

LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

**S T A F F   R E P O R T**

SUBJECT: SB 595 (Beall) as amended: Metropolitan Transportation Commission: Toll Bridge Revenues – **SUPPORT**

FROM: Jennifer Yeamans, Senior Grants, Project Management & Contract Specialist

DATE: August 22, 2017

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**Action Requested**

Recommend a **SUPPORT** position for SB 595 (Beall) be referred to the Board of Directors for approval.

**Background**

On February 6, 2017, the Board of Directors approved LAVTA's 2017 Legislative Program to guide staff and the Board for legislative issues to support, watch and monitor, stay neutral, or oppose. On July 10, 2017, the Board of Directors approved a **WATCH** position on SB 595 (Beall), a bill sponsored by the Metropolitan Transportation Commission (MTC), which would authorize MTC to place a new bridge toll increase amount on the ballot in the nine Bay Area counties to fund congestion relief, rail connectivity, and improved mobility in the region's bridge corridors. In keeping with past voter-approved toll increases, the measure is currently known as Regional Measure 3, or RM3. This WATCH position reflected the lack of specificity previously available regarding the amount of toll increase to be sought or the potential amount of revenue that might be available for expenditure.

Between the June 27 Finance & Administration Committee meeting and the July 10 Board of Directors meeting, the bill was amended prior to its July 13 hearing in the Assembly Transportation Committee to include new key information, including the amount of the proposed toll increase. The bill as now drafted authorizes an increase of up to \$3, allowing MTC to select the amount to place on the ballot, as well as the phase-in period. After the toll increase is fully phased in, the bill authorizes the Bay Area Toll Authority to adjust the toll increase amount (i.e. up to \$3) by inflation. Staff relayed this information to the Board of Directors in light of the Finance & Administration Committee's WATCH recommendation then being considered by the Board.

**Discussion**

On July 13, the Assembly Transportation Committee approved SB 595 by a vote of 10-2. All but one Bay Area member on the committee voted in favor; Assembly Member Catharine Baker abstained. On July 19, the bill was amended again to include the projects and programs shown in Attachment 1, which was presented to the Assembly Transportation

Committee during the July 13 hearing and includes \$100 million for “Tri Valley Transit Access Improvements.”

The bill has now been referred to the Assembly Appropriations Committee, where it is expected to be voted on as soon as late August after likely being further amended to include important additional details, including to provide project descriptions and identify project sponsors.

Information provided by MTC at their July 26 Commission meeting about RM3 and other current bridge toll revenues, as well as public opinion polling about the proposed measure, are provided in Attachment 2.

SB 595 only authorizes MTC to put a toll increase before voters in all nine Bay Area counties; ultimately, voters would decide whether to enact any toll increase, though the current language would require only a simple majority of voters region-wide to do so, as bridge tolls are considered fees rather than taxes. LAVTA staff does not anticipate any LAVTA-specific projects to be advanced in the final expenditure plan, though there may be some potential sources of operating and capital funding available that are not agency-specific for which LAVTA could be eligible to receive future allocations.

Because the bill has been substantially amended to address the information lacking at the time staff initially recommended a WATCH position, LAVTA staff is now recommending a **SUPPORT** position on SB 595. Depending on the timing of the Assembly Appropriations Committee hearing and any subsequent floor votes, the bill may have already had action taken prior to your September 11 Board of Directors meeting. The deadline for all bills to be passed by both chambers for this calendar year is September 15.

### **Recommendation**

Staff recommends the Committee approve a **SUPPORT** position on SB 595 (Beall) and refer the position to the Board of Directors for approval.

Attachments:

1. SB 595 (Beall) text as amended July 19, 2017
2. MTC Regional Measure 3 Follow-Up, July 26, 2017

AMENDED IN ASSEMBLY JULY 19, 2017

AMENDED IN ASSEMBLY JULY 3, 2017

AMENDED IN SENATE MAY 26, 2017

AMENDED IN SENATE APRIL 18, 2017

AMENDED IN SENATE APRIL 5, 2017

AMENDED IN SENATE APRIL 3, 2017

## SENATE BILL

**No. 595**

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### **Introduced by Senator Beall**

**(Coauthors: Senators Hill, *McGuire*, Skinner, Wieckowski, and Wiener)**

(Principal coauthors: Assembly Members Bonta, Chiu, Mullin, and Ting)

(Coauthors: Assembly Members *Berman*, Chu, Low, Quirk, and Thurmond)

February 17, 2017

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An act to amend Sections 30102.5, 30891, 30911, 30915, 30916, 30918, 30920, 30922, and 30950.3 of, and to add Sections 30914.7 and 30923 to, the Streets and Highways Code, relating to transportation, and making an appropriation therefor.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 595, as amended, Beall. Metropolitan Transportation Commission: toll bridge revenues.

Existing law creates the Metropolitan Transportation Commission (MTC) as a regional agency in the 9-county San Francisco Bay area with comprehensive regional transportation planning and other related

responsibilities. Existing law creates the Bay Area Toll Authority (BATA) as a separate entity governed by the same governing board as the MTC and makes the BATA responsible for the programming, administration, and allocation of toll revenues from the state-owned toll bridges in the San Francisco Bay area. Existing law authorizes the BATA to increase the toll rates for certain purposes, including to meet its bond obligations, provide funding for certain costs associated with the bay area state-owned toll bridges, including for the seismic retrofit of those bridges, and provide funding to meet the requirements of certain voter-approved regional measures. Existing law provided for submission of 2 regional measures to the voters of 7 bay area counties in 1988 and 2004 relative to specified increases in bridge auto tolls on the bay area state-owned toll bridges, subject to approval by a majority of the voters.

This bill would require the City and County of San Francisco and the other 8 counties in the San Francisco Bay area to conduct a special election on a proposed increase in the amount of the toll rate charged on the state-owned toll bridges in that area to be used for ~~unspecified~~ *specified* projects and programs. The bill would require the BATA to select the amount of the proposed increase, not to exceed \$3, to be placed on the ballot for voter approval. If approved by the voters, the bill would authorize the BATA, beginning January 1, 2019, to phase in the toll increase over a period of time and to adjust the toll increase for inflation after the toll increase is phased in completely. The bill would specify that, except for the inflation adjustment and as otherwise specified in statute, the toll schedule adopted pursuant to the results of this election may not be changed without the statutory authorization of the Legislature. By requiring this election, the bill would impose a state-mandated local program. The bill would require the BATA to reimburse from toll revenues, as specified, the counties and the City and County of San Francisco for the cost of submitting the measure to the voters. Because the bill would specify that the revenue resulting from the increased toll charge would be continuously appropriated to the MTC for expenditure, it would make an appropriation.

This bill would require the BATA to establish an independent oversight committee no later than January 1, 2020, with a specified membership, to ensure the toll revenues generated by the toll increase are expended consistent with a specified expenditure plan. The bill would require the BATA to submit an annual report to the Legislature on the status of the projects and programs funded by the toll increase.



The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The San Francisco Bay area's strong economy and growing
- 4 population are placing a tremendous burden on its aging
- 5 transportation infrastructure. Between 2010 and 2040, the
- 6 population is forecasted to grow by 2.3 million, while the number
- 7 of jobs are projected to grow by 1.3 million.
- 8 (b) Traffic congestion on the region's seven state-owned toll
- 9 bridges degrades the bay area's quality of life, impairs its economy,
- 10 and shows no signs of abating. Between 2010 and 2015, combined
- 11 volumes on the region's seven state-owned toll bridges grew by
- 12 11 percent, while volumes on just the Dumbarton Bridge, the
- 13 Richmond-San Rafael Bridge, and the San Mateo-Hayward Bridge
- 14 grew by 20 percent.
- 15 (c) In 2015, five of the region's top 10 worst congested roadways
- 16 were in the South Bay (San Mateo or Santa Clara Counties).
- 17 (d) In the San Francisco-Oakland Bay Bridge corridor from
- 18 Hercules to San Francisco, weekday traffic speeds average less
- 19 than 35 mph from 5:35 a.m. until 7:50 p.m.
- 20 (e) Weekday congestion on the west approach to the San
- 21 Francisco-Oakland Bay Bridge in the eastbound direction typically
- 22 begins before 1 p.m. and continues until 9:30 p.m.
- 23 (f) Weekday northbound traffic congestion on State Highway
- 24 Route 101 from Novato to Petaluma begins by 3 p.m. and typically
- 25 lasts over three hours.
- 26 (g) Daily peak-hour traffic on State Highway Route 37 between
- 27 Marin and Solano Counties jumped over 40 percent from 2010 to
- 28 2015.

1 (h) The region's only rail link across San Francisco Bay, the  
2 Bay Area Rapid Transit District (BART), is 44 years old and faces  
3 multibillion-dollar capital funding shortfalls to accommodate  
4 growing ridership and achieve a state of good repair. Meanwhile,  
5 BART ridership is at record levels, exceeding 128 million in fiscal  
6 year 2016, a 27-percent increase from fiscal year 2010.

7 (i) Annual ridership on ferries from Alameda, Oakland, and  
8 Vallejo to San Francisco and South San Francisco more than  
9 doubled between 2010 and 2016, from 1.1 million to 2.5 million.

10 (j) Ridership on the weekday transbay bus service provided by  
11 the Alameda-Contra Costa Transit District rose 33 percent between  
12 2012 and 2016.

13 (k) Truck traffic in and out of the Port of Oakland grew by 33  
14 percent since 2000 and contributes to worsening congestion on  
15 the region's bridges and roadways. An estimated 99 percent of the  
16 containerized goods moving through northern California are loaded  
17 or discharged at the port.

18 (l) The last time bay area voters had the opportunity to approve  
19 new funding for improvements in the bridge corridors was in 2004,  
20 when voters approved Regional Measure 2, a \$1 toll increase.

21 (m) To improve the quality of life and sustain the economy of  
22 the San Francisco Bay area, it is the intent of the Legislature to  
23 require the Metropolitan Transportation Commission to place on  
24 the ballot a measure authorizing the voters to approve an  
25 expenditure plan to improve mobility and enhance travel options  
26 on the bridges and bridge corridors to be paid for by an increase  
27 in the toll rate on the seven state-owned bridges within its  
28 jurisdiction.

29 SEC. 2. It is the intent of the Legislature to authorize or create  
30 a transportation inspector general to conduct audits and  
31 investigations of activities involving any toll revenues generated  
32 pursuant to the regional measure described in Section 30923 of  
33 the Streets and Highways Code, if the voters approve that measure.

34 SEC. 3. Section 30102.5 of the Streets and Highways Code is  
35 amended to read:

36 30102.5. Consistent with Section 30918, the Bay Area Toll  
37 Authority shall fix the rates of the toll charge, except as provided  
38 in Sections 30921 and 30923, and may grant reduced-rate and  
39 toll-free passage on the state-owned toll bridges within the  
40 jurisdiction of the Metropolitan Transportation Commission.

