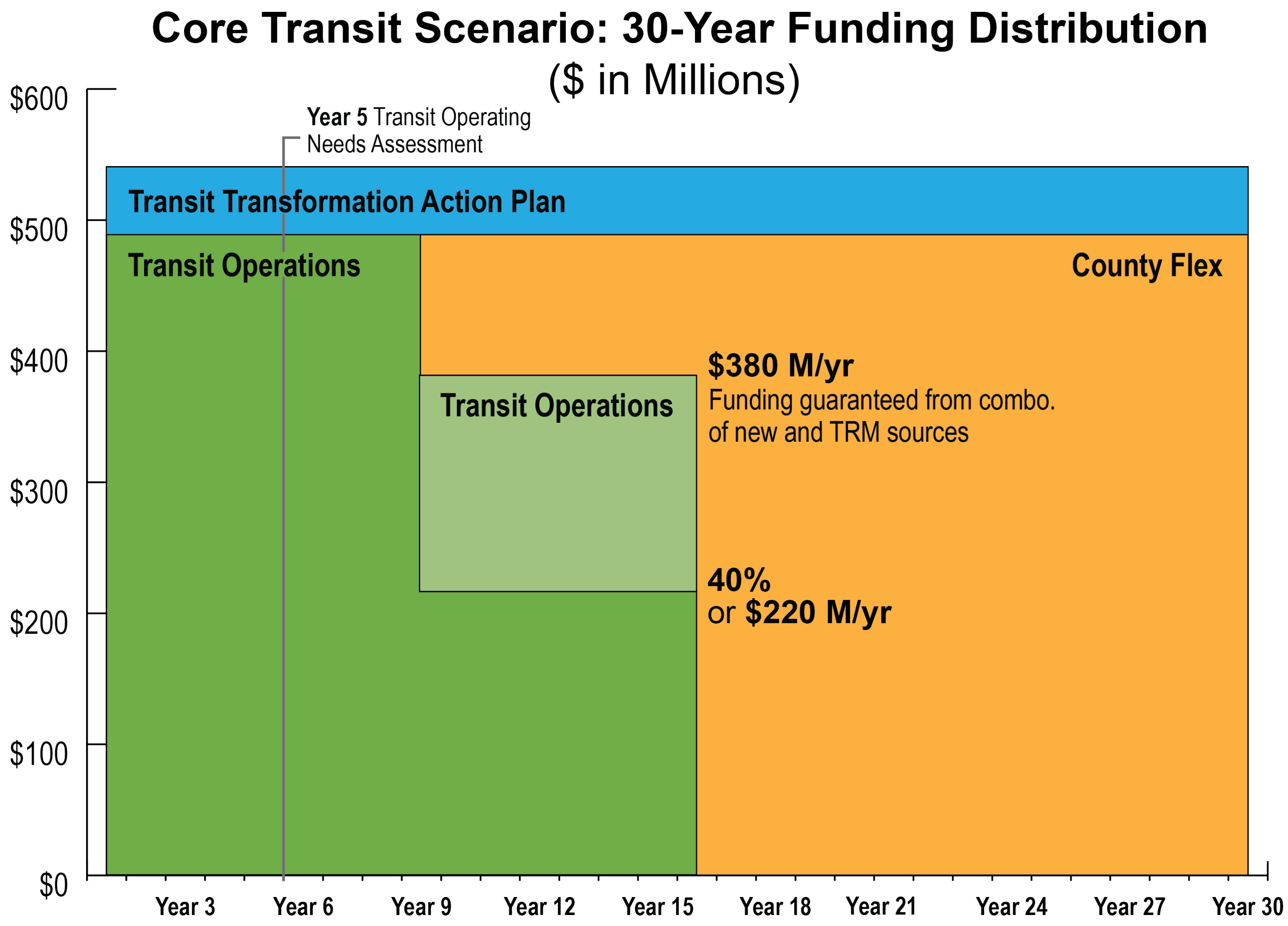
County Flex Funding Significant for Core Counties (30-Year Totals)

The bar graphs for each county represent their minimum and maximum County Flex over the life of the measure.



