



# Memorandum

**Date:** April 21, 2017  
**To:** Transportation Authority Board  
**From:** Maria Lombardo – Chief Deputy Director  
**Subject:** 05/09/17 Board Meeting: Adopt Principles for Regional Measure 3 (RM3) and Approve a List of San Francisco Candidate Projects and RM3 Advocacy Amounts

<p><b>RECOMMENDATION</b>   <input type="checkbox"/> Information   <input checked="" type="checkbox"/> Action</p> <ul style="list-style-type: none"> <li>• Adopt RM3 principles</li> <li>• Approve a list of San Francisco RM3 Candidate Projects</li> <li>• Approve specific RM3 Advocacy Amounts</li> </ul> <p><b>SUMMARY</b></p> <p>The state legislature is currently working on legislation authorizing the Metropolitan Transportation Commission (MTC) to bring a bridge toll increase to Bay Area voters in 2018, known as Regional Measure 3 (RM3), intended to fund projects that improve mobility and enhance travel options in the region’s state-owned toll bridge corridors. The legislation, Senate Bill (SB) 595 (Beall) is now in print with some general text pending amendments that would specify the amount of the toll (\$1 to \$3 are under consideration) and the projects and programs to be funded. Based on currently available information, it is anticipated that RM3 would include a 25-year expenditure plan for up to \$5 billion in capital projects and potentially an operating program as well. We are still working with our San Francisco partners on the RM3 advocacy amounts and will walk them into the CAC meeting on April 26.</p>	<ul style="list-style-type: none"> <li><input type="checkbox"/> Fund Allocation</li> <li><input type="checkbox"/> Fund Programming</li> <li><input checked="" type="checkbox"/> Policy/Legislation</li> <li><input type="checkbox"/> Plan/Study</li> <li><input type="checkbox"/> Capital Project Oversight/Delivery</li> <li><input type="checkbox"/> Budget/Finance</li> <li><input type="checkbox"/> Contracts</li> <li><input type="checkbox"/> Procurement</li> <li><input type="checkbox"/> Other:</li> </ul> <hr/>
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**DISCUSSION**

**Background.**

The MTC, in its role as the Bay Area Toll Authority (BATA), administers the toll programs for the seven state-owned Bay Area bridges (San Francisco-Oakland Bay Bridge, San Mateo-Hayward Bridge, Dumbarton Bridge, Carquinez Bridge, Benicia-Martinez Bridge, Antioch Bridge and Richmond-San Rafael Bridge). The current toll on these bridges is \$5, except for the San Francisco-Oakland Bay Bridge which has weekday congestion pricing. All bridges have reduced rates during weekday peak times for high-occupancy vehicles using FasTrak to pay the toll. The current toll revenues are expended through three programs:

- Regional Measure 1 (RM1) was approved by Bay Area voters in 1988, establishing a uniform \$1 toll on the seven state-owned toll bridges. RM1 funded the new Carquinez and Benicia-Martinez bridges, bridge rehabilitation, and access and interchange improvements near

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bridges. All RM1 projects are now complete, and the revenues for this program service debt used to finance these projects.

- The Toll Bridge Seismic Retrofit Program accounts for \$3 of bridge toll revenues. All seven of the Bay Area’s state-owned toll bridge have now achieved seismic safety. The program currently totals \$9.4 billion, and the bridge toll revenues service debt on bonds issued to finance the program.
- Regional Measure 2 (RM2) was approved in 2004, raising the toll on these seven bridges by \$1. The program includes \$1.5 billion for capital projects, and up to 35% of total RM2 annual revenues on an operating program (about \$48 million per year).

Since 2004 and despite the recent recession, the Bay Area’s economy and population has grown significantly. The population is expected to grow by 2.3 million by 2040 and the number of jobs by 1.3 million, compared to 2010 levels. As a response to this increasing demand on the system and projected growth, in late 2016 MTC and the state legislature began discussing a new bridge toll, known as Regional Measure 3 (RM3), to address the region’s growing pains by improving mobility and enhancing travel options in the region’s bridge corridors.

**Status: SB595 (Beall).**

MTC is currently working with the State Legislature on SB 595 (Beall), which would require MTC to place a measure on the ballot in all nine Bay Area counties. The toll level, expenditure plan, and timing of this vote are not yet specified in the bill, and are subject to discussions with members of the Legislature and key stakeholders. Attachment 1 is a fact sheet on SB 595.