SEC. 4. Section 30891 of the Streets and Highways Code is amended to read:

30891. The commission may retain, for its cost in administering this article, an amount not to exceed one-quarter of 1 percent of the revenues allocated by it pursuant to Section 30892 and of the revenues allocated by it pursuant to Sections 30913, 30914, and 30914.7.

SEC. 5. Section 30911 of the Streets and Highways Code is amended to read:

30911. (a) The authority shall control and maintain the Bay Area Toll Account and other subaccounts it deems necessary and appropriate to document toll revenue and operating expenditures in accordance with generally accepted accounting principles.

(b) (1) After the requirements of any bond resolution or indenture of the authority for any outstanding revenue bonds have been met, the authority shall transfer on a regularly scheduled basis as set forth in the authority's annual budget resolution, the revenues defined in subdivision (b) of Sections 30913, 30914, and 30914.7 to the commission. The funds transferred are continuously appropriated to the commission to expend for the purposes specified in subdivision (b) of Sections 30913, 30914, and 30914.7.

(2) For the purposes of paragraph (1), the revenues defined in subdivision (b) of Section 30913 and subdivision (a) of Section 30914 include all revenues accruing since January 1, 1989.

SEC. 6. Section 30914.7 is added to the Streets and Highways Code, to read:

30914.7. (a) If the voters approve a toll increase pursuant to Section 30923, the authority shall, consistent with the provisions of subdivisions (b) and (c), fund the projects and programs described in this subdivision that shall collectively be known as the Regional Measure 3 expenditure plan by bonding or transfers to the Metropolitan Transportation Commission. These projects and programs have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, from toll revenues of all bridges:

(1) *BART Expansion Cars. Five hundred million dollars (\$500,000,000).*

(2) *Corridor Express Lanes: Interstate 80 between Alameda County and Contra Costa County, Alameda County Interstate 880, Alameda-Contra Costa Interstate 680, San Francisco Highway*

- 1 101, San Mateo Highway 101, State Route 84, State Route 92,  
2 Solano Interstate 80 Express Lanes from Red Top Road to  
3 Interstate 505. Three hundred million dollars (\$300,000,000).  
4 (3) Goods Movement and Mitigation: Interstate 580 and  
5 Interstate 880 in Alameda County, Port of Oakland, Freight Rail  
6 Improvements. One hundred twenty-five million dollars  
7 (\$125,000,000).  
8 (4) Bay Trail/Safe Routes to Transit. One hundred fifty million  
9 dollars (\$150,000,000).  
10 (5) Ferries: new vessels to add frequency to existing routes and  
11 service expansion in the Counties of Alameda, Contra Costa, San  
12 Mateo, San Francisco, and Solano, and the Antioch terminal.  
13 Three hundred twenty-five million dollars (\$325,000,000).  
14 (6) BART to Silicon Valley: Phase Two. Four hundred million  
15 dollars (\$400,000,000).  
16 (7) Sonoma-Marin Area Rail Transit District (SMART). Forty  
17 million dollars (\$40,000,000).  
18 (8) Capitol Corridor Connection. Ninety million dollars  
19 (\$90,000,000).  
20 (9) Caltrain Downtown Extension: Transbay Terminal Phase  
21 Two. Three hundred fifty million dollars (\$350,000,000).  
22 (10) MUNI Expansion Vehicles. One hundred forty million  
23 dollars (\$140,000,000).  
24 (11) Core Capacity Transit Improvement Serving the Bay Bridge  
25 corridor. One hundred forty million dollars (\$140,000,000).  
26 (12) Alameda–Contra Costa Transit District (AC Transit):  
27 Rapid Bus Improvements. Fifty million dollars (\$50,000,000).  
28 (13) New Transbay BART Tube and Approaches. Fifty million  
29 dollars (\$50,000,000).  
30 (14) Tri-Valley Transit Access Improvements. One hundred  
31 million dollars (\$100,000,000).  
32 (15) Eastridge to BART Regional Connector. One hundred thirty  
33 million dollars (\$130,000,000).  
34 (16) San Jose Diridon Station. One hundred twenty million  
35 dollars (\$120,000,000).  
36 (17) Dumbarton Rail/Altamont Corridor Express  
37 (ACE)/BART/Shinn Station. One hundred thirty million dollars  
38 (\$130,000,000).  
39 (18) Highway 101/State Route 92 Interchange. Fifty million  
40 dollars (\$50,000,000).

1 (19) *Contra Costa Interstate 680/State Route 4 Interchange*  
2 *Improvements and Transit Enhancements. One hundred fifty million*  
3 *dollars (\$150,000,000).*

4 (20) *Marin-Sonoma Narrows. One hundred twenty-five million*  
5 *dollars (\$125,000,000).*

6 (21) *Solano Interstate 80/Interstate 680/State Route 12*  
7 *Interchange Improvements. One hundred seventy-five million*  
8 *dollars (\$175,000,000).*

9 (22) *Solano West-Bound Interstate 80 Truck Scales. One*  
10 *hundred twenty-five million dollars (\$125,000,000).*

11 (23) *Highway 37 Corridor Access Improvements from Highway*  
12 *101 to Interstate 80 and Sea Level Rise Adaptation. One hundred*  
13 *fifty million dollars (\$150,000,000).*

14 (24) *San Rafael Transit Center/SMART. Thirty million dollars*  
15 *(\$30,000,000).*

16 (25) *Marin Highway 101/580 Interchange. One hundred*  
17 *thirty-five million (\$135,000,000).*

18 (26) *North Bay Transit Improvements: Contra Costa, Marin,*  
19 *Napa, Solano, and Sonoma. One hundred million dollars*  
20 *(\$100,000,000).*

21 (27) *State Route 29, South Napa County. Twenty million dollars*  
22 *(\$20,000,000).*

23 (b) (1) Not more than \_\_\_\_\_ 16 percent of the revenues generated  
24 from the toll increase shall be made available annually for the  
25 purpose of providing operating assistance for transit services as  
26 set forth in the authority's annual budget resolution. The funds  
27 shall be made available to the provider of the transit services  
28 subject to the performance measures described in paragraph-(2)-  
29 (3). If the funds cannot be obligated for operating assistance  
30 consistent with the performance measures, these funds shall be  
31 obligated for other operations consistent with this chapter.

32 (2) *The Metropolitan Transportation Commission may annually*  
33 *fund the following operating programs as another component of*  
34 *the Regional Measure 3 expenditure plan:*

35 (A) *Transbay Terminal. Five million dollars (\$5,000,000).*

36 (B) *Ferries. Thirty-five million dollars (\$35,000,000).*

37 (C) *Regional Express Bus. Twenty million dollars (\$20,000,000).*

38 ~~(2)~~

1 (3) Prior to the allocation of revenue for transit operating  
2 assistance under ~~paragraph (1)~~, *paragraphs (1) and (2)*, the  
3 Metropolitan Transportation Commission shall:

4 (A) Adopt performance measures related to fare-box recovery,  
5 ridership, or other indicators, as appropriate. The performance  
6 measures shall be developed in consultation with the affected  
7 project sponsors.

8 (B) Execute an operating agreement with the sponsor of the  
9 project. This agreement shall include, but is not limited to, an  
10 operating plan that is consistent with the adopted performance  
11 measures. The agreement shall include a schedule of projected  
12 fare revenues and any other operating funding that will be dedicated  
13 to the service. For any individual project sponsor, this operating  
14 agreement may include additional requirements, as determined by  
15 the commission.

16 (C) In an operating agreement executed pursuant to  
17 subparagraph (B), the Metropolitan Transportation Commission  
18 shall grant a project sponsor at least five years to establish new or  
19 enhanced service. The Metropolitan Transportation Commission  
20 shall use a ridership forecast as the basis for performance measures  
21 adopted pursuant to subparagraph (A) and to establish performance  
22 measures in following years. If transit service does not achieve  
23 the performance targets within the timeframe granted to the project  
24 sponsor, the project sponsor shall notify the Metropolitan  
25 Transportation Commission, agree to a new timeframe determined  
26 by the commission to achieve the performance targets, and take  
27 needed steps to remedy the transit service to meet the performance  
28 standards. The Metropolitan Transportation Commission may take  
29 action to redirect funding to alternative project sponsors if the  
30 performance targets are not met within the new timeframe.

31 (c) (1) For all projects authorized under subdivision (a), the  
32 project sponsor shall submit an initial project report to the  
33 Metropolitan Transportation Commission before July 1, \_\_\_\_.  
34 This report shall include all information required to describe the  
35 project in detail, including the status of any environmental  
36 documents relevant to the project, additional funds required to  
37 fully fund the project, the amount, if any, of funds expended to  
38 date, and a summary of any impediments to the completion of the  
39 project. This report, or an updated report, shall include a detailed  
40 financial plan and shall notify the commission if the project sponsor

will request toll revenue within the subsequent 12 months. The project sponsor shall update this report as needed or requested by the commission. No funds shall be allocated by the commission for any project authorized by subdivision (a) until the project sponsor submits the initial project report, and the report is reviewed and approved by the commission.

(2) If multiple project sponsors are listed for projects listed in subdivision (a), the commission shall identify a lead sponsor in coordination with all identified sponsors, for purposes of allocating funds. For any projects authorized under subdivision (a), the commission shall have the option of requiring a memorandum of understanding between itself and the project sponsor or sponsors that shall include any specific requirements that must be met prior to the allocation of funds provided under subdivision (a).

(d) If the voters approve a toll increase pursuant to Section 30923, the authority shall within 24 months of the election date include the projects in a long-range plan. The authority shall update its long-range plan as required to maintain its viability as a strategic plan for funding projects authorized by this section. The authority shall, by January 1, 2020, submit its updated long-range plan to the transportation policy committee of each house of the Legislature for review.

SEC. 7. Section 30915 of the Streets and Highways Code is amended to read:

30915. With respect to all construction and improvement projects specified in Sections 30913, 30914, and 30914.7, project sponsors and the department shall seek funding from all other potential sources, including, but not limited to, the State Highway Account and federal matching funds. The project sponsors and department shall report to the authority concerning the funds obtained under this section.

