

Metropolitan Transportation Commission

January 24, 2024

Agenda Item 7a

Regional Transportation Revenue Measure Enabling Legislation

Subject:

Summary of MTC ABAG Joint Legislation Committee discussion regarding legislation enabling MTC to place a future regional transportation revenue measure on the ballot.

Background:

At the January 2024 MTC ABAG Joint Legislation Committee (Legislation Committee), staff provided a summary of the proposed elements of enabling legislation for a future regional transportation revenue measure (enabling legislation) that MTC would sponsor, reflecting the feedback Commissioners provided at the December 2023 Commission meeting as well as additional feedback from stakeholders and key legislative leaders (see Attachment A).

Committee members had a robust discussion, providing feedback in the following areas: reforms to enhance transit coordination, integrating into the bill flexibility related to revenue options and amounts as well as expenditure priorities, geographic return-to-source provisions, the “North Star” vision statement (revised Vision Statement is included in Attachment B), transportation demand management, and project eligibility considerations with respect to highway investments. Key takeaways from the discussion are summarized below.

There was broad support expressed by committee members for staff’s recommended approach to integrate into authorizing legislation reforms to enhance transit coordination. Throughout the fall, the Legislation Committee challenged staff to identify a range of policy provisions – from enhancing coordination to exploring transit operator consolidation – that could be included in authorizing legislation that would help ensure any bill the Commission sponsors delivers rider-focused outcomes for the Bay Area traveling public. Consistent with the Commission’s direction in December, staff is proposing that the enabling legislation enhance regional transit coordination (rather than consolidation) as a way to deliver rider-focused outcomes by strengthening MTC’s role as a regional transit network manager. Specifically, staff recommended the authorizing legislation include 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.

Several committee members highlighted the importance of integrating flexibility into the authorizing legislation, specifically as it relates to seeking authorization for a menu of revenue options (with flexibility for MTC to determine *which* option to place on the ballot in 2026 or later) and staff's recommendation that authorizing legislation identify goals of the measure and outline expenditure categories, but retain flexibility for MTC and regional partners to develop a detailed expenditure plan prior to placement of a measure on the ballot as well as over the long-term as the region's needs evolve.

Committee members and Commission leadership also recommended a minor change to the vision statement and supported staff's recommendation to broaden the proposed transportation demand management (TDM) policy provision to mandate Bay Area employers with 50 or more employees in the Bay Area provide a subsidy to their employees to encourage alternatives to single occupancy trips. These revisions are outlined in Attachment B.

Further, the Legislation Committee had a robust discussion related to highway capacity expansion projects and whether they would be eligible for funding from the measure. Informing this discussion was a coalition letter urging that the measure avoid funding highway widening. For context, the proposed goal for the measure (as included in the January Committee materials) is a "climate friendly transportation system that is safe, accessible and convenient for all," consistent with the state's ambitious greenhouse gas reduction targets. In the proposed multimodal "connectivity" category, staff has further described this category in Committee and Commission materials as available to fund "mobility improvements that close gaps and relieve bottlenecks in the existing transportation network in a climate-neutral manner."

During the Legislation Committee discussion, it was proposed that proceeds from the measure should not be eligible to fund highway widening projects. Some committee members made the case for a more nuanced approach recognizing that highway widening projects might have benefits to transit or other features that avoid any negative climate impacts. The Legislation

Committee directed staff to identify a range of options for further consideration at the January Commission meeting. Staff will provide those options in a handout.

Next Steps


At your meeting, staff will be available to answer questions about the key elements of the proposed enabling legislation that staff is recommending MTC sponsor, as described in Attachments B and C. On January 11, Senator Wiener introduced a spot bill for the enabling legislation, SB 925. The first opportunity to amend the bill will be in mid-February.