Protecting against a large drop in transit operating funds after year 8

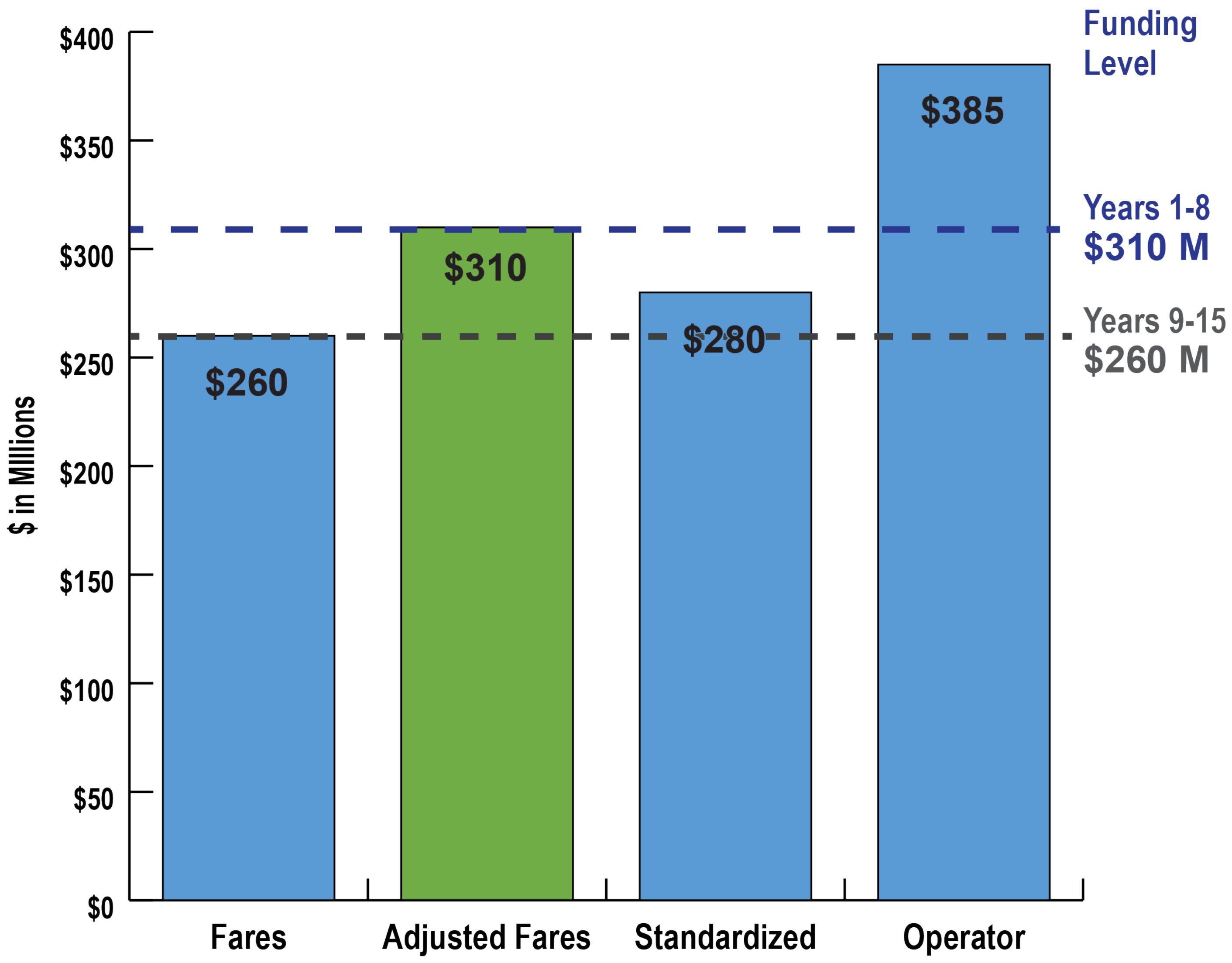
The contingent funding approach would cushion against severe cuts in Years 9-15 while retaining a strong incentive to secure funding from other sources.



Scenario 1 Revised: BART Annual Funding

Under the revised Scenario 1, BART would be guaranteed approx. $260M/year in Years 9-15 from the measure **or** other new (non-local) operating funds.

County Flex funds could increase in proportion to new ongoing operating funding received.

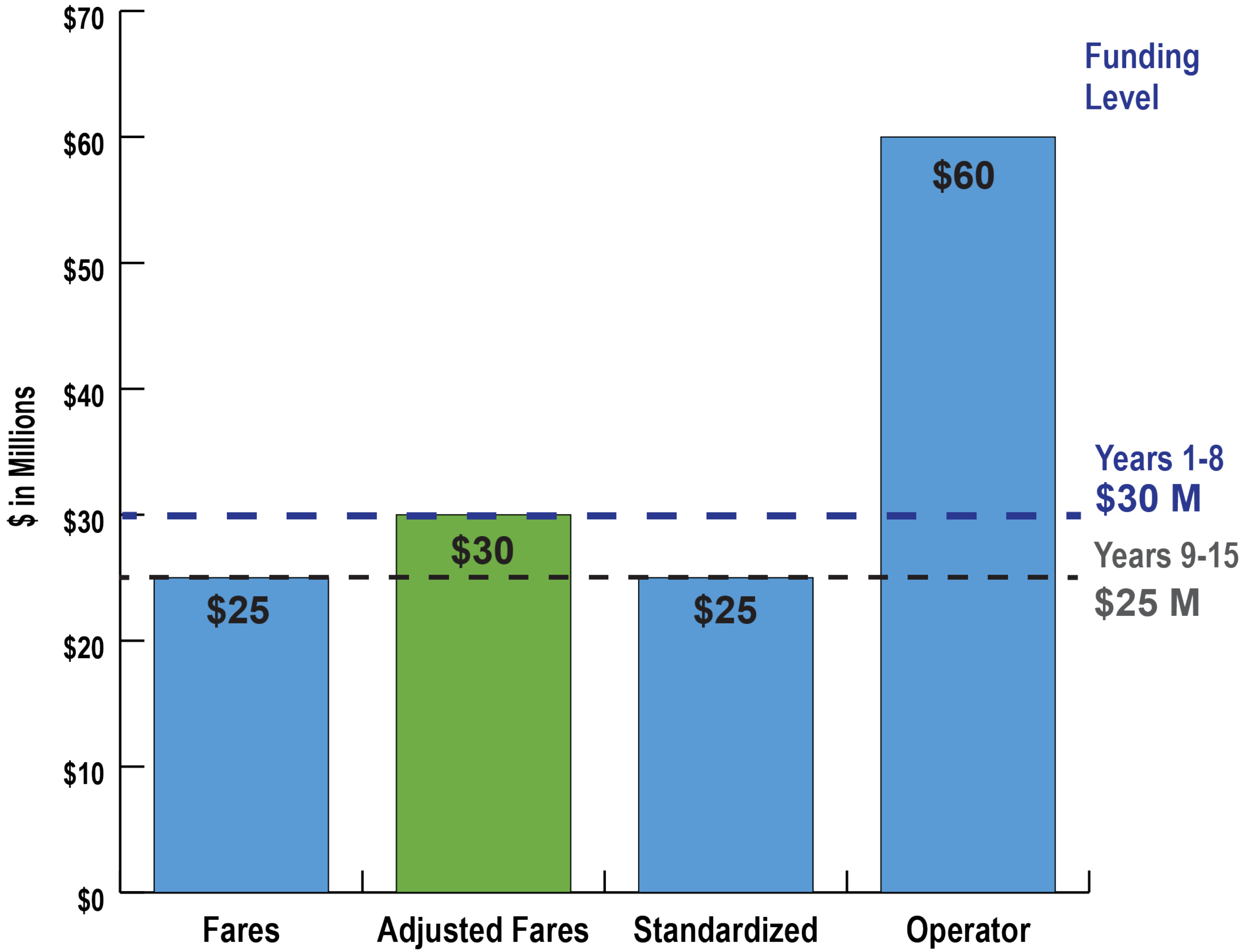


Note: "Operator" denotes operator provided forecasts of FY 2026-27 based on the most recent information provided to MTC in August of 2024.