SEC. 8. Section 30916 of the Streets and Highways Code is amended to read:

30916. (a) The base toll rate for vehicles crossing the state-owned toll bridges within the geographic jurisdiction of the commission as of January 1, 2003, is as follows:

Number of Axles	Toll
Two axles	\$ 1.00

1	Three axles	3.00
2	Four axles	5.25
3	Five axles	8.25
4	Six axles	9.00
5	Seven axles & more	10.50

6  
7 (b) If the voters approve a toll increase, pursuant to Section  
8 30921, commencing July 1, 2004, the base toll rate for vehicles  
9 crossing the bridges described in subdivision (a) is as follows:

10		
11	Number of axles	Toll
12	Two axles	\$ 2.00
13	Three axles	4.00
14	Four axles	6.25
15	Five axles	9.25
16	Six axles	10.00
17	Seven axles & more	11.50

18  
19 (c) If the voters approve a toll increase, pursuant to Section  
20 30923, the authority shall increase the base toll rate for vehicles  
21 crossing the bridges described in subdivision (a) by the amount  
22 approved by the voters pursuant to Section 30923. The authority  
23 may, beginning January 1, 2019, phase in the toll increase over a  
24 period of time and may adjust the toll increase for inflation based  
25 on the California Consumer Price Index after the toll increase has  
26 been phased in completely.

27 (d) The authority shall increase the amount of the toll only if  
28 required to meet its obligations on any bonds or to satisfy its  
29 covenants under any bond resolution or indenture. The authority  
30 shall hold a public hearing before adopting a toll schedule reflecting  
31 the increased toll charge.

32 (e) Nothing in this section shall be construed to prohibit the  
33 adoption of either a discounted commute rate for two-axle vehicles  
34 or of special provisions for high-occupancy vehicles under terms  
35 and conditions prescribed by the authority in consultation with the  
36 department.

37 SEC. 9. Section 30918 of the Streets and Highways Code is  
38 amended to read:

39 30918. (a) It is the intention of the Legislature to maintain  
40 tolls on all of the bridges specified in Section 30910 at rates



1 sufficient to meet any obligation to the holders of bonds secured  
2 by the bridge toll revenues. The authority shall retain authority to  
3 set the toll schedule as may be necessary to meet those bond  
4 obligations. The authority shall provide at least 30 days' notice to  
5 the transportation policy committee of each house of the  
6 Legislature and shall hold a public hearing before adopting a toll  
7 schedule reflecting the increased toll rate.

8 (b) The authority shall increase the toll rates specified in the  
9 adopted toll schedule in order to meet its obligations and covenants  
10 under any bond resolution or indenture of the authority for any  
11 outstanding toll bridge revenue bonds issued by the authority and  
12 the requirements of any constituent instruments defining the rights  
13 of holders of related obligations of the authority entered into  
14 pursuant to Section 5922 of the Government Code and,  
15 notwithstanding Section 30887 or subdivision (d) of Section 30916  
16 of this code, or any other law, may increase the toll rates specified  
17 in the adopted toll schedule to provide funds for the planning,  
18 design, construction, operation, maintenance, repair, replacement,  
19 rehabilitation, and seismic retrofit of the state-owned toll bridges  
20 specified in Section 30910 of this code, to provide funding to meet  
21 the requirements of Sections 30884 and 30911 of this code, and  
22 to provide funding to meet the requirements of voter-approved  
23 regional measures pursuant to Sections 30914 and 30921 of this  
24 code.

25 (c) The authority's toll structure for the state-owned toll bridges  
26 specified in Section 30910 may vary from bridge to bridge and  
27 may include discounts for vehicles classified by the authority as  
28 high-occupancy vehicles, notwithstanding any other law.

29 (d) If the authority establishes high-occupancy vehicle lane fee  
30 discounts or access for vehicles classified by the authority as  
31 high-occupancy vehicles for any bridge, the authority shall  
32 collaborate with the department to reach agreement on how the  
33 occupancy requirements shall apply on each segment of highway  
34 that connects with that bridge.

35 (e) All tolls referred to in this section and Sections 30916,  
36 31010, and 31011 may be treated by the authority as a single  
37 revenue source for accounting and administrative purposes and  
38 for the purposes of any bond indenture or resolution and any  
39 agreement entered into pursuant to Section 5922 of the Government  
40 Code.

(f) It is the intent of the Legislature that the authority should consider the needs and requirements of both its electronic and cash-paying customers when it designates toll payment options at the toll plazas for the toll bridges under its jurisdiction.

SEC. 10. Section 30920 of the Streets and Highways Code is amended to read:

30920. The authority may issue toll bridge revenue bonds to finance any or all of the projects, including those specified in Sections 30913, 30914, and 30914.7, if the issuance of the bonds does not adversely affect the minimum amount of toll revenue proceeds designated in Section 30913 and in paragraph (4) of subdivision (a) of, and subdivision (b) of, Section 30914 for rail extension and improvement projects and transit projects to reduce vehicular traffic. A determination of the authority that a specific project or projects shall have no adverse effect will be binding and conclusive in all respects.

SEC. 11. Section 30922 of the Streets and Highways Code is amended to read:

30922. Any action or proceeding to contest, question, or deny the validity of a toll increase provided for in this chapter, the financing of the transportation program contemplated by this chapter, the issuance of any bonds secured by those tolls, or any of the proceedings in relation thereto, shall be commenced within 60 days from the date of the election at which the toll increase is approved. After that date, the financing of the program, the issuance of the bonds, and all proceedings in relation thereto, including the adoption, approval, and collection of the toll increase, shall be held valid and incontestable in every respect.

SEC. 12. Section 30923 is added to the Streets and Highways Code, to read:

30923. (a) For purposes of the special election to be conducted pursuant to this section, the authority shall select an amount of the proposed increase in the toll rate, not to exceed three dollars (\$3), for vehicles crossing the bridges described in Section 30910 to be placed on the ballot for approval by the voters.

(b) The toll rate for vehicles crossing the bridges described in Section 30910 shall not be increased to the rate described in subdivision (c) of Section 30916 prior to the availability of the results of a special election to be held in the City and County of San Francisco and the Counties of Alameda, Contra Costa, Marin,

1 Napa, San Mateo, Santa Clara, Solano, and Sonoma to determine  
2 whether the residents of those counties and of the City and County  
3 of San Francisco approve the toll increase.

4 (c) The revenue derived from the toll increase shall be used to  
5 meet all funding obligations associated with projects and programs  
6 described in Section 30914.7. To the extent additional toll funds  
7 are available from the toll increase, the authority may use them  
8 for bridge rehabilitation and for projects and programs aimed at  
9 reducing congestion and improving travel options in the bridge  
10 corridors.

11 (d) (1) Notwithstanding any provision of the Elections Code,  
12 the Board of Supervisors of the City and County of San Francisco  
13 and of each of the counties described in subdivision (b) shall call  
14 a special election to be conducted in the City and County of San  
15 Francisco and in each of the counties that shall be consolidated  
16 with the November 6, 2018, general election.

17 (2) The following question shall be submitted to the voters as  
18 Regional Measure 3 and stated separately in the ballot from state  
19 and local measures: “Shall voters authorize the Regional Measure  
20 3 expenditure plan that does the following:

21 (A) Directs revenues generated through the collection of bridge  
22 tolls to provide the following projects:

23 (B) Approves a \_\_\_\_ toll increase and authorizes the Bay Area  
24 Toll Authority, beginning January 1, 2019, to phase in the toll  
25 increase and to adjust that amount for inflation after the toll  
26 increase has been phased in completely, on all toll bridges in the  
27 bay area, except the Golden Gate Bridge?”

28 (3) The blank provision in the portion of the ballot question  
29 described in subparagraph (B) of paragraph (2) shall be filled in  
30 with the amount of the toll increase selected pursuant to subdivision

31 (a).

32 (e) The ballot pamphlet for the special election shall include a  
33 summary of the Regional Measure 3 expenditure plan regarding  
34 the eligible projects and programs to be funded pursuant to Section  
35 30914.7. The Metropolitan Transportation Commission shall  
36 prepare a summary of the Regional Measure 3 expenditure plan.

37 (f) The county clerks shall report the results of the special  
38 election to the authority. If a majority of all voters voting on the  
39 question at the special election vote affirmatively, the authority

1 may phase in the increased toll schedule beginning January 1,  
2 2019, consistent with subdivision (c) of Section 30916.

3 (g) If a majority of all the voters voting on the question at the  
4 special election do not approve the toll increase, the authority may  
5 by resolution resubmit the measure to the voters at a subsequent  
6 general election. If a majority of all of the voters vote affirmatively  
7 on the measure, the authority may adopt the toll increase and  
8 establish its effective date and establish the completion dates for  
9 all reports and studies required by Sections 30914.7 and 30950.3.

10 (h) (1) Each county and city and county shall share translation  
11 services for the ballot pamphlet and shall provide the authority a  
12 certified invoice that details the incremental cost of including the  
13 measure on the ballot, as well as the total costs associated with the  
14 election.

15 (2) The authority shall reimburse each county and city and  
16 county participating in the election for the incremental cost of  
17 submitting the measure to the voters. These costs shall be  
18 reimbursed from revenues derived from the tolls if the measure is  
19 approved by the voters, or, if the measure is not approved, from  
20 any bridge toll revenues administered by the authority.

21 (i) If the voters approve a toll increase pursuant to this section,  
22 the authority shall establish an independent oversight committee  
23 no later than January 1, 2020, to ensure that any toll revenues  
24 generated pursuant to this section are expended consistent with  
25 the applicable requirements set forth in Section 30914.7. The  
26 oversight committee shall include two representatives from each  
27 county within the jurisdiction of the commission. Each  
28 representative shall be appointed by the applicable county board  
29 of supervisors and serve a four-year term and shall be limited to  
30 two terms. The oversight committee shall annually review the  
31 expenditure of funds by the authority for the projects and programs  
32 specified in Section 30914.7 and prepare a report summarizing its  
33 findings. The oversight committee may request any documents  
34 from the authority to assist the committee in performing its  
35 functions.

36 (j) If voters approve a toll increase pursuant to this section, the  
37 authority shall annually prepare a report to the Legislature, in  
38 conformance with Section 9795 of the Government Code, on the  
39 status of the projects and programs funded pursuant to Section  
40 30914.7.

1 (k) Except as provided in subdivision (c) of Section 30916 and  
2 Section 30918, the toll rates contained in a toll schedule adopted  
3 by the authority pursuant to this section shall not be changed  
4 without statutory authorization by the Legislature.

5 SEC. 13. Section 30950.3 of the Streets and Highways Code  
6 is amended to read:

7 30950.3. (a) The authority shall prepare, adopt, and from time  
8 to time revise, a long-range plan for the completion of all projects  
9 within its jurisdiction, including those of the Regional Traffic  
10 Relief Plan described in subdivision (c) of Section 30914 and the  
11 Regional Measure 3 expenditure plan described in subdivision (a)  
12 of Section 30914.7.

13 (b) The authority shall give first priority to projects and  
14 expenditures that are deemed necessary by the department to  
15 preserve and protect the bridge structures.