To ensure the bill keeps on track with legislative deadlines, the bill will be heard in the Senate Transportation & Housing Committee on April 25 as that is the committee’s last hearing for fiscal bills originating in the Senate to be heard. The Bay Area delegation has already reached out to key stakeholders seeking input on the toll level, project priorities, etc. Given that the bill is now in print and starting to move, we are seeking Board input and action on RM3 to inform drafting of the bill language and Expenditure Plan.

**Toll level.**

MTC estimates that a \$1-3 increase in bridge tolls starting in 2019 would make between \$1.7 billion and \$5 billion available as a 25-year capital bond. A multi-dollar toll surcharge could be phased in over a period of years. Figure 2 below compares potential funding available at these different toll rates.

*Figure 1. Estimated Toll Increase Revenue Comparison (MTC, April 2017)*

<b>Toll Surcharge Amount</b>	<b>Annual Revenue</b>	<b>Capital Funding Available (25-year bond)</b>
<b>\$1</b>	\$127 million	\$1.7 billion
<b>\$2</b>	\$254 million	\$3.3 billion
<b>\$3</b>	\$381 million	\$5.0 billion

Including an operating program would impact the amount of toll revenues available for a capital bond. Figure 2 below demonstrates the trade-offs that would result from different shares of operations from a \$3 toll.

Figure 2. Estimated Toll Increase Trade-offs (MTC, April 2017)

Share of Funds for Operations (\$3 Toll Option)	Annual Operating Funding	Total Capital Budget
0%	-	\$5.0 billion
5%	\$19 million	\$4.7 billion
10%	\$37 million	\$4.5 billion
15%	\$56 million	\$4.2 billion
20%	\$75 million	\$4.0 billion

While the previous Regional Measures increased the bridge toll by \$1 each, the buying power of these tolls has decreased and there are significant needs across the region for additional transportation funds. SB 1, the state transportation funding package that was recently improved, focused on much needed repairs and maintenance to local streets and roads and highways (“aging pains”). As a complement, RM3 would focus on improving mobility and enhancing travel options in the region’s bridge corridors where the bridges are incredibly congested and core transit systems like BART and Muni are overcrowded (“growing pains”). The MTC-led Core Capacity Transit Study has identified over \$11 billion in project investment recommendations to improve the Transbay Corridor alone. BART and MUNI each have significant fleet needs to meet the growing demand for transit services.

**Proposed RM3 Principles.**

To guide the development of the Expenditure Plan for Regional Measure 3, MTC issued a list of draft principles in December 2016, which are included in Attachment 2 to this memo. We are recommending that the Transportation Authority Board ask MTC to include two additional principles: Equity and Multimodal. These are also detailed in Attachment 2. We briefed the Plans and Programs Committee on these principles in February as part of an information item on RM3.

**Proposed San Francisco Candidate Projects and RM3 Advocacy Amounts.**

In order to develop our San Francisco candidate list, we considered a bridge nexus (regional connectivity) as the pre-requisite for eligibility for bridge toll funding as that is central to the fact that RM3 would be a fee (thus, requiring only a simple majority vote of the public to be approved). We also looked at how well projects meet MTC’s principles and our two additional principles. Working closely with the San Francisco Municipal Transportation Agency (SFMTA) and the Mayor’s Offices, as well as coordinating with BART, Port of San Francisco, Transbay Joint Powers Authority, and others we put together the attached list of projects (Attachment 3).

These projects fall into four categories for ease of messaging:

- Transit Core Capacity: These projects are all included in the recommendations from MTC’s Core Capacity Transit Study, a collaborative effort to find and prioritize investments that will improve travel in the Transbay corridor and the core of San Francisco (Muni Metro network).
- Transit Modernization: Muni’s Metro Modernization project includes much-needed state of good repair investments, including key safety and accessibility improvements.
- Active Congestion Management: This group of projects represents cost-effective investments that will improve the operations of the existing transportation networks by enabling management of demand in real time, including relieving pressure on the San Francisco-

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Oakland Bay Bridge by accelerating the provision of Treasure Island ferry service, and implementing express lanes to provide faster and more reliable transit and shared-ride travel options, complementing similar improvements planned in San Mateo and Santa Clara counties for the congested peninsula corridor.

- Equity: User-fees tend to have a disproportionate impact on the lowest-income members of society. These projects would help mitigate these impacts through investments in alternative transportation modes, supporting additional transit service (such as late night and other lifeline transit service), and other accessibility improvements benefitting communities of concern.

We understand that the SFMTA Board will be considering taking similar actions in May and we will continue to closely coordinate with the SFMTA, the Mayor's Office, and other San Francisco stakeholders.