Scenario 1 Revised:
AC Transit Annual Funding

Under the revised Scenario 1, AC Transit would be guaranteed approx. $25M/year in Years 9-15 from the measure **or** other new (non-local) operating funds.

County Flex funds could increase in proportion to new ongoing operating funding received.

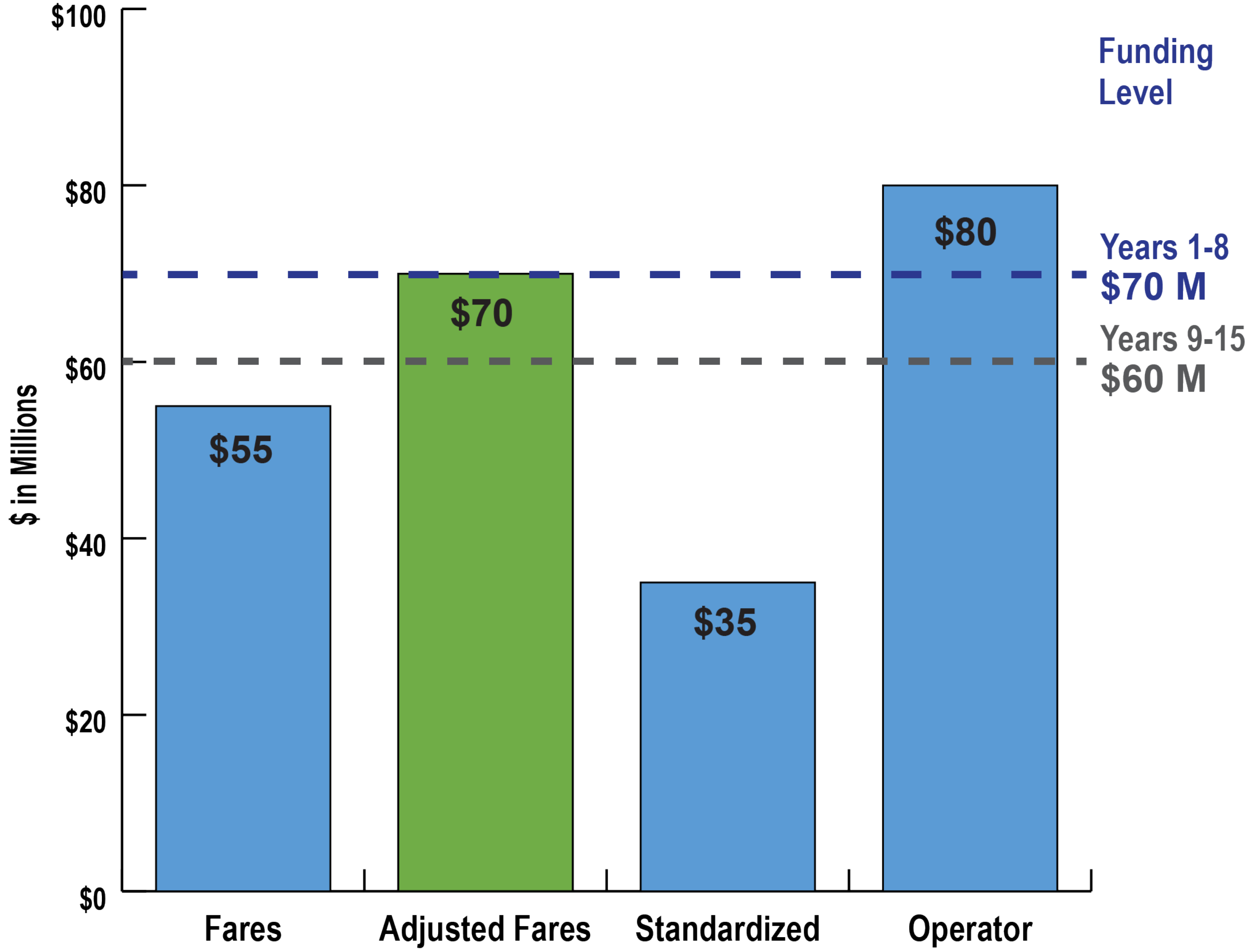


Note: "Operator" denotes operator provided forecasts of FY 2026-27 based on the most recent information provided to MTC in August of 2024.

Scenario 1 Revised:
Caltrain Annual Funding

Under the revised Scenario 1, Caltrain would be guaranteed approx. $60 M/year from the measure **or** other new (non-local) operating funds in Years 9-15.