16 SEC. 14. If the Commission on State Mandates determines  
17 that this act contains costs mandated by the state, reimbursement  
18 to local agencies and school districts for those costs shall be made  
19 pursuant to Part 7 (commencing with Section 17500) of Division  
20 4 of Title 2 of the Government Code.



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Bay Area Metro Center  
375 Beale Street  
San Francisco, CA 94105  
TEL 415.778.6700  
WEB [www.mtc.ca.gov](http://www.mtc.ca.gov)

## *Memorandum*

TO: Commission

DATE: July 21, 2017

FR: Executive Director

RE: SB 595 (Beall) – Regional Measure 3

### **Background**

At the June 28 Commission meeting, staff was requested to provide additional information on a number of Regional Measure 3-related items and to place Senate Bill 595 (Beall) on the agenda for official Commission action. This agenda item includes the following elements:

1. A presentation highlighting the SB 595 expenditure plan adopted by the Assembly Transportation Committee and recommending a number of amendments to the bill.
2. A summary of the top-line results of the RM 3 poll conducted by the Bay Area Council.
3. A brief white paper on the congestion relief impact of transit-oriented affordable housing and options for how RM 3 funds could be leveraged to address the region's affordable housing shortage.
4. Information on the trip destination of Bay Area state-owned bridge users. We had provided trip origin data of bridge users at your June meeting.

### **Bill Update**

On July 13, the Assembly Transportation Committee approved the Regional Measure 3 authorizing bill, SB 595 (Beall) by a vote of 10-2. This was a key milestone for the bill and took a great deal of effort by many Bay Area legislators and stakeholders. All but one Bay Area member on the committee voted in favor; Assembly Member Baker abstained. The bill has been referred to the Assembly Appropriations Committee, where it is expected to be voted on in late August. Currently, SB 595 simply lists project names and dollar amounts. Over the next few weeks, amendments will be drafted to provide project descriptions and identify project sponsors, a critical component of the legislation.

With respect to the toll increase amount, the bill authorizes an increase of up to \$3, allowing the commission to select the amount to place on the ballot, as well as the phase-in period. After the toll increase is fully phased in, the bill authorizes the Bay Area Toll Authority to adjust the toll increase amount (i.e. up to \$3) by inflation. At this time there is no other detail in the legislation with respect to the use of revenue generated by indexing, but discussions with Senator Beall and others suggest that the intent is to limit this to projects and programs authorized in the bill and bridge maintenance and rehabilitation.

In addition, at the request of Senator Beall, BATA's financial team has reevaluated the amount of revenue that could be generated by a \$3 toll increase – without indexing – under a reasonable set of assumptions about future interest rates, traffic projections, and the like. Our BATA team has concluded that up to an additional \$200 million could be generated under a slightly revised set of financial assumptions. We have communicated this information to Senator Beall.

### Recommendation

Staff recommends the Commission adopt a “support and seek amendment” position on SB 595 as follows:

1. **FasTrak® Discount.** Authorize a financial incentive for more people to pay tolls via FasTrak to reduce delay at toll plazas and toll collection administrative costs. This is standard business practice at most toll authorities across the nation.
2. **Use of Toll Revenue.** Specify that any funds generated from the toll revenue increase are eligible for bridge rehabilitation/maintenance.
3. **Election Date.** Delete reference to November 2018 to provide flexibility on when a vote is held, as long as it is consolidated with a statewide election.
4. **Enable a Back-up Plan.** To avoid leaving funds unallocated with no option to be spent, allow toll revenue assigned to a specific project to be reduced or reassigned to a project within the same bridge corridor if the project has savings or cannot be competed, similar to RM 2. This provides needed flexibility to continue to improve mobility in a bridge corridor if the original project encounters insurmountable delivery obstacles. Any change would only be made after consultation with the project sponsor, a public hearing and Commission approval.
5. **Clipper 2.0 Funding.** The expenditure plan does not currently provide any funding for Clipper 2.0, the next generation of the region's transit fare collection system. We recommend the inclusion of Clipper 2.0 funding in RM 3.
6. **Additional Project Capacity.** In allocating the \$200 million described above, priority should be given to bridge corridors where current investment levels are lower on a per toll payer basis.
7. **Pro Rata Expenditure Plan Adjustment.** In the event that a \$3 toll increase is determined to be infeasible at the ballot, the bill should allow for a pro rata adjustment to the expenditure plan to account for a \$2 or \$1 toll request in the ballot measure.

  
\_\_\_\_\_  
Steve Heminger



# Regional Measure 3 Follow-Up

Metropolitan Transportation Commission

July 26, 2017





# Follow-Up Items from June Commission Meeting

- Polling results (attached)
- Bridge user destination data (attached)
- Housing policy discussion (attached)
- Update on development of an RM 3 expenditure plan
- Recommendation for action on SB 595



## RM3 Status Update

- Senate Bill 595 (Beall) passed the Assembly Transportation Committee on July 14 with an amendment to incorporate an agreed-upon expenditure plan.
- The bill has been amended to include project names and amounts, but no detailed descriptions or other policy items yet.
- Subsequent – and final – amendments are anticipated to be made prior to the bill's vote in the Assembly Appropriations Committee, anticipated to be held in late August.



# RM3 Expenditure Plan as Amended by Assembly Transportation Committee

PROGRAM CATEGORY	\$3 Toll Funding (in millions)	Percent of Capital Funding
Operating Program	\$60/year	--
Regional Capital Program	\$1,930	46%
Corridor-Based Capital Program	\$2,270	54%
Grand Total Capital Program	\$4,200	100%



# Annual Operating Funding

OPERATING PROGRAM	Annual Amount \$60 million
ALL CORRIDORS	
Transbay Terminal	5
• Ferries	35
Regional Express Bus	20



## RM3 Capital Program

### REGIONAL

\$3 Toll  
Project Amount  
(\$ millions)

**Bridge Rehabilitation** (SFOBB & Richmond-San Rafael deck replacement, San Mateo-Hayward & Dumbarton deck overlays, paint Carquinez, miscellaneous projects on Richmond-San Rafael, SFOBB and San Mateo Hayward)

Top Priority of  
Indexing

**BART Expansion Cars** (all BART-reliant counties)

500

**Corridor Express Lanes** (Eligible: Alameda/Contra Costa I-80, Alameda I-880, Alameda-Contra Costa I-680, San Francisco 101, San Mateo 101, SR 84, SR 92, Solano I-80 Express Lanes (Red Top Road to I-505))

300

**Goods Movement and Mitigation** (I-580 and I-880 in Alameda County, Port of Oakland, Freight Rail Improvements)

125

**Bay Trail / Safe Routes to Transit** (all bridges corridors eligible)

150

**Ferries** (New vessels to add frequency to existing routes and service expansions in the counties of Alameda, Contra Costa, San Mateo, San Francisco, Solano; Antioch terminal)

325

**BART to Silicon Valley, Phase 2**

400

**SMART**

40

**Capitol Corridor Connection**

90

**Subtotal**

**1,930**



# RM3 Capital Program

CENTRAL CORRIDOR (SF-Oakland Bay Bridge)		\$3 Toll Project Amount (\$ millions)
Caltrain Downtown Extension (Transbay Terminal, Phase 2)		350
Muni Expansion Vehicles		140
Core Capacity Transit Improvements serving the Bay Bridge corridor		140
AC Transit - Rapid Bus Improvements		50
New Transbay BART Tube & Approaches		50
<b>Subtotal</b>		<b>730</b>



# RM3 Capital Program

SOUTH CORRIDOR (San Mateo-Hayward, Dumbarton)		\$3 Toll Project Amount (\$ millions)
Tri-Valley Transit Access Improvements		100
Eastridge to BART Regional Connector		130
San Jose Diridon Station		120
Dumbarton Rail/ACE/BART/Shinn Station		130
San Mateo 101/92 Interchange		50
<b>Subtotal</b>		<b>530</b>

## RM3 Capital Program

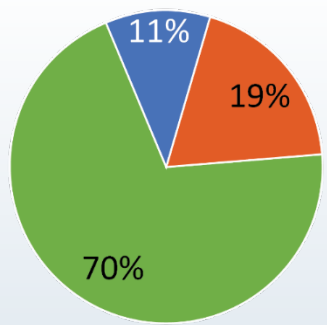
<b>NORTH CORRIDOR</b> (Richmond-San Rafael, Benicia-Martinez, Carquinez, Antioch)	<b>\$3 Toll Project Amount (\$ millions)</b>
<b>Contra Costa 680/4 Interchange Improvements &amp; Transit Enhancements</b>	150
<b>Marin-Sonoma Narrows</b>	125
<b>Solano I-80/680/SR 12 Interchange Improvements</b>	175
<b>Solano West-Bound I-80 Truck Scales</b>	125
<b>Highway 37 Corridor Access Improvements from Highway 101 to I-80 and Sea Level Rise Adaptation</b>	150
<b>San Rafael Transit Center / SMART</b>	30
<b>Marin 101/580 Interchange</b>	135
<b>North Bay Transit Improvements (Contra Costa, Marin, Napa, Solano Sonoma)</b>	100
<b>SR 29 (South Napa County)</b>	20
<b><i>Subtotal</i></b>	<b>1,010</b>





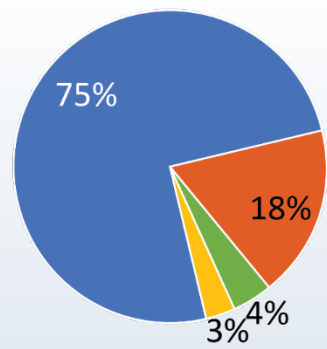
# Voter Approved Bridge Toll Investments: By Mode

RM1 Capital Projects  
by Category



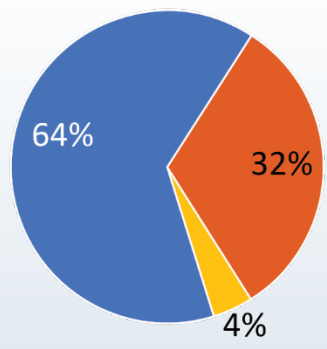
- Transit, 11%
- Roads/Highway, 19%
- Bike/Ped, 0%
- Bridge, 70%

