Proposed Principles and Expenditure Framework for SB 1031 (Wiener/Wahab)

Principles for Expenditure Framework Development

1) Fully close the known near-term operating funding gaps. Additionally, ensure funding is available for Transit Transformation improvements.

2) Guarantee that each county's residents paying into the measure receive an appropriate level of benefit, regardless of mode choice.
    a. Seek highest level of guaranteed benefit while also addressing Principle 1 (70%); with option to increase over time. **This does not mean 70% of funds flow directly back to each county as a subvention, but that each county will receive at least that level of investment back in terms of benefit.**
    b. Achieve modal balance (i.e. ensure sufficient funding is available for Transit Transformation, Safe Streets, and Connectivity).

3) Balance certainty for counties and transit operators and deliver the Commission's vision of a world-class, reliable, affordable, efficient and connected Bay Area transportation network.
    a. Transit Transformation: Each county and/or subregion would be guaranteed a portion of the resources by formula, providing certainty. Additionally, provide minimum guarantee for transit operators (based on ridership) to ensure benefit for *all transit users*, not just users of systems with large operating deficits.
    b. Safe Streets: "Return to source" formula to the County Transportation Agencies, enabling easy administration for MTC and direct local decision making.
    c. Connectivity: Multimodal Capital Improvement Program, like many self-help tax measures. MTC develops expenditure plan in partnership with counties, with each county guaranteed a fair share of benefit. MTC issues bonds to jump start investments. Projects required to be in Plan Bay Area 2050+.
    d. Flexible: Program may fund projects eligible for any of the above expenditures. "County flex" off the top to ensure **minimum guaranteed benefit** by county. Of the remaining funds, MTC must first prioritize mitigating fiscal cliffs; remainder for regional priorities.

4) Integrate flexibility to respond to both each county's unique combination of needs and changing circumstances/needs over time.

Table 1: Framework for Years 1-5: 70 Percent Return to Source with Transit Transformation funds allocated based on AM boardings

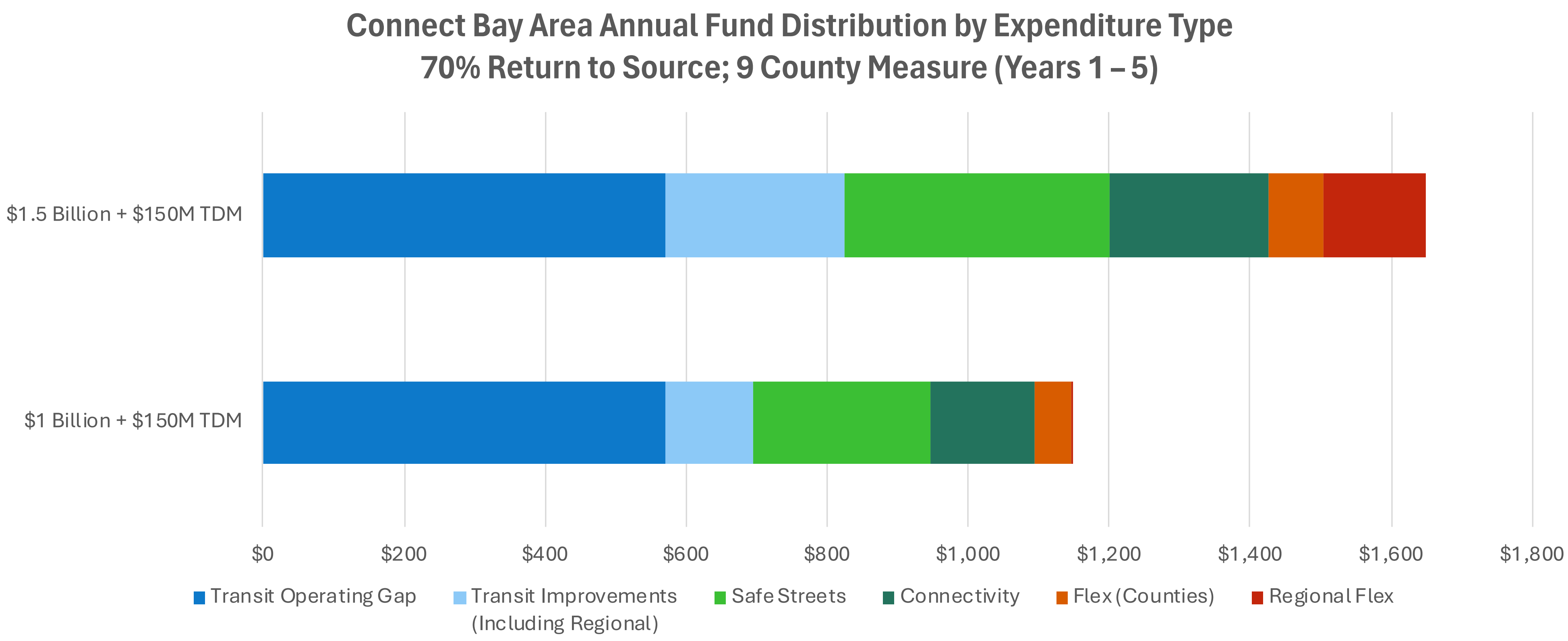
Blank	**Scenario 1**		**Scenario 2**	
Special Tax Funding	$1 Billion		$1.5 Billion	
Transit	45%	$450,000,000	45%	$675,000,000
Transit Formula	*40%*	*$180,000,000*	*40%*	*$270,000,000*
Transit Discretionary	*60%*	*$270,000,000*	*60%*	*$405,000,000*
Safe Streets	25%	$250,000,000	25%	$375,000,000
Connectivity	15%	$150,000,000	15%	$225,000,000
Flex*	15%	$150,000,000	15%	$225,000,000
Transportation Demand Management Transit Subsidy	$150,000,000		$150,000,000	
Grand Total	**$1.15 Billion**		**$1.65 Billion**	
Transit Operating Funding Range**	$600 Million - $750 Million		$825 Million - $1.1 Billion	
MTC Discretionary Funds for Regional Priorities (Capital & Transit Transformation)	$4,000,000		$239,000,000	

