

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

September 8, 2023

Agenda Item 3b

**Potential Regional Transportation Measure: Draft Goals, Guiding Principles, Expenditure
Priorities, and Revenue Options**

Subject:

Update on the potential 2026 regional transportation ballot measure, including draft goals, guiding principles, expenditures priorities, and revenue options.

Background:

In January 2023, staff updated the MTC Policy Advisory Council and the Joint MTC/ABAG Legislation Committee on early efforts to engage stakeholders related to a potential regional transportation ballot measure slated for 2026. This was the first step in a process that sought to identify an expenditure plan concept and potential revenue source(s) by the end of 2023 to pursue enabling legislation in 2024, consistent with recommendations featured in Plan Bay Area 2050 and the Transit Transformation Action Plan. Since then, staff has completed an initial round of public polling on Bay Area voters' priorities concerning transportation, re-convened with key stakeholders, and conducted public engagement activities in all nine counties of the San Francisco Bay Area. (See Attachment A for a summary of key stakeholders consulted to date along with the venues and dates where public engagement occurred in tandem with Plan Bay Area 2050+ and Transit 2050+ public outreach).

Action at the state level to provide near-term transit operating assistance earlier this summer was a critical first step to averting the transit fiscal cliff. However, significant additional financial resources will be required over the medium- to long-term to position our region's transit systems on a stable financial footing for the years and decades ahead. Furthermore, complementary investments to transform transit for the post-pandemic era and non-transit improvements also depend on new revenues.

Draft Goals and Focus Areas:

A potential 2026 regional transportation ballot measure should not be considered in isolation from the many actions being taken at the regional and local level to implement our adopted long-range plan, Plan Bay Area 2050. Instead, a regional transportation funding measure is one

component of a suite of strategies to address the Plan's goals, including securing new funding for affordable housing through the planned Bay Area Housing Finance Authority's affordable housing bond in 2024, encouraging denser land use policies around station areas, supporting local action to protect vulnerable communities from climate change, and much more. In that vein, staff recommends that the measure advance the Plan's five broadly supported goals to realize a more **affordable, connected, diverse, healthy, and vibrant region for all**. Based on feedback from our stakeholder engagement to date, staff identified three focus areas aligned with the Plan's vision that the measure could help to accelerate:

1. Stabilize transit funding;
2. Make transit faster, safer, and easier to use; and
3. Enhance mobility and access for all.

These three focus areas had broad support from all stakeholder groups, with differences of opinion regarding the extent to which each should be prioritized.

Draft Guiding Principles:

Before crafting an expenditure plan that could advance this vision, staff recommends also identifying guiding principles to keep in focus for the entirety of the expenditure plan development process but also specific line items. Four draft guiding principles are suggested below to evaluate expenditure plan concepts to ensure regional goals are being actively advanced throughout:

- The expenditure plan and each category of funding should advance **equity** for residents of Equity Priority Communities and other marginalized groups, such as older adults and persons with disabilities.
- The expenditure plan and each funding category should be **climate**-friendly and help advance the state's goal of carbon neutrality (net zero emissions) by 2045. The expenditure plan should meaningfully reduce greenhouse gas (GHG) emissions from the transportation sector.
- The expenditure plan should be **adaptable**, recognizing the region's future remains highly uncertain.

- The expenditure plan should be **cohesive**, enabling a measure that both maximizes regional impact and is easy to communicate to the public.

Based on feedback from the Committee, staff will seek input on these draft guiding principles from key stakeholders.

Draft Expenditure Priorities:

Based on stakeholder input and the public opinion poll conducted in March that was presented at the Commission Workshop in April, staff recommends moving forward with developing an expenditure plan that positions sustaining public transit service as a high priority while also including other categories of investments necessary to advance regional goals. While the share of investment in transit service relative to other transportation priorities remains a topic for further exploration this fall as further polling is conducted and transportation revenue options come into focus, four other complementary expenditure categories are also being explored as documented in Attachment B. Whether expenditure priorities should be allowed to evolve over time as ridership (and associated farebox revenue) grows and/or other transit service revenues are identified is an important policy question to be further explored this fall.

Public engagement this summer provided additional insight into the priorities of Bay Area residents, with initial feedback showing significant interest in prioritizing Main Streets and Transit Transformation categories. Conversely, there was more limited interest from the public in investing in large-scale capital projects often featured in past regional revenue measures, such as rail extensions and express lanes. Further insights from summer 2023 public engagement efforts will be shared later this fall as feedback is analyzed by MTC/ABAG staff.