RM2 Capital Projects  
by Category



- Transit, 75%
- Roads/Highway, 18%
- Bike/Ped, 4%
- Bridge, 3%

RM3 Capital Projects  
by Category

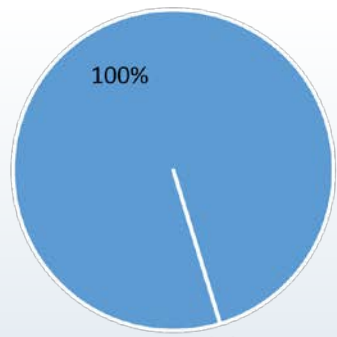


- Transit, 64%
- Roads/Highway, 32%
- Bike/Ped, 4%
- Bridge, 0%



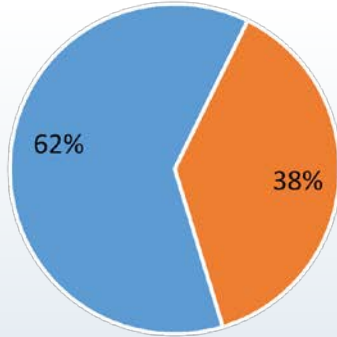
# Voter Approved Bridge Toll Investments: Operating vs Capital

RM1 Capital vs.  
Operating



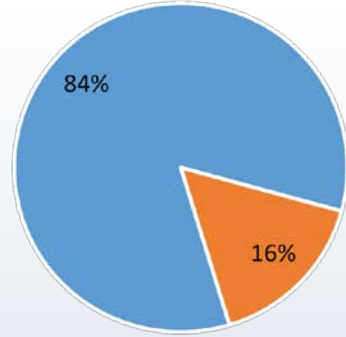
■ Capital, 100%  
■ Operating, 0%

RM2 Capital vs.  
Operating



■ Capital, 62%  
■ Operating, 38%

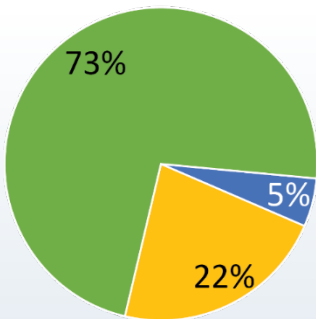
RM3 Capital vs.  
Operating



■ Capital, 84%  
■ Operating, 16%

# Voter Approved Bridge Toll Investments: By Corridor

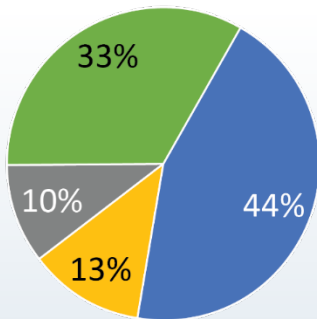
RM1 Capital Program -  
By Corridor\*



- North, 73%
- Central, 5%
- South, 22%
- Regional, 0%

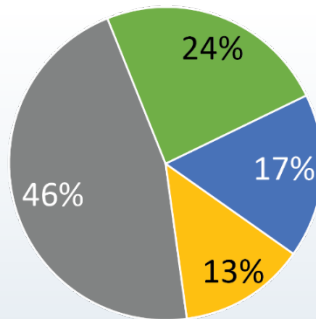
\*Includes RM1 Program & Rail Reserves

RM2 Capital Program -  
By Corridor



- North, 33%
- Central, 44%
- South, 12%
- Regional, 10%

RM3 Capital Program -  
By Corridor

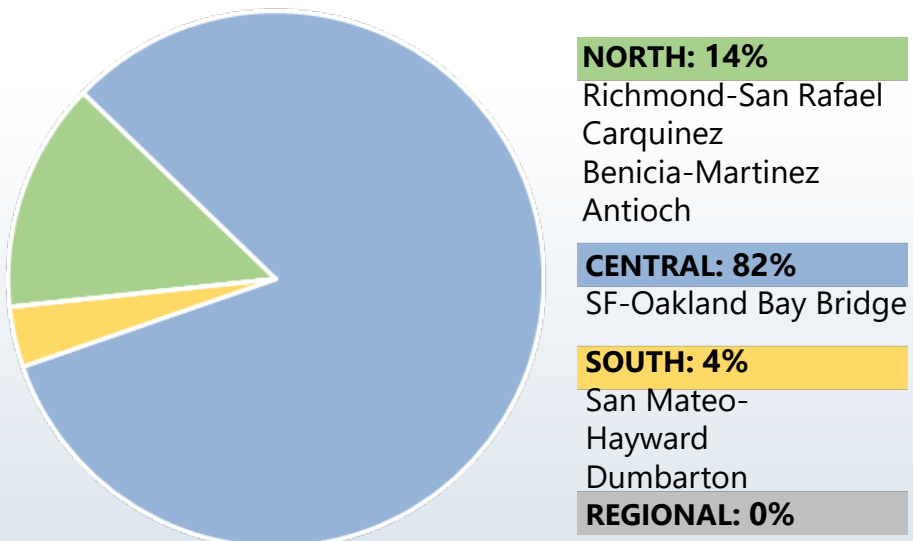


- North, 24%
- Central, 17%
- South, 13%
- Regional, 46%\*

\*BART to San Jose is classified as regional

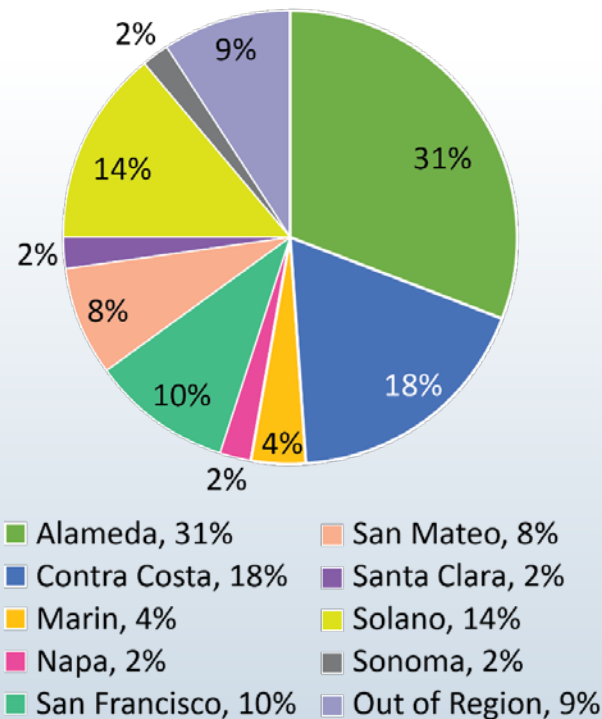


# Toll Bridge Seismic Retrofit by Corridor

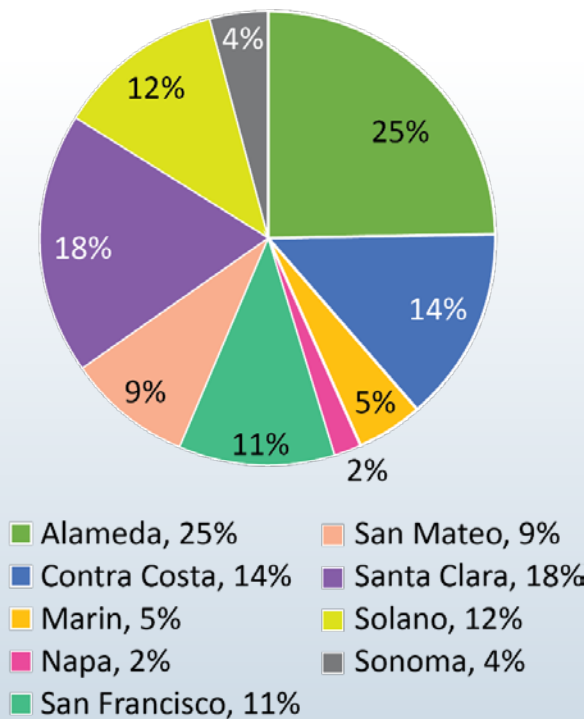


# Tale of the Tape

## Bridge Traffic by County



## RM3 Capital Projects by County Benefit



# Proposed Amendments to SB 595

- 1. FasTrak® Discount.** Authorize a financial incentive for more people to pay tolls via FasTrak to reduce delay at toll plazas and toll collection administrative costs.
- 2. Use of Toll Revenue.** Specify that any funds generated from the toll revenue increase are eligible for bridge rehabilitation/maintenance.
- 3. Election Date.** Delete reference to November 2018 to provide flexibility on when vote is held.
- 4. Enable a Back-up Plan.** To avoid leaving funds unallocated if a project has savings or encounters insurmountable obstacles, allow toll revenue assigned to a specific project to be reduced or reassigned within the same bridge corridor, similar to RM 2.

## Proposed Amendments to SB 595 (cont'd)

5. **Clipper 2.0 Funding.** The expenditure plan should provide funding for Clipper 2.0, the next generation of the region's transit fare collection system.
6. **Additional Project Capacity.** In allocating the \$200 million, priority should be given to bridge corridors where current proposed investment levels are lower on a per toll payer basis.
7. **Pro Rata Expenditure Plan Adjustment.** In the event that a \$3 toll increase is determined to be infeasible at the ballot, the bill should allow for a pro rata adjustment to the expenditure plan to account for a \$2 or \$1 toll request in the ballot measure.



## Recommendation

- Adopt a “support and seek amendment” position on SB 595 based on the amendments described on slides 15 and 16.



*Fairbank,  
Maslin,  
Maullin,  
Metz &  
Associates*

**FM3**

*Public Opinion Research  
& Strategy*

TO: Interested Parties

FROM: Dave Metz, Curtis Below and Miranda Everitt  
Fairbank, Maslin, Maullin, Metz & Associates

RE: Bay Area Voter Attitudes Toward Regional Measure 3

DATE: June 20, 2017

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Fairbank, Maslin, Maullin, Metz & Associates (FM3) recently completed a survey of likely voters in the nine-county Bay Area to assess opinions of a potential Regional Measure 3 (RM3) and its components.<sup>1</sup>

**The study found that a \$3 bridge toll measure has a 13-point margin of support, on an initial ask.** Voters overwhelmingly believe Bay Area traffic has gotten worse over the last year, and strongly support prioritizing new funding for large, regional transportation projects that often get overlooked. An alternative measure which would only raise tolls by \$2 gains support from an additional three percent of voters (for 59% support). Pegging the increase to inflation has a mild *positive* impact on support, with one-third of voters saying they would be more likely to support a measure that made small adjustments to keep pace with inflation.

Detailed findings of the survey include:

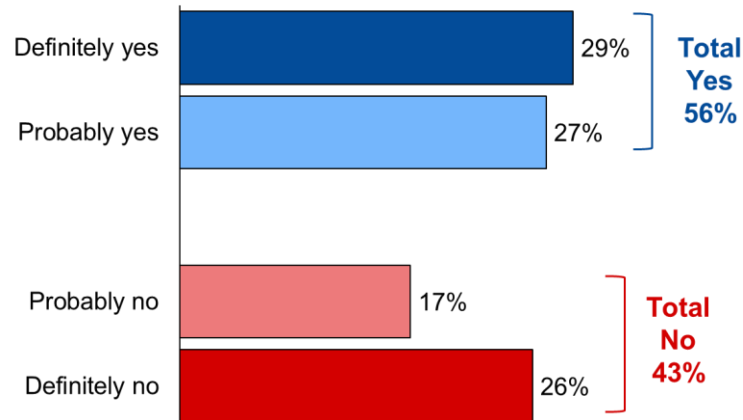
- **A potential measure to increase by \$3 tolls for Bay Area bridges (except the Golden Gate Bridge) to fund transportation improvements in the region has a 13-point margin of support.** As shown in **Figure 1** on the next page, more than half (56%) of voters support the measure phasing in the \$3 toll over six years, with nearly three in ten (29%) who say they would “definitely” vote “yes” on the measure. Roughly one-quarter (26%) of voters expressed strong opposition.