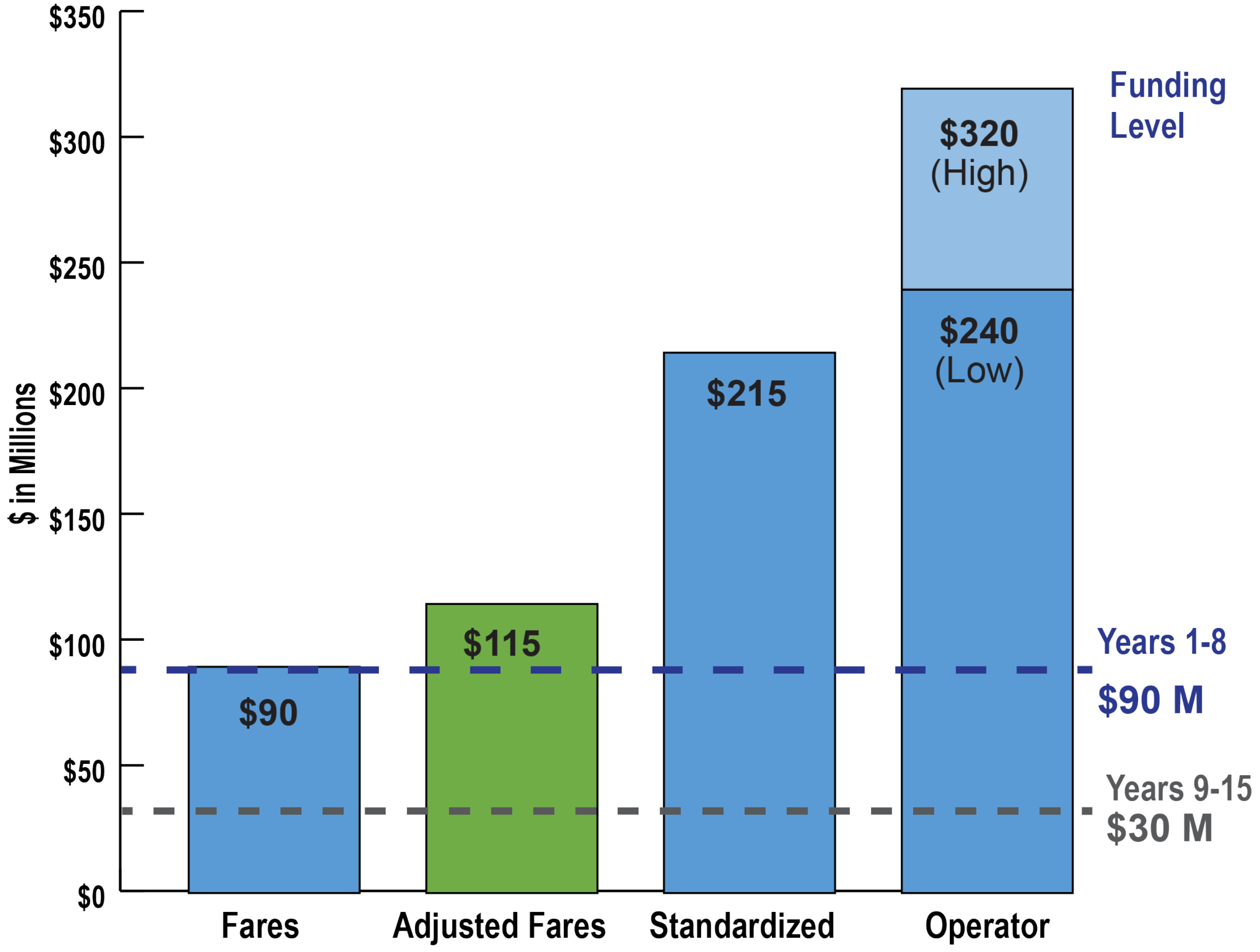
County Flex funds could increase in proportion to new ongoing operating funding received.



Note: "Operator" denotes Caltrain's forecast of seven-year average deficit starting in FY 2026-27 as of August of 2024. Update anticipated in November 2024 after full month of electrified service. Caltrain funding level assumes additional contribution from Santa Clara County per Slide 17.

In the revised scenario, Muni would receive a minimum of $30M/year in dedicated transit funding and the potential for an additional $20M in County Flex unless new non-local funds are secured.

Scenario 1 Revised:
SF Muni Annual Funding



Note: SFMTA eligible to receive an additional $20M in Years 9-15 from county flex. "Operator" denotes operator provided forecasts for FY 2026-27 based on the most recent information provided to MTC in August of 2024. SFMTA's deficit for forecast ranges from a low of $240M to a high of $320M in FY 2026-27.

2: Muni's proposed funding is inadequate

Response: Support Muni's efforts to secure additional operating funding sources.

- City and County of S.F. is convening a working group to explore funding options for Muni in addition to a regional measure.
- Illustrative examples of taxes that could supplement Muni's funding shown at right.

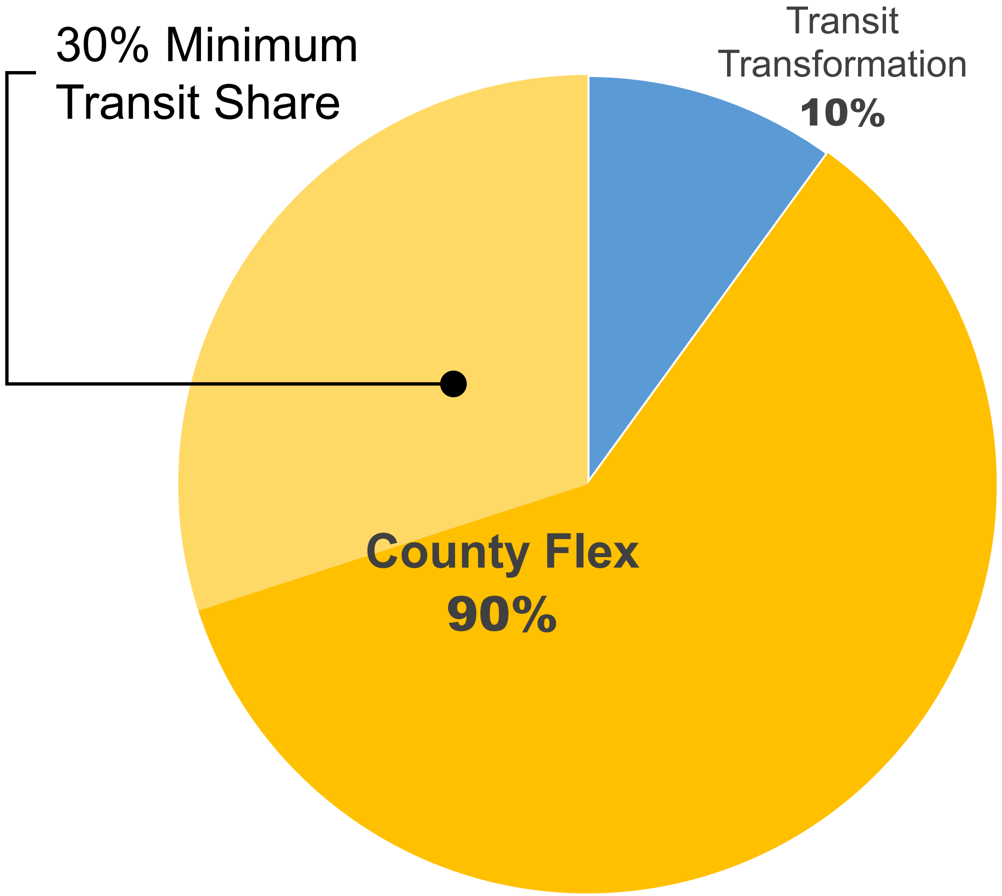
Potential Supplemental Local Tax	Rate	Amount	Notes
Sales Tax	0.5%	$100M	Every .25% sales tax would generate ~$50M
Parcel Tax (BSF)	$0.16/BSF	$100M	Every additional $0.08 parcel tax generates ~$50M