Recommendations:

Commission Approval

Attachments:

- Attachment A: Proposed Vision Statement and Key Provisions s and Comparison with January Legislation Committee Version
- Attachment B: Presentation
- Attachment C: January 12, 2024 Legislation Committee Materials (Regional Transportation Revenue Measure Enabling Legislation)



Andrew B. Fremier

**Updated Proposed Regional Transportation Measure Vision Statement and Key Provisions:
Comparison with Version Presented at January 2024 MTC ABAG Joint Legislation Committee Meeting**

Vision Statement (Updated)

Note: Text additions are reflected with *italics* and deletions indicated with ~~strikethrough~~.

The Bay Area *needs* ~~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.

Summary of Key Provisions for Regional Transportation Revenue Measure Enabling Legislation (Updated)

Note: Text additions are reflected with *italics* and deletions indicated with ~~strikethrough~~.

TOPIC	RECOMMENDATION
Goal of Measure & Expenditure Priorities	Specify core goals of measure and expenditure categories (Transit Transformation, Safe Streets, Connectivity & Climate Resilience) in legislation. Given uncertainty on maximum funding level, defer recommendation on minimum shares for each expenditure category subject to further stakeholder and legislative engagement. Recommend including a flexible category to enable adjustments based on future needs and subject to changing circumstances.
Accountability	<p>To deliver customer-facing priorities as soon as possible, establish MTC as the Regional Transit Network Manager with oversight over fare payment, fare integration, schedule coordination, mapping & wayfinding, real time transit information, and other customer-facing operating policies that would benefit from a regional approach (e.g. safety and workforce development) upon enactment of enabling legislation.</p> <p>Upon ballot measure’s approval, require establishment of ballot measure oversight committee to ensure funds are spent according to statute and ballot measure.</p>
Travel Demand Management Provision	Require, subject to voter approval, that large employers of 50 or more employees in the Bay Area that are located near transit provide <i>a subsidy the Clipper BayPass</i> to their employees <i>to encourage alternatives to single occupancy vehicle (SOV) trips.</i>
Geographic Area of Tax	Authorize MTC or voter initiative to place on ballot within the nine counties or a subset of the nine counties.

Citizen Initiative Option	Allow measure to be placed upon the ballot directly by MTC or by a qualified voter initiative (e.g., S.F.'s Measure C, 2018), subject to a simple majority vote. (This approach is consistent with SB 679 (Kamlager, 2022) establishing the Los Angeles County Regional Housing Finance Act.)
Timing & Duration of Ballot Measure	Allow on ballot November 2026 or later, subject to no sunset (allowing option to include time limit or not, dependent upon later polling) as determined by MTC or voter initiative.
Revenue Options & Amount	Authorize a menu of options subject to voter approval no sooner than 2026. Menu includes a square footage based parcel tax, income tax, payroll tax and sales tax. Also authorize a regional vehicle miles traveled (VMT) charge subject to prior adoption of a statewide road usage charge and a vehicle registration charge (with higher rates based on vehicle's value) not sooner than 2030. Draft legislation without cap on tax rates to allow for further negotiation and discussions with the Legislature. Allow repeat ballot measure attempts and successive ballot measures.
Funding Distribution	Specify intent to consider need and geographic balance in funding distribution. Defer specifics on distribution within each expenditure category subject to further legislative and stakeholder engagement.

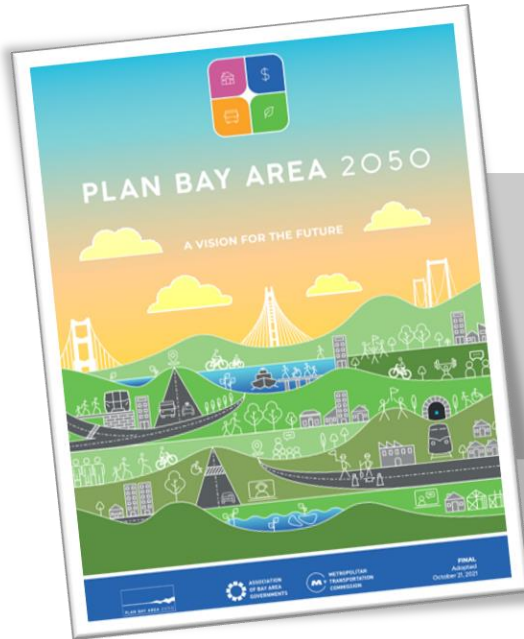
Preparing for a 2026 Regional Transportation Measure: Outline of Proposed Enabling Legislation & Next Steps



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Commission Meeting
January 24, 2024

Why a New Regional Transportation Measure?