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<sup>1</sup> **Methodology:** From June 14-18, 2017, FM3 completed 9,369 online interviews with registered voters in the nine-county Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma counties) who are likely to participate in the June 2018 election. The margin of sampling error is +/-2.2%. For complete Assembly Districts, the margin of sampling error is +/- 4.5% or lower. Data were weighted to reflect the demographic composition of the electorate in each assembly district within the nine-county Bay Area. Overall data were weighted to reflect the true geographic distribution of voters across assembly districts in the Bay Area. Due to rounding, not all totals will sum to 100%.

**Figure 1: Support for RM3**

*BAY AREA REGIONAL TRAFFIC RELIEF PLAN. Shall voters authorize a plan that relieves traffic, improves transit and makes commutes faster and more reliable by clearing freeway bottlenecks by increasing capacity and closing carpool lane gaps; expanding and improving integration of BART, buses, ferries and commuter rail systems by gradually phasing in a \$3 toll increase by 2022, raising \$5 billion over 25 years, effective July 1, 2018, on all toll bridges in the Bay Area except the Golden Gate Bridge?*

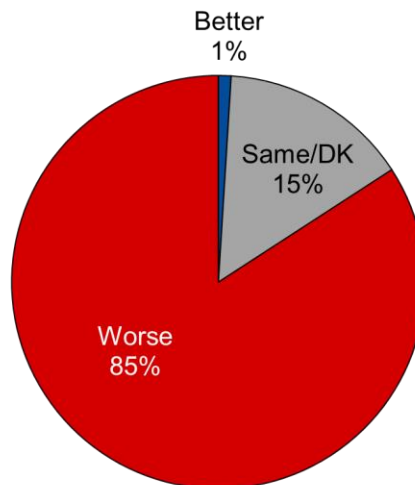


A measure that would raise tolls by \$2 – phased in over four years – is backed by three percent of the voters who did not favor a \$3 toll, raising support to 59%.

- **Support for the measure is driven by an overwhelming perception that Bay Area traffic has gotten worse in the last year.** Fully 85 percent say that traffic has gotten worse, while just 1 percent say it has improved (Figure 2). Fifteen percent say it has stayed the same, or didn't know enough to say.

**Figure 2: Trend in Bay Area Traffic**

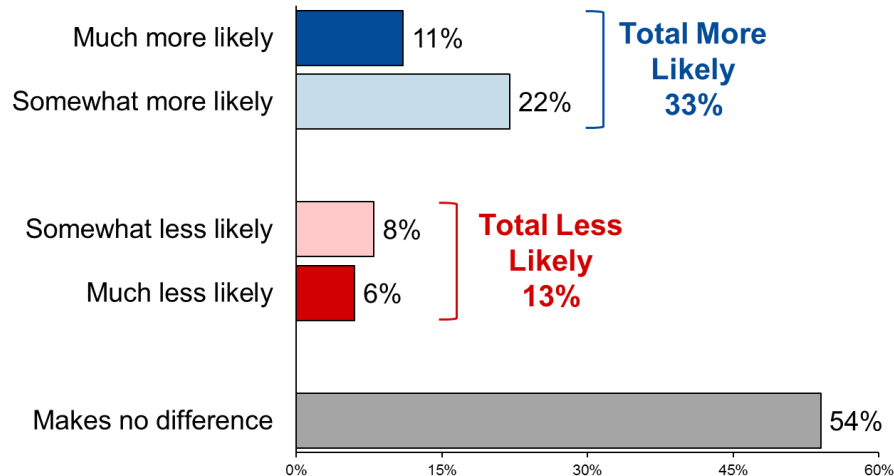
*Thinking back over the last year, would you say the traffic in the Bay Area has gotten better or gotten worse?*



- For most, inflation adjustments make no difference in support – and one-third say tying the tolls to the cost of living would make them more likely to support RM3. A majority (54%) says that including an adjustment for inflation makes no difference in their potential vote on RM3 (Figure 3). Among the remainder, a plurality say that this would make them *more likely* to support it – with just 13 percent even “somewhat less likely” to back the measure as a result.

**Figure 3: Impact of Including Inflation Adjustment on Vote**

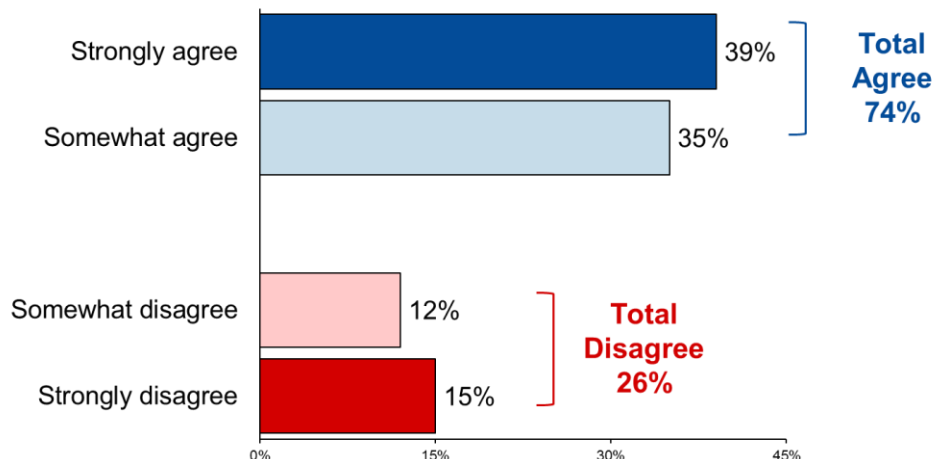
*Next, suppose this measure were written to include small adjustments to the toll to keep pace with inflation. Would that make you more likely to vote for a measure, less likely to vote for it, or would it make no difference?*



- Voters clearly prefer that the measure fund large-scale transportation projects. As shown in Figure 4, nearly three-quarters (74%) agree that *this measure should prioritize big regional projects that traditionally don’t get funded by local revenue measures*, and two in five (39%) “strongly agree.” Only about one-quarter (26%) disagree with the statement.

**Figure 4: Preference for Regional Transportation Spending**

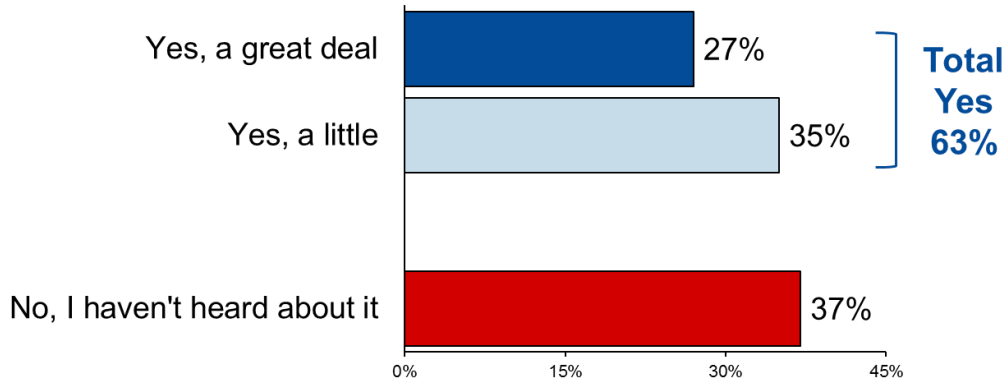
*Next, whatever your position on the ballot measure you were just asked about, please indicate whether you agree or disagree with the following statement: “This measure should prioritize big regional transportation projects that traditionally don’t get funded by local revenue measures.”*



- Nearly two-thirds (63%) of voters say they are familiar with SB 1, which raised the gas tax by 12 cents per gallon. Among voters who have heard at least a little about the gas tax, half (50%) nevertheless support RM3, with 26% saying they would “definitely” vote yes on the bridge toll measure.

**Figure 5: Awareness of Senate Bill 1**

*Next, have you heard, seen or read anything about a state law that will increase the gas tax by 12 cents per gallon?*



In sum, voters in the nine-county Bay Area clearly perceive traffic has worsened over the last year, and they favor large-scale, regional projects for new transportation funding streams. Additionally, voters appear comfortable indexing local tolls to keep pace with inflation, and their support for a smaller \$2 toll increase was only marginally higher.

# **Traffic Congestion Impacts of Transit-Oriented Development and RM 3 Options Related to Affordable Housing**

**July 21, 2017**

## **Background**

For the last two decades, MTC has implemented a variety of funding and policy strategies to encourage transit-oriented development (TOD) and walkable communities. This approach recognizes that sometimes the best solutions to transportation challenges are actually changes in land-use, such as new housing closer to jobs and within walking distance of public transit. Indeed, the nexus between vehicle-miles traveled (VMT) and the availability of housing close to public transit and jobs is the foundation on which our draft sustainable communities strategy, *Plan Bay Area 2040 (PBA 2040)*, is built.

But how does transit-oriented housing, and specifically affordable housing, affect traffic congestion in specific locations, such as bridge corridors? The answer partly depends on whether we are talking about reducing congestion from today's levels versus a point in the future. By comparison to today, if the region's growth is primarily decentralized development far away from jobs and public transit, traffic congestion on roadways connecting that housing to jobs would undoubtedly be worse than under a more focused TOD approach. But given forecast population and job growth, even an aggressive TOD approach to new housing is unlikely to significantly reduce traffic congestion from its current levels given the built environment that exists today. To have a significant impact on the current level of traffic congestion in the San Francisco-Bay Bridge corridor, for instance, the scale of the new housing close to jobs would need to be very large, with most of it concentrated in San Francisco.

This paper provides some background on the relationship between transit-oriented affordable housing and traffic congestion and offers some options for how Regional Measure 3 (RM 3) funds could be used to help address the region's housing crisis.