3: There should be more funding dedicated to transit overall

Proposed Change: For Opt-in Counties, increase support for transit by setting a minimum transit investment.

- Require at least 30% of the County Flex to be invested in transit capital, operations or maintenance over the life of measure.
- Funding for the county's operator shortfalls, as agreed to with MTC, would count towards the 30% County Flex transit investment.

Opt-in Counties: Scenario 1 Revised Structure



4: Santa Clara should help to close Caltrain's deficit

Summary of Concern:

- Scenario 1 closed Caltrain's projected deficit without further Santa Clara County contribution, raising fairness concerns given significant ridership, service and track miles in the County.

New Proposal:

- As an opt-in requirement, Santa Clara County would support Caltrain in proportion to their share of Caltrain's deficit for first 15 years.
- If they don't opt in, assume Santa Clara will still assist Caltrain through other means.

5: Consider a shorter measure that focuses exclusively on transit

- Various county transportation sales taxes expire in 2034, 2035 and 2036, leading to suggestion that the measure could be shortened to 10 years to avoid conflict with these sales taxes.

- **Proposed Response:**
  No change. Keep the proposed 30-year time frame

- There are significant downsides to a short measure, including:
  - Less time for operators to adapt to new business model and secure additional funding sources.
  - Harder to organize a strong coalition in support.
- While dedicated funding for transit is phased out in Year 16, operators remain eligible to receive County Flex funding in latter half of measure.

Recap of Scenario 1 (Including Updates)

- Robust transit operating funding through Year 15 to backfill adjusted fare losses post-pandemic.
- Opt-in counties must contribute 10% to Transit Transformation plus at least 30% towards transit serving their county (capital or operating) over life of measure.
- Provides significant levels of County Flex over life of measure, with funds beginning in Year 9.
- Funds Transit Transformation over 30 years to grow ridership and fund customer priorities.

Scenario 2 Comments & Concerns

Scenario 2 provides more funding for transit, and for longer, but the funding sources and approach have generated significant concerns.

1. **Parcel tax** would be in direct conflict with BAHFA's affordable housing bond (both funded by property tax).
2. **$1.5 Billion Payroll tax** will generate business community opposition, potentially with significant funding behind it.
3. **Raising $1.5B from any single tax is difficult** so consider using multiple funding sources.

1: Remove Consideration of a Property-Based Tax for Regional Transportation Measure

- Concerns that if a transportation measure uses a property-based tax in 2026, it will undermine a regional affordable housing bond backed by a property tax.
- Given importance of affordable housing and homelessness to the region – *Bay Area voters' top priority* – property-based taxes should be set aside to avoid conflict with a future regional housing measure.

2: Don't rely solely on a payroll tax as it may generate opposition

- With remote work now popular, many companies are downsizing in the region or moving. There is concern a regional payroll tax could accelerate that trend.
- Early indications are that a regional payroll tax would generate opposition, especially if it is the only funding source.
- Whether a citizen initiative subject to a majority vote or a traditional ballot measure subject to 2/3, the potential for funded opposition poses real risk.

3. Raising $1.5B from any single tax is difficult so consider using multiple funding sources.

Two funding sources in a single measure are rarely tried. It requires much of the 75-word ballot question to be dedicated to describing the taxes, not the public benefits of the new revenue.

Legal analysis ongoing regarding inclusion of multiple funding sources in a single regional or local ballot measure.

This approach could benefit from changes to the state Election Code.