* Allocated first to ensure **minimum guaranteed benefit** by county. Of the remaining funds, MTC must first prioritize mitigating fiscal cliffs; remainder for regional priorities.

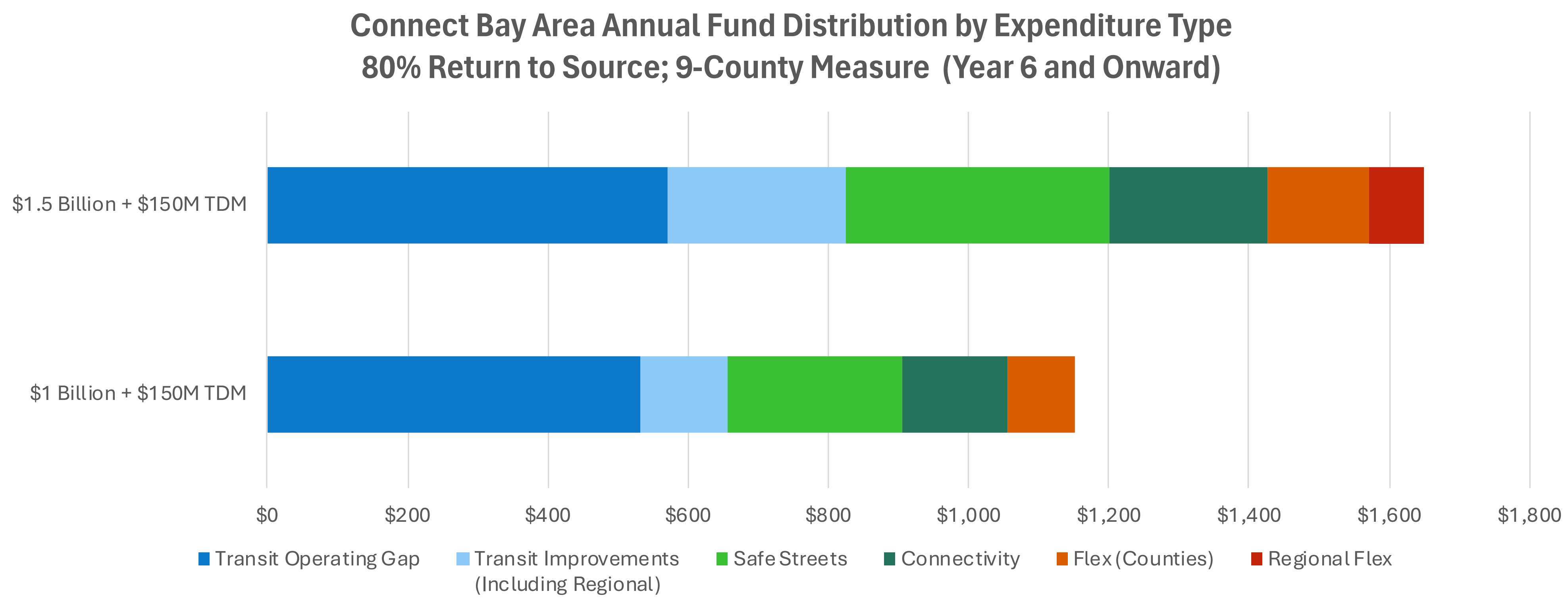
**Sum of all transit operating-eligible categories - Transit + Flex + Transportation Demand Management Transit Subsidy

Impact of a Potential 80 Percent County Benefit Scenario in Years 6+

An 80 percent county benefit scenario has the same dollar figures as above for all categories shown above the "Grand Total." However, under an 80 percent scenario, the amount of Flex funding needed to go to counties (as part of the "return to source" calculation) without a significant transit operating deficits grows, which in turn leaves less regional discretionary funding available to fully close transit operating deficits. Under a $1 billion special tax scenario, this leaves an outstanding $40 million transit operating shortfall and zero funding available for discretionary regional priorities. In addition, under a $1.5 billion scenario, there is $70 million less available for discretionary regional priorities than would be available under the 70 percent county benefit framework.



Note: All funds shown in 2024 millions of dollars. Chart depicts fiscal year 2027-28 standardized operating shortfalls.



Note: All funds shown in 2024 millions of dollars. Chart depicts fiscal year 2027-28 standardized operating shortfalls.