## **Transit-Oriented Affordable Housing and Traffic Congestion Impacts**

### ***Regional Mobility and Economic Benefits of TOD***

As noted above, many of the benefits of TOD occur at a regional scale. TOD can reduce VMT per capita by encouraging transit use and provides housing opportunities that reduce the share of income residents spend on transportation. This can lead transit operators to operate service more frequently, thereby making transit an even more attractive option. Reduced household spending on transportation can also help boost the economy, including spurring retail development near TOD. Enhanced local shopping options helps reduce the VMT associated with discretionary trips and shifts them away from drive-alone as more trips can be taken on foot. While this virtuous cycle helps reduce regional VMT and improves the local and regional economy, at the local or specific bridge corridor level, traffic congestion can still increase, especially if the residents of TOD do not rely more on public transit than the average Bay Area resident.

### ***Would Transit-Oriented Affordable Housing Reduce Transbay Traffic?***

While TOD encourages a shift away from driving alone, in many parts of the Bay Area the impact of this change on overall traffic congestion and travel times is typically modest because the existing traffic volumes are so large. Taking Oakland and the San Francisco-Oakland Bay Bridge corridor (transbay corridor) as an example, a major increase in transit-oriented affordable housing in Oakland could result in thousands of additional housing units within an easy walk of the city's numerous train stations and high-quality bus lines. Relative to building this housing further east in the East Bay, new housing in Oakland could shorten commute times and reduce the growth of traffic congestion on the I-80, I-580, I-680 and SR

24 corridors leading to the Bay Bridge and regional VMT overall. But relative to *current* traffic levels on the bridge and bridge approach, new TOD affordable housing in Oakland would still result in some additional auto commuters in the transbay corridor and therefore would not be expected to reduce Bay Bridge traffic congestion from current levels.

### ***Building Significant New TOD Housing in Job Rich Areas Could Reduce Growth in Traffic Congestion***

However, MTC analysis has shown that substantial increases in transit-oriented affordable housing in job rich areas could reduce congestion on major bridge corridors. Placing additional TOD housing in San Francisco would significantly shift commutes toward transit, biking, and walking since all of these modes are much more viable in its dense urban environment. Additionally, the new auto commutes associated with these locations should not appreciably exacerbate congestion on the Bay Bridge. This type of job-oriented affordable TOD could be fruitful in the South Bay as well. For PBA 2040, staff analyzed a scenario forecasting an additional 130,000 TOD housing units (above the PBA 2040-adopted scenario) within select low-density employment areas of Silicon Valley. The analysis resulted in two major takeaways. First, this development pattern would help improve non-auto mode share in nearby corridors – in fact, future VTA light rail ridership would triple. Second, compared to PBA 2040, it would decrease auto travel in some East and South Bay bridge corridors. Specifically, this forecasted development pattern corresponds with a roughly 16 percent decrease in morning car commuters traveling southbound on the I-880 corridor just north of the Dumbarton Bridge and a 13 percent decrease in morning southbound commuters just north of the San Mateo-Hayward Bridge.

### ***Housing Alternative Examined in 2002 Bay Crossing Study***

Similarly, the 2002, the MTC Bay Crossing Study found that significantly increasing affordable housing supply in the Bay Area’s job centers could reduce bridge congestion and improve mobility. The study included a land use “sensitivity” analysis, simulating the impact of constructing more housing to better match job growth in Alameda, Santa Clara, San Mateo and San Francisco counties. The study assumed a *substantial* departure from baseline trends, increasing housing growth by two-thirds above base case and nearly doubling the number of units affordable to low- to moderate-income households – with major job centers absorbing nearly all of the shifted growth. Notably, this assumed housing increased by 597 percent above baseline in San Francisco, 119 percent in the inner East Bay and 56 percent in San Jose.<sup>1</sup> The results were significant — 50,000 fewer daily transbay vehicle-trips (8 percent decrease) and 17,000 more daily transit riders (6 percent increase) than the Baseline 2025 scenario. This translated into a 37 percent decrease in peak-period vehicle hours of delay on the bridges covered by the study area – the San Francisco-Oakland Bay Bridge, the San Mateo-Hayward Bridge, and the Dumbarton Bridge.<sup>2</sup>

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<sup>1</sup> <http://www.abag.ca.gov/planning/smartgrowth/AltsReport/SmartGrowthStrategy.pdf>

<sup>2</sup> <http://files.mtc.ca.gov/library/pub/7441.pdf>

## Regional Measure 3 Housing Policy Options

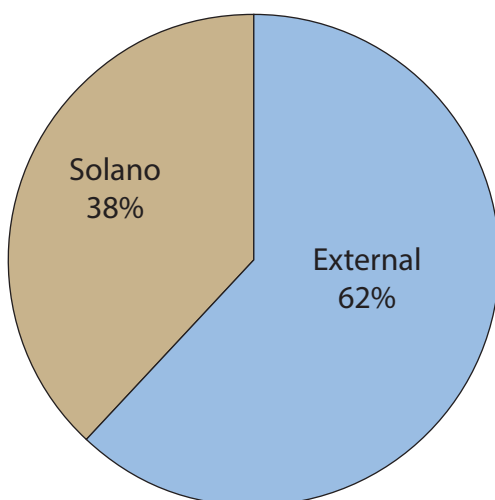
RM 3 offers a unique opportunity to address critical transportation challenges facing the Bay Area. The question debated by the commission over the past several months is whether the region's housing crisis should be accorded some policy status in RM 3 as well. Bay Area affordable housing advocates have expressed support for leveraging RM 3 funds to make progress on this issue. For example, the Non-Profit Housing Association of Northern California has proposed a \$300 million transit-oriented affordable housing and related infrastructure program for RM 3. The proposal notes that it would be tailored to "sites that will accommodate the production of new affordable housing and significantly decrease bridge traffic congestion."

Should the Commission choose to incorporate a housing focus in the RM 3 program, there are a variety of ways in which RM 3 could help play a role in the region's efforts to boost housing production (especially affordable), while also reducing congestion. Listed below are four concepts ranging from rewarding jurisdictions for permitting new housing with transportation incentive funds to providing transportation grants for transit-oriented development infrastructure.

1. **TOD Funding Conditions** – Condition funding for transit expansion projects (e.g. BART to Silicon Valley, Tri Valley Transit Access Improvements, Eastridge to BART, new ferry terminals) on housing-supportive land use policies. This could include minimum transit-supportive housing, transit-supportive parking policy, performance in permitting new units, or completing upfront zoning and environmental review (see Option 4). An early prototype for this approach was MTC's Transit Oriented Development (TOD) policy for Resolution 3434.
2. **Transit-Oriented Development Grants** – Dedicate a portion of RM 3 funds to pay for housing-supportive infrastructure that encourages greater development and lowers the cost of building affordable housing near public transit. Similar to MTC's Transportation for Livable Communities (TLC) program, eligible expenditures could be limited to transportation infrastructure, such as transit vehicles, station expansion and improvements and bicycle/pedestrian access improvements. These community-based transportation projects could bring vibrancy to downtown areas, commercial cores, neighborhoods, and transit corridors.
3. **Reward Local Housing Production** – Award "Bay Trail/Safe Routes to Transit" funding to cities and counties that produce the most low- and moderate-income housing in Priority Development Areas. This program could either condition funding on housing-related performance metrics or limit funds to those jurisdictions producing (i.e. permitting) the most housing.
4. **Incentive Funding for Streamlining** – Reserve a portion of "Bay Trail/Safe Routes to Transit" funding for jurisdictions that limit hurdles to new housing development near jobs and transit by completing upfront zoning and environmental review. This area planning approach could reduce delays and uncertainty by identifying and addressing local planning and environmental mitigation early in the development process. Housing developments that are consistent with locally-approved area plans should be able to take advantage of California Environmental Quality Act (CEQA) streamlining provisions already in place pursuant to SB 743 (Steinberg, 2013).

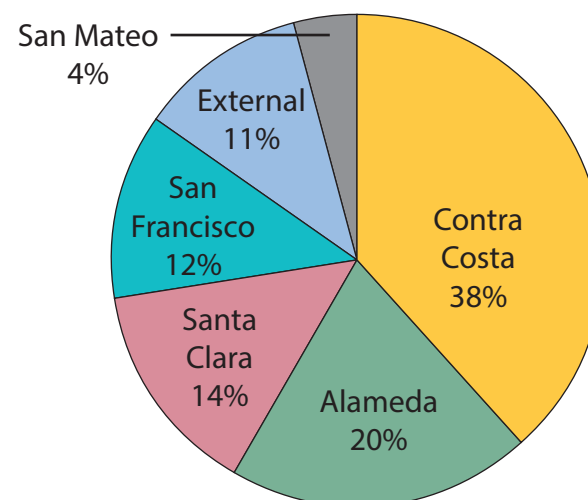
# Antioch Bridge

Northbound  
Destinations



County	Total	% Total
<b>Grand Total</b>	<b>7K</b>	<b>100%</b>
External	4K	62%
Solano	3K	38%

Southbound  
Destinations



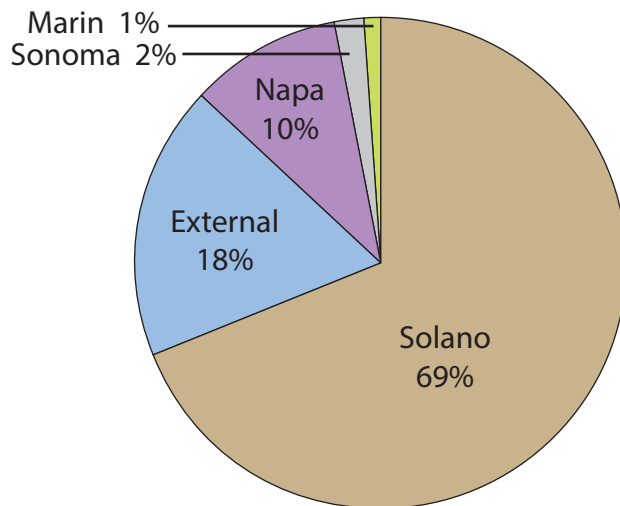
County	Total	% Total
<b>Grand Total</b>	<b>7K</b>	<b>100%</b>
Contra Costa	3K	38%
Alameda	1K	20%
Santa Clara	1K	14%
San Francisco	1K	12%
External	1K	11%
San Mateo	0K	4%