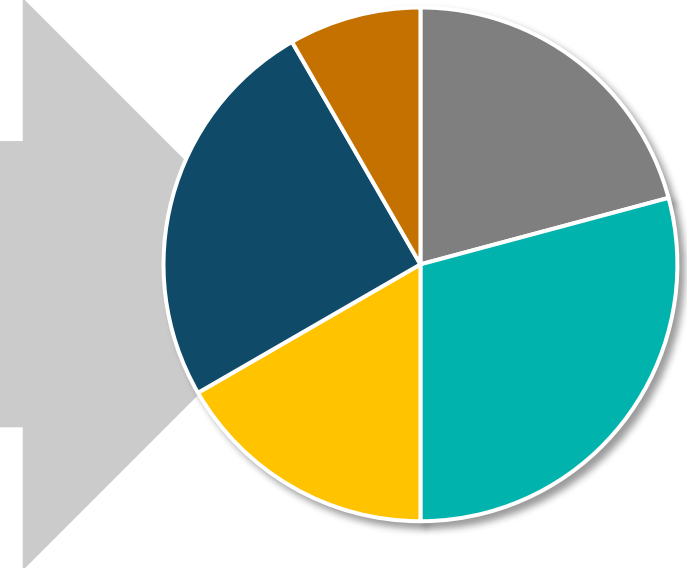
Plan Bay Area 2050

The Plan identified a \$110 billion funding gap to realize the plan's bold vision



Transit's Future Depends on New Funding

New reliable funds are needed to sustain service and improve the rider experience



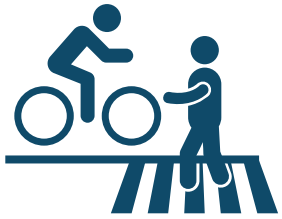
Deliver Results

Regional funds can incentivize key regional policy goals & improve access and mobility regionwide

Proposed “North Star” Vision Statement



The Bay Area needs 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.



Regional Measure Goal & Focus Areas

Goal: Create a climate-friendly transportation system that is safe, accessible and convenient for all



Protect and Enhance Transit Service

Protect existing service – including through ensuring existing resources are maintained and used effectively – and enhance frequency of service and areas served where needed and financially sustainable.

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 and implementing the Bay Area Transit Transformation Action Plan.



Enhance Mobility & Access for All

Make it safer and easier for people of all ages and abilities to get to where they need to go by preserving and enhancing access for all transportation system road users, including people walking, biking and wheeling.

Proposed Funding Categories



Transit Transformation

Sustain and/or expand transit service levels on bus, rail, and ferry lines to serve both current and future riders. Accelerate Transformation Action Plan improvements to the customer experience improve safety on transit and help fund the zero-emission transit transition.



Safe Streets

Transform local roads to support safety, equity and climate goals, including through including through bike/ped infrastructure investments, safe routes to transit, other safety enhancements and pothole repairs.



Connectivity

Fund mobility improvements that close gaps and relieve bottlenecks in the existing transportation network in a climate-neutral manner. Example project types include express lanes, rail-grade separations, rail extensions, rail safety, and interchange modernizations.



Climate Resilience

Fund planning, design and/or construction activities that protect transportation infrastructure from rising sea levels, flooding, wildfires, and extreme heat.

Summary of Tax Revenue Options

Tax Type	Summary
Sales tax	Regional sales tax on the sale of tangible items. Some groceries are exempt.
Income tax	Regional supplemental income tax paid by taxpayer – withheld from paycheck (can be limited to those with an income above a specified threshold and/or include tiered rates)
Payroll tax	Employer-based tax on wages paid to employees, like Social Security. Can be structured to exempt small businesses.
Parcel tax	Per square foot assessment on parcels of real estate. Can include exemptions.
Vehicle Registration Surcharge	Tiered rates based on value of vehicle, similar to SB 1. Would not be considered until 2030 or later given DMV registration database overhaul and anticipated revenue capacity limitations.
Vehicle Miles Traveled Fee	Tax based on vehicle miles traveled (VMT). Would not be considered until State of California adopts a road usage charge to replace the gas tax.