Example: Two Fund Sources

YES 30 Schools & Local Public Safety Protection Act

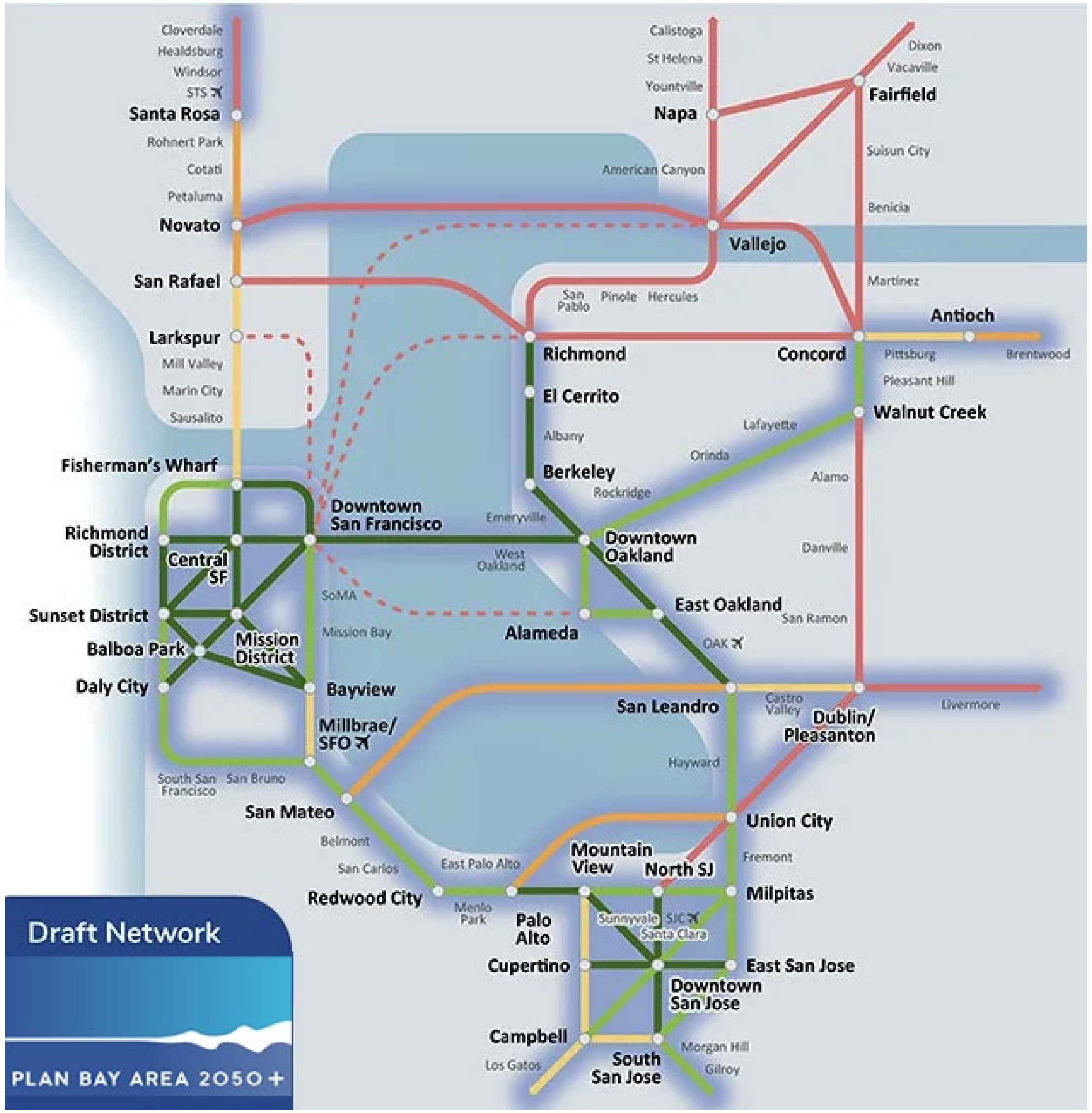
- **Prop 30** (2012) placed a ¼ **cent sales tax *plus* an income tax on high-earners** to support state budget and avoid cuts to education for seven years.
- Passed with 55% statewide

New Hybrid Scenario: Bringing Together Elements of Scenarios 1 and 2

- Nine-county measure for $1.5 Billion annually
- Transit funding level aims to sustain current service levels and close operator-reported deficits.
- Combines ½ cent sales tax ($1 billion annually) and the expenditure plan from Scenario 1 with a payroll tax of 0.18% ($500 million annually)
- Modest payroll tax supports employee commuter benefits (40%) and transit operations (60%).

Hybrid Scenario: Additional $300 Million for Transit Operations

- Our transit system is regional.
- Greatly reduced service from BART, Golden Gate, Caltrain service, and others would degrade traffic congestion across the region, increase climate emissions and increase costs for residents and workers.
- To integrate our systems with Transit Transformation, we need to at least sustain current service levels.
- 60% of the funding from the payroll tax would fund service levels across all 30 years.



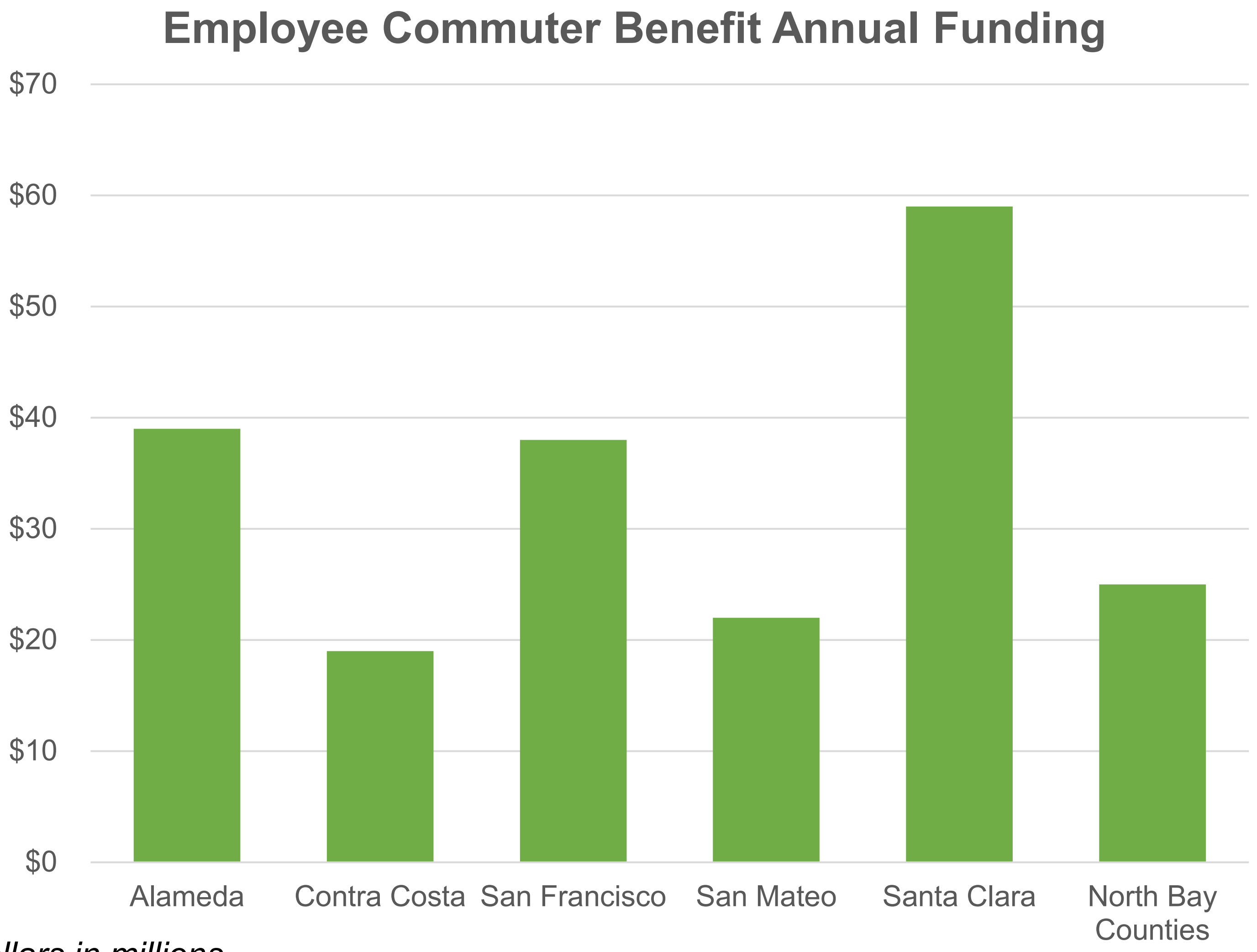
Hybrid Scenario: Employee Commuter Benefit Program receives $200 million per year