Source: MTC travel model run for *Plan Bay Area 2040*, 2015



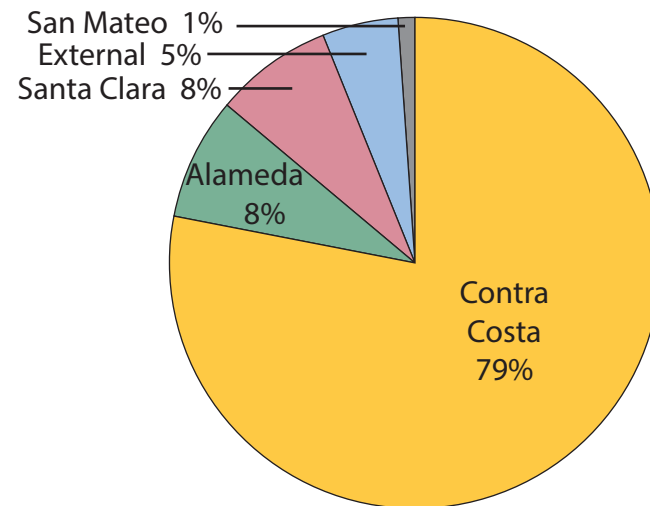
# Benicia-Martinez Bridge

## Northbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>67K</b>	<b>100%</b>
Solano	46K	69%
External	12K	18%
Napa	6K	10%
Sonoma	2K	2%
Marin	0K	1%

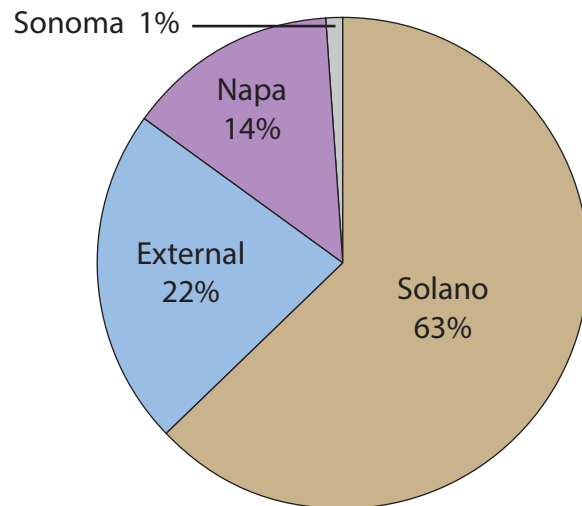
## Southbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>70K</b>	<b>100%</b>
Contra Costa	55K	79%
Alameda	6K	8%
Santa Clara	5K	8%
External	3K	5%
San Mateo	0K	1%

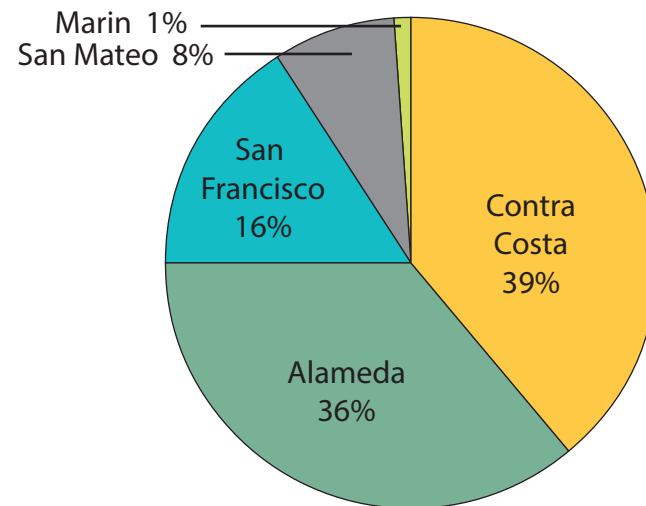
# Carquinez Bridge

## Northbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>65K</b>	<b>100%</b>
Solano	41K	63%
External	14K	22%
Napa	9K	14%
Sonoma	0K	1%

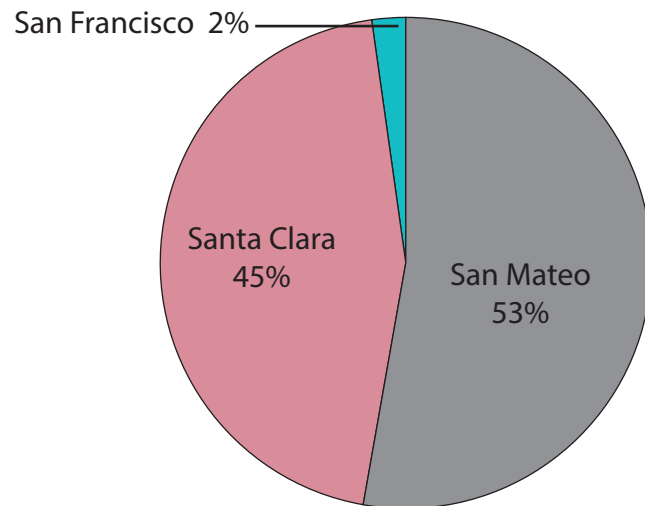
## Southbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>67K</b>	<b>100%</b>
Contra Costa	26K	39%
Alameda	24K	36%
San Francisco	11K	16%
San Mateo	5K	8%
Marin	1K	1%

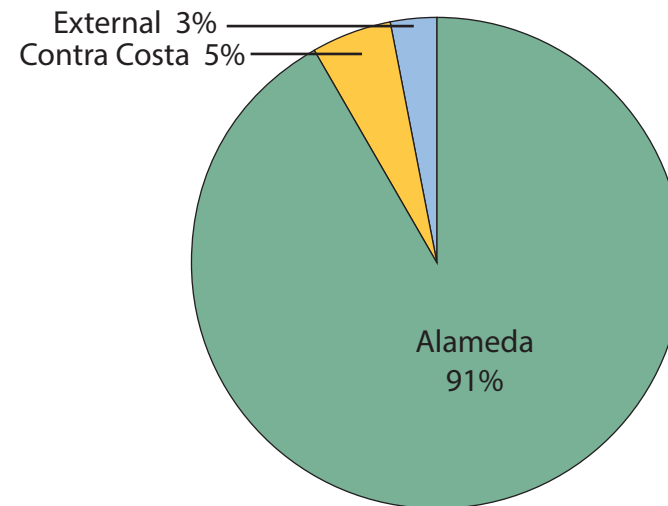
# Dumbarton Bridge

## Westbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>27K</b>	<b>100%</b>
San Mateo	15K	53%
Santa Clara	12K	45%
San Francisco	0K	2%

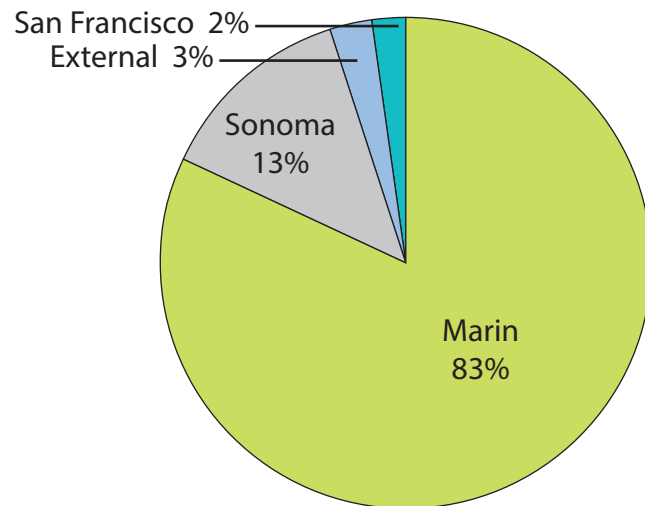
## Eastbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>66K</b>	<b>100%</b>
Alameda	60K	91%
Contra Costa	4K	5%
External	2K	3%

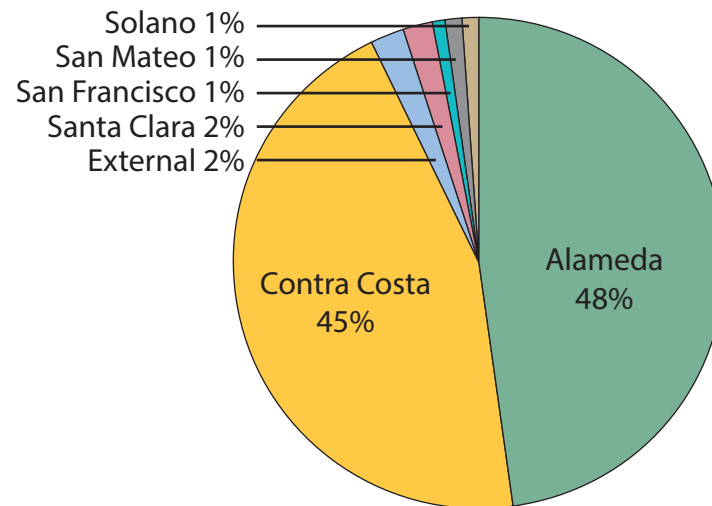
# Richmond-San Rafael Bridge

## Westbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>45K</b>	<b>100%</b>
Marin	37K	83%
Sonoma	6K	13%
External	1K	3%
San Francisco	1K	2%

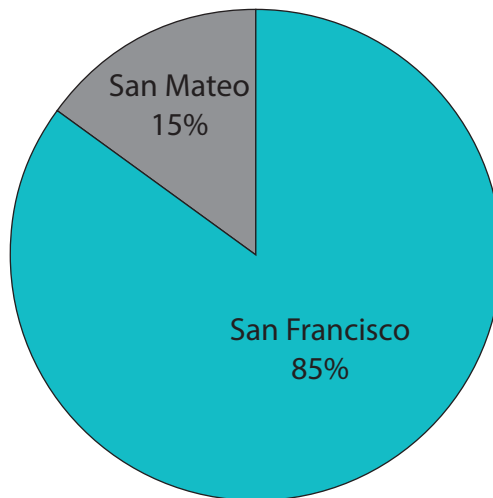
## Eastbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>49K</b>	<b>100%</b>
Alameda	23K	48%
Contra Costa	22K	45%
External	1K	2%
Santa Clara	1K	2%
San Francisco	1K	1%
San Mateo	0K	1%
Solano	0K	1%

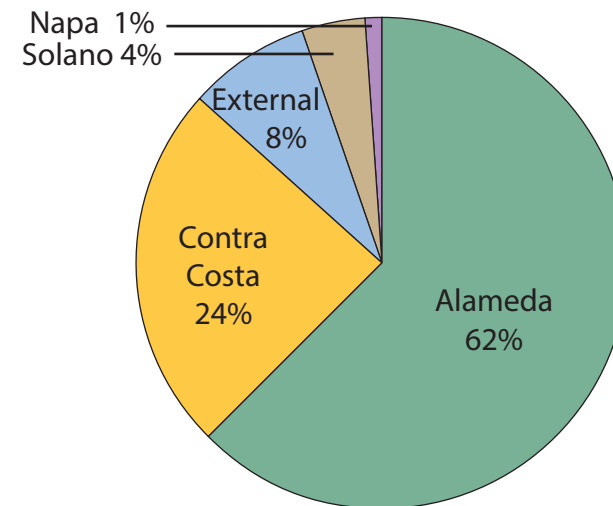
# Bay Bridge

## Westbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>133K</b>	<b>100%</b>
San Francisco	112K	