Potential Revenue Options:

Sperry Consulting was retained this summer to provide a range of revenue options for consideration as a potential funding source for a new regional transportation measure subject to voter approval. Sales tax is included in that menu given the extent to which Bay Area voters have approved sales taxes to augment state and federal transportation funds, but staff also requested evaluation of options that would be less regressive. Regressive taxation is defined as a tax that captures a higher percentage of a lower income household's income compared to a higher income household. Given consumers pay the same sales tax amount regardless of household

income, sales taxes are generally viewed as regressive, which has resulted in opposition to this option from some stakeholders in previous discussions. In addition to sales tax, other potential regional tax options that were analyzed include: income tax, payroll tax, parcel tax (substitute for a transportation utility fee), corporate head tax and a road usage charge. As noted in the presentation (Attachment C), staff have a number of criteria in mind for how to evaluate these different revenue options and look forward to the committee's feedback.

Next Steps:

Staff seeks feedback from the Joint MTC/ABAG Legislation Committee on the draft goals, guiding principles, funding priorities, and revenue options for the potential transportation ballot measure. Staff will integrate feedback when crafting the conceptual expenditure plan this fall and narrowing down the suite of revenue source options for discussion with key stakeholders and a second public opinion poll, while also integrating more financial data on funding gaps from Plan Bay Area 2050+ as it becomes available. Staff will return to the committee before the end of the year to present the finalized transportation revenue measure concept as an action item, enabling MTC to work with key partners and legislators in Sacramento to advance authorizing legislation during the 2024 legislative session for placement on the ballot in 2026.

Attachments:

- Attachment A: Stakeholder & Public Engagement Summary
- Attachment B: Draft Expenditure Priorities Under Consideration
- Attachment C: Presentation

A handwritten signature in blue ink, reading "Andrew B. Fremier", is written over a horizontal line.

Andrew B. Fremier

Attachment A: Stakeholder & Public Engagement Summary

Stakeholder Convenings (fall 2022 and spring 2023; next round in fall 2023)

- **County Transportation Agencies** (*all nine counties*)
- **Transit Operators** (*large and small operators*)
- **Business Organizations:** Bay Area Council, Chamber San Mateo County, East Bay Leadership Council, North Bay Leadership Council, Silicon Valley Leadership Group
- **Labor Organizations:** Nor Cal Carpenters Union, Building and Construction Trades Council of Alameda County, Building and Construction Trades Council of San Mateo County, North Bay Building and Construction Trades Council
- **Equity & Environment Advocates:** San Francisco Transit Riders, Seamless Bay Area, TransForm, Urban Habitat
- **Persons with Disabilities & Older Adults Advocates:** Center for Independence of Persons with Disabilities, Community Resources for Independent Living Hayward, California Council of the Blind, Choice in Aging, Independent Living Resource Center of San Francisco, Silicon Valley Independent Living Resource Center
- **Active Transportation Advocates:** Bike East Bay, Bike Silicon Valley, San Francisco Bicycle Coalition, Rails to Trails Conservancy, Walk SF
- **Regional & State Agencies:** Bay Area Regional Collaborative, Bay Area Air Quality Management District, Bay Conservation and Development Commission, Caltrans District 4, San Francisco Bay Regional Water Quality Control Board, State Coastal Conservancy

Pop-Up Public Workshops + Online Survey (summer 2023; next round in spring 2024)

- **Alameda County:** Hayward – Third Thursday Street Party
- **Alameda County:** Livermore – Family First Night at Downtown Farmers Market
- **Alameda County:** Oakland – West Oakland Farmers Market
- **Contra Costa County:** Pleasant Hill – Diablo Valley College
- **Contra Costa County:** Richmond – Richmond Farmers Market
- **Marin County:** Kentfield – College of Marin
- **Napa County:** American Canyon – Walmart Supercenter
- **San Francisco City & County:** Mission District – Sunday Streets
- **San Francisco City & County:** Sunset District – Outer Sunset Farmers Market
- **San Mateo County:** East Palo Alto – East Palo Alto Community Farmers Market
- **San Mateo County:** San Mateo – College of San Mateo Farmers Market
- **Santa Clara County:** Gilroy – R & S Gilroy Farmers Market
- **Santa Clara County:** San Jose – Silicon Valley Pride
- **Solano County:** Fairfield – Fairfield Farmers Market
- **Sonoma County:** Santa Rosa – Sonoma County Fair

Attachment B: Draft Expenditure Priorities Under Consideration

Category	Description	Examples of Eligible Investments (<u>not exhaustive</u>)	Equity & Climate Considerations
Transit Operations	Sustain and/or expand transit service levels on bus, rail, and ferry lines to serve both current and future riders. <i>Further analysis of the long-term transit operating needs will be available this fall as part of the Plan Bay Area 2050+ process, enabling a better understanding of to what extent this measure could sustain existing levels and/or expand service frequencies.</i>	<ul style="list-style-type: none"> - Preservation of existing routes and frequencies - Increased frequencies and/or new routes to boost overall service levels - Network restructuring that leads to net increase in transit service-hours 	Priority could be given toward preserving existing service levels and/or enhancing service frequencies on transit lines that benefit residents in Equity Priority Communities or that primarily serve underserved demographic groups. Investments related to transit operations are anticipated to all be GHG-neutral or GHG-reducing.
Transit Transformation	Accelerate investments to improve the customer experience, such as transit fare integration, harmonized mapping & wayfinding, ambassador	<ul style="list-style-type: none"> - Simplified and standardized fare programs & discounts - Improved signage at stations and bus stops 	Priority could be given toward programmatic investments on transit lines or at transit stops/stations that benefit residents in Equity Priority Communities or