### **FINANCIAL IMPACT**

The recommended action would not have an impact on the adopted Fiscal Year 2016/17 budget.

### **CAC POSITION**

The CAC will consider this item at its April 26, 2017 meeting.

### **SUPPLEMENTAL MATERIALS**

Attachment 1 – SB595 (Beall) Fact Sheet

Attachment 2 – Draft Regional Measure 3 Principles

Attachment 3 – Draft San Francisco Regional Measure 3 (RM3) Candidate Projects

## SB 595 (Beall)

## Regional Measure to Improve Mobility in Bay Area Bridge Corridors Fact Sheet

### ISSUE

Transportation infrastructure is key to supporting the San Francisco Bay Area's strong economy and maintaining California's leadership in high-tech and high-paying jobs. Traffic congestion on the region's freeways, overcrowding on BART, Caltrain, ferries and buses in the toll bridge corridors is eroding the Bay Area's quality of life, access to jobs, cultural and educational opportunities, and undermining job creation and retention. The traffic chokepoints are especially acute in the corridors of the seven state-owned toll bridges that are critical east-west and north-south arteries that bind the Bay Area together.

### BACKGROUND

Bay Area voters have led California's "self-help" movement in supporting new local revenue for congestion relief, including strong voter support for toll increases in 1988 and 2004. In 1988, the Legislature enacted SB 45 (Lockyer), placing on the ballot Regional Measure 1, which standardized all bridge tolls at \$1 to help build the new Benicia-Martinez Bridge and the Carquinez Bridge replacement, among other projects. The measure was approved by 70 percent.

In 2003, Senate Bill 916 (Perata) authorized Regional Measure 2, a \$1 toll increase to fund transit and roadway improvements in the bridge corridors. The measure helped build numerous transportation improvements, including the Caldecott Tunnel's 4th Bore, BART to Warm Springs Extension (the first phase of BART to Silicon Valley), BART seismic retrofit and HOV lanes on Interstate 80, among other major projects. The measure was approved by 57 percent. In 2005, the Legislature delegated administration of all bridge toll revenue to the Bay Area Toll Authority, the Metropolitan Transportation Commission (MTC)'s affiliate agency which shares the same governing board.

### THIS BILL

SB 595 would provide voters in the nine Bay Area counties (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma) the opportunity to jumpstart the next generation of critical transportation improvements in the bridge corridors funded by an increase in bridge tolls. The bill would require the MTC to place a measure on the ballot in all nine counties. The expenditure plan, the toll level and the timing of the vote are not yet specified in the bill and are subject to discussion with members of the Legislature and key stakeholders. SB 595 will include strong accountability provisions to ensure that funds are invested according to the voter-approved plan.

While SB 1 (Beall) provided a substantial increase in state funds focused primarily on repairing local roads and the state highway system – the state's *aging* pains – SB 595 will address the Bay Area's *growing* pains, by improving mobility and enhancing travel options in the region's bridge corridors.



### STATUS/VOTES

### SUPPORT

Metropolitan Transportation Commission

### OPPOSITION

None on file

### FOR MORE INFORMATION

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## **Attachment 2 Draft Regional Measure 3 (RM3) Principles**

### **MTC Staff Draft Principles for Regional Measure 3 [MTC, December 2016]**

#### Bridge Nexus

Ensure all projects benefit toll payers in the vicinity of the San Francisco Bay Area's seven state-owned toll bridges.

#### Regional Prosperity

Invest in projects that will sustain the region's strong economy by enhancing travel options and improving mobility in bridge corridors.

#### Sustainability

Ensure all projects are consistent with Plan Bay Area 2040's focused growth and greenhouse gas reduction strategy.

#### State of Good Repair

Invest in projects that help restore bridges and transportation infrastructure in the bridge corridors.

#### Demand Management

Utilize technology and pricing to optimize roadway capacity.

#### Freight

Improve the mobility, safety and environmental impact of freight.

#### Resiliency

Invest in resilient bridges and approaches, including addressing sea level rise.

### **San Francisco Proposed Additional RM3 Principles**

#### Equity

Ensure investment in projects that improve the affordability of, and access to, alternative travel options to single-occupancy vehicles in the bridge corridors, particularly for low-income residents of the Bay Area.

#### Multimodal

Invest in multiple modes transportation to provide alternative travel options in the bridge corridors, including bus, rail, ferry, bicycle and pedestrian projects.