Core Elements of Enabling Legislation

Topic	MTC Staff Recommendation
Goal of Measure & Expenditure Categories	Specify core goals of measure and expenditure categories in legislation. Likely include minimum shares by category after legislative and stakeholder consensus is achieved.
Accountability	To deliver customer-facing priorities sooner, strengthen MTC's network management role. Establish oversight committee to ensure funds spent according to statute and measure.
Travel Demand Management	Require employer of at least 50 employees to provide a subsidy to their employees to encourage alternatives to single occupancy vehicle trips.
Geographic Area of Tax	Authorize MTC to place on ballot within the nine counties or a subset.
Citizen Initiative Option	Allow measure to be placed upon the ballot directly by MTC or by a qualified voter initiative (e.g., S.F.'s Measure C, 2018), subject to a simple majority vote.
Timing & Duration of Ballot Measure	Allow on ballot November 2026 or later subject to no sunset in the statute. Permit subsequent ballot placement if unsuccessful. Duration to be determined by MTC.
Revenue Options & Amount	Authorize a menu of revenue options (parcel tax, income tax, payroll tax and sales tax as near-term options; and VMT-fee and vehicle reg. charge at later date) subject to further discussion with stakeholders and the Legislature. Allow revenue options to be pursued sequentially.
Funding Distribution	Specify intent to consider need and geographic balance in funding distribution. Defer specifics on distribution within each expenditure category subject to further legislative and stakeholder engagement.

Voters Want a More Integrated Transit System With Stronger Oversight

- MTC's October 2023 poll showed Bay Area voters think provisions to create a more integrated transit system are important to include in a measure.
 - **80 percent support** oversight and accountability to ensure effective & efficient management of transit
 - **73 percent strongly support** creating a seamless Bay Area transit network with coordinated fares, routes, schedules and signage
 - **61 percent support** one regional agency responsible for setting transit fares, coordinating different service schedules and creating consistent transit maps and signage
- Results track with Blue Ribbon Transit Recovery Task Force's 2021 public opinion poll (summarized at right)

Everyone wants the same things:

92%	find real-time information on wait times and vehicle locations important
91%	find more direct service, fewer transfers, and shorter wait times important
88%	find a regional network that can set fares, align routes and schedules, and standardize information important
92%	find easy to use and uniform maps and signage important
90%	find a single mobile app for planning, schedules, and information important
89%	find a single set of fares, passes, discounts, and transfer policies important
80%	find dedicated travel lanes along key transit routes for buses and carpools important

Source: Blue Ribbon Transit Recovery Task Force Public Opinion Poll, April 2021

Policy Provision: Strengthen MTC's Role as Regional Transit Network Manager to Speed Up Rider-Focused Outcomes

Staff recommends the authorizing legislation strengthen MTC's coordination authority by designating it with responsibility for setting policies essential to the user experience of a seamless transit system and setting standards related to:

- Fare payment
- Fare integration
- Schedule coordination
- Mapping & wayfinding
- Real time information
- Other customer-facing operating policies that would benefit from a regional approach, including safety and workforce development.



What's Next?



Draft Bill Language & Prepare for Hearing

Senator Wiener has introduced SB 925 – a spot bill. Assuming MTC action to sponsor the bill, it will be amended to incorporate MTC in mid-February and first hearing likely in early March. MTC staff and leadership are continuing to brief and seek feedback from Bay Area legislators to inform legislative strategy



Partner/Stakeholder Engagement & Public Communication

Continue regular engagement with Bay Area partners/stakeholders, including through the staff-level Transportation Revenue Measure Working Group, and begin coalition building at the state level.



Initiate leadership-level Steering Committee to advise working group.

Develop webpage and communication channels for public to stay informed and engaged throughout development of the enabling legislation.