New Employee Commuter Benefit program would be distributed to each county, based on amount of the tax collected in that county.

Program would allow funding for programs that promote transit and other non-single occupant vehicle commuting, e.g. vanpool, carpool or active transportation incentives.

Helps with recruitment and retention, providing a direct benefit to employers.

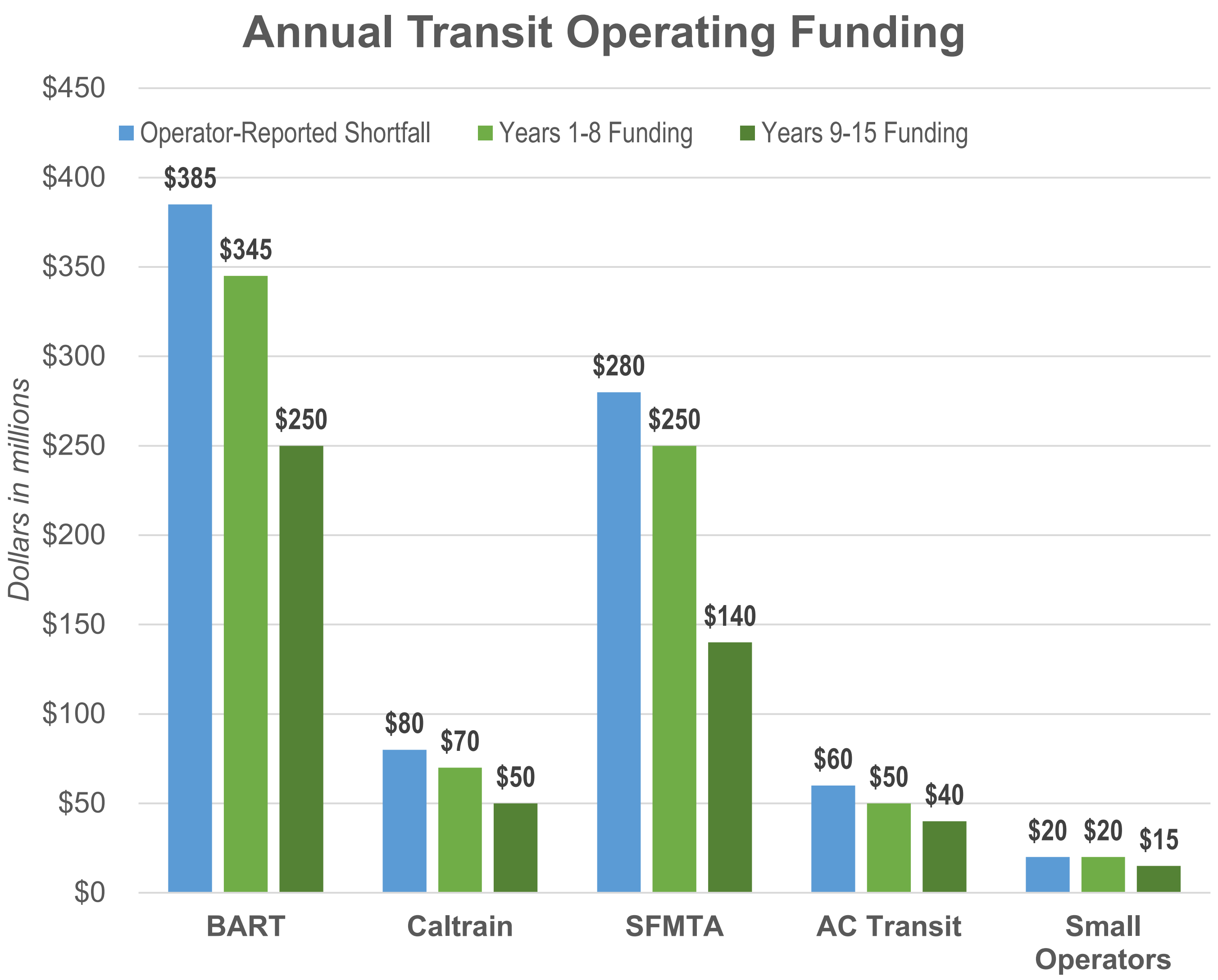
Specifics of programs at discretion of County Transportation Agencies.



Dollars in millions

Hybrid Scenario: Transit operations funding

Providing $300 million more annually for Transit Operations than Scenario 1, the Hybrid Scenario can cover 90% of the most recent operator-reported shortfalls in Years 1-8.