Category	Description	Examples of Eligible Investments (<u>not exhaustive</u>)	Equity & Climate Considerations
	<p>programs, expanded paratransit services, etc.</p> <p><i>This would include implementation of Transit Transformation Action Plan priorities, as well as complementary investments to grow ridership as identified in Transit 2050+.</i></p>	<ul style="list-style-type: none"> - Transit priority infrastructure (signal priority, bus lanes for rapid/BRT, etc.) - Community ambassadors, improved lighting & security cameras - Paratransit service expansion to enable "one-seat rides" - Shuttles or other flexible mobility options accommodating all users - Bikeshare subsidies & system expansion 	<p>that primarily serve underserved demographic groups.</p> <p>Investments related to transit transformation are anticipated to all be GHG-reducing.</p>
Main Streets	<p>Transform local roads (including arterials and collectors) to better address safety, equity, and climate goals through improved pavement conditions, safety enhancements,</p>	<p>Projects would ideally include two or more features to yield progress toward multiple goals concurrently, such as:</p> <ul style="list-style-type: none"> - Street repaving projects 	<p>Priority could be given toward road improvements or street redesigns located within an Equity Priority Community, contingent upon a robust community</p>

Category	Description	Examples of Eligible Investments (<u>not exhaustive</u>)	Equity & Climate Considerations
	<p>expanded sidewalks and/or protected bike lanes.</p> <p><i>This would help fund multi-benefit projects – to help encourage walking and biking for nearby trips and to enable first/last mile connections to transit – while also working to ensure geographic balance throughout the nine-county region.</i></p>	<ul style="list-style-type: none"> - Buffered or protected bike lanes - Expanded sidewalks and/or bulb-outs - Parallel multimodal trails - Traffic calming features - Green infrastructure elements 	<p>engagement process to engage local residents.</p> <p>As investments in this category are not anticipated to include additional roadway capacity, this category is anticipated to be a mix of GHG-neutral and GHG-reducing projects.</p>
<p>Climate Resilience</p>	<p>Fund planning, design and/or construction activities that benefit transportation infrastructure and nearby communities by protecting them from rising sea levels.</p> <p><i>While funding would likely not be sufficient to advance climate</i></p>	<ul style="list-style-type: none"> - Local or subcounty resilience plans to refine future pipeline of projects - Design and environmental analyses for future sea level rise resilience projects 	<p>Priority could be given toward resilience planning, design and/or construction activities in Equity Priority Communities or to protect transportation facilities primarily used by underserved demographic groups. Among other factors, investments would be prioritized</p>

Category	Description	Examples of Eligible Investments (<u>not exhaustive</u>)	Equity & Climate Considerations
	<p><i>resilience megaprojects, funding could allow the region to build up a pipeline of future investments to better compete for state or federal funding in the years ahead.</i></p>	<ul style="list-style-type: none"> - Implementation of specific sea level rise resilience projects, such as: <ul style="list-style-type: none"> o Levees & horizontal levees o Infrastructure elevation o Tidal gates o Wetland restoration 	<p>based on timing of sea level rise impacts (e.g., 1 foot versus 4 feet); investments would be contingent upon a robust community engagement process to engage local residents.</p> <p>Investments related to climate resilience are anticipated to all be GHG reducing or GHG neutral.</p>
<p>Priority Projects</p>	<p>Close funding gaps for GHG-reducing or GHG-neutral projects being impacted by rapid inflation, accelerating delivery of high-priority voter-approved capital investments.</p> <p><i>This would help the region implement near-to-medium</i></p>	<ul style="list-style-type: none"> - Rail extensions - Rail grade separation & modernization - Zero emission bus purchases and related infrastructure - New ferry terminals - Carpool-to-express lane conversions 	<p>Priority could be given toward projects that benefit residents in Equity Priority Communities or that primarily serve underserved demographic groups.</p> <p>Investments are primarily anticipated to be GHG-reducing</p>

Category	Description	Examples of Eligible Investments (<u>not exhaustive</u>)	Equity & Climate Considerations
	<p><i>transportation investments already approved by voters but stalled due to increasing costs.</i></p>	<ul style="list-style-type: none"> - Highway interchange modernizations 	<p>(e.g., transit megaprojects), although select non-capacity-increasing highway investments such as HOV-to-Express Lane conversion projects or safety improvements at highway interchanges may be GHG-neutral.</p>