**DRAFT San Francisco Regional Measure 3 (RM3) Candidate Projects**

					MTC's Proposed RM3 Criteria							SF Considerations						
<i>projects listed in alphabetical order by category; list is not prioritized</i>					<i>amounts in millions of \$'s</i>					<i>Bridge Nexus</i>	<i>Reg'l Prosperity</i>	<i>Sustainability</i>	<i>SOGR</i>	<i>Demand Mgmt (road pricing/ technology)</i>	<i>Freight</i>	<i>Resiliency</i>	<i>Equity</i>	<i>Multimodal</i>
Project	Description	Total Project Cost	Funding Gap															
<b>Transit Core Capacity</b>																		
a	BART Core Capacity/Metro Projects	Includes Core Capacity and operational projects, station enhancements in downtown San Francisco	TBD per BART	TBD per BART	√	√	√	√							√	√	√	
b	BART Expansion Vehicles	New vehicles will support increased service in the core of the BART system. [NOTE: funding gap includes \$300 M each from San Francisco, Contra Costa, and San Francisco counties and \$100M from MTC.]	\$ 1,300	\$ 1,000	√	√	√									√	√	
c	Caltrain Downtown Extension	Caltrain/HSR subway connection from south of 4th/King to the Transbay Transit Center [\$300 M RM3 commitment in Plan Bay Area]	\$ 3,935	\$2,653 - \$2,823	√	√	√									√	√	
d	Core Capacity & Transit Reliability (SFMTA)	Includes projects recommended from the Bay Area Core Capacity Transit Study (CCTS). Example projects: Better Market Street; Geary BRT; surface light rail improvements	\$ 1,300	\$ 1,000	√	√	√	√								√	√	
e	Mission Bay Ferry Landing (Port of SF)	Establishes new ferry terminal to directly connect Mission Bay and Central Waterfront SF neighborhoods to the East Bay via transbay corridor.	\$ 43	\$ 25	√	√	√								√	√	√	
f	Muni Fleet Expansion and Facilities (SFMTA)	A recommendation from the Core Capacity Transit Study, includes light rail vehicles and buses to better meet current and future ridership, and facilities improvements to support the current and future fleet.	\$ 944	\$ 799	√	√	√	√							√	√	√	
g	2nd Transbay Tube	Study and conceptual engineering funds for a 2nd transbay tube as discussed in the Core Capacity Transit Study.	TBD per CCTS	TBD per CCTS	√	√	√								√	√	√	
<b>Transit Modernization</b>																		
h	Muni Metro Modernization (SFMTA)	Improves existing stations to address much-needed state of good repair investments, including safety and accessibility improvements, including but not limited to escalators, elevators, and wayfinding.	\$ 175	\$ 175	√	√	√	√								√	√	
<b>Active Congestion Management</b>																		
i	San Francisco Managed Lanes (SFCTA)	Converts lanes on US-101 and I-280 in San Francisco to express lanes to support faster and more reliable transit and rideshare options from I-280 (King St.) to San Mateo county.	\$ 62	\$ 61	√	√	√				√					√	√	
j	Treasure Island Mobility Management Program (SFCTA)	Funds would cover start-up costs for the Treasure Island Mobility Management Program, including procuring a new alternative-fuel ferry and advancing ferry service from downtown SF to Treasure Island by 3 years. [NOTE: project cost represents partial start-up costs only]	\$ 32	\$ 32	√	√	√				√					√	√	
k	Transportation Demand Management Program (MTC)	A regional Transportation Demand Management Program could provide funding to innovative incentive programs such as BART Perks, and to smart/innovative technology projects such as technology-enabled corridor management strategies, to help reduce congestion in the core.	TBD	TBD	√	√	√				√					√	√	
<b>Equity</b>																		
l	Bicycle/Pedestrian Facilities Program (MTC)	A regional bicycle/pedestrian program could provide funding for projects that improve access to the bridge corridors and to transit serving those corridors.	TBD	TBD	√		√									√	√	
m	Lifeline Transportation Program (MTC)	A regional program that could provide funding for late night transportation services, accessibility and mobility programs in the bridge corridors.	TBD	TBD	√	√	√									√	√	

	Project	Description	Total Project Cost	Funding Gap									
n	Operations – Transbay Transit Center	Covers the funding gap needed to support operations and maintenance of the new Transbay Transit Center. Otherwise, transit operators using the facility would be expected to cover the gap.	TBD per TJPA	TBD per TJPA	√	√	√					√	√

**Total Funding Gap: \$ 5,792**

\*These priorities assume a continuation of the federal Capital Investment Grants (e.g. New Starts) and TIGER programs. Should Congress or the Administration take action to end these programs, we would anticipate shifting priorities.