Note: Operating funding for Golden Gate Transit to be developed in consultation with Marin and Sonoma county agencies and the Golden Gate Bridge, Highway & Transportation District.

Marin/Sonoma County Considerations

- **SMART tax renewal** – sufficient funding would be generated to more than backfill SMART's ¼-cent sales tax.
- **Golden Gate Transit** – the allocation of sales tax and payroll tax to help address Golden Gate Transit's deficit is subject to further discussion.

Potential for Separate Measures

- As mentioned in August, there is the potential to have the five agencies projecting substantial operating funding gaps pursue their own funding measures.
- Some of these agencies are considering moving forward with their own authorizations as a "Plan B" in the event the regional measure does not move forward.
- Given the stakes and challenging funding environment, MTC understands the interest in fallback strategies being developed in parallel to a larger regional measure.

Gradients of Agreement

Level of Agreement		Verbalized as...
1	**Strongly Agree**	I am very pleased and fully support this decision.
2	**Agree with Reservations**	I am mostly satisfied and can support this decision.
3	**Neutral or Abstain**	I will go along with the will of the group.
4	**Disagree but Will Go Along**	I have serious reservations but respect that we are focused on the regional needs and compromising where needed for the greater good.
5	**Strongly Disagree**	I do not agree with this decision.

Questions for Committee Discussion

1. **What clarifying questions do you have?**
2. **Were the changes to the scenarios responsive to comments provided?**
3. **What is your rating on each scenario and why? If you have significant concerns, are there changes that you'd suggest?**
4. **Do you favor a single path forward or advance two options** for polling and potential inclusion in enabling legislation?

THE END

September 23, 2024 | Agenda Item 4b

Policy Provision Considerations – Taking the Temperature of Select Committee Members

Subject:

Select Committee members will be asked for input on policy components that may be considered as part of the revenue measure, to be brought to the October meeting for more in-depth discussion

Background:

Because there was no time to discuss policy components under Agenda item 4b at the August meeting, Committee members were invited by email to share suggestions of policies that require a legislative change that could be incorporated into the measure's enabling legislation, or in parallel to it. Select Committee members were also asked to weigh in on policy topics that should not be considered if there was strong sentiment on that as well.

Staff have summarized suggestions from the Select Committee in Attachment A. The Executive Group – a convening of General Managers and County Transportation Agencies – is also providing their input which will be shared with you at your meeting on September 23rd.

A facilitated discussion will seek to identify policy components with broad support for potential inclusion in the transportation revenue measure framework, and further development and refinement at the October Select Committee meeting

Issues:

None identified.

Recommended Action:

Information.

Attachment:

Attachment A: Summary of Policy Suggestions

Reviewed:

Andrew B. Fremier

Policy Feedback from Select Committee Members

Recommendations for Policies to Include in Transportation Revenue Measure (TRM) Enabling Legislation or Parallel Legislation

Policy Topic	**Summary**	**Source**
Accountability & Oversight	Include annual reporting and citizen oversight provisions at the county and regional levels.	John Arantes, SEIU
Accountability & Oversight	Include policy provisions that strengthen financial transparency and build the public's trust that tax dollars are being used effectively. Require that MTC take steps to strengthen its monitoring and disclosure of key financial and productivity metrics describing the operations of the region's transit agencies. MTC should also routinize the collection and standardization of operator financial forecasts.	Alicia John-Baptiste, SPUR
Accountability & Oversight	BART Accountability: The potential for future revenues to flow from one or more counties not currently represented in the BART District presents a significant and unique accountability challenge that must be addressed. Sustained new operating funding for BART must come with commensurate oversight and representation.	Alicia John-Baptiste, SPUR
Consolidation	Governance transformation, consolidation, and enhanced coordination need to be part of this conversation and precede any revenue measure presented to voters. Engage in a process to determine what governance structures best serve Bay Area riders in order to deliver a better transit system.	Alicia Lawrence, Office of Senator Wahab
Consolidation	No new transit agencies can be created in the nine counties, and any new Transportation Services must be part of an existing agency.	John Arantes, SEIU
Consolidation	Merge Tri-valley (Valley Link) into BART.	John Arantes, SEIU
Job retention	Restrict or limit MTC and Transit Agencies from outsourcing or automating job functions or duties currently performed by transit agency employees.	John Arantes, SEIU

Policy Topic	Summary	Source
Regional Network Management	Formalize the region's Regional Network Management (RNM) structure in statute with greater professional expertise and formal transit operator involvement. Establish an RNM Executive Steering Committee with five appointed expert members, one state appointee, and three transit operator representatives. This committee would make recommendations to the Commission regarding RNM policies, establishment of key performance indicators, determination of transit operator compliance with RNM regulations (including eligibility for specific funding sources), and development of a regional transit plan.	Raayan Mohtashemi, Office of Senator Wiener
Regional Network Management	Any major infusion of regional funding should be accompanied by policy provisions that strengthen network management and ensure that riders and the public benefit from a coordinated regional transit system. A regional measure can best achieve this outcome by 1) providing funding for coordination initiatives, and 2) by clearly tying any transit agency's receipt of new monies to ongoing compliance with programs and policies defined by MTC's regional network management structure.	Alicia John-Baptiste, SPUR
Transportation Demand Management	MTC and Air District to jointly administer a regulation requiring employers with over 50 employees to provide certain transportation benefits. Authorize MTC and the Air District to place a measure before voters to require those same employers to provide a monthly transportation subsidy to their employees, the balance of which that is unused at the end of the month rolls over into a government account for use on public transportation expenses.	Raayan Mohtashemi, Office of Senator Wiener

Recommendations for Policies to _ Exclude from**_ TRM Legislation**

Policy Topic	Summary	Source
Consolidation	Any future study of consolidation should be kept entirely separate from a regional funding measure.	Alicia John-Baptiste, SPUR
Consolidation	Omit the consolidation language from the bill.	John Arantes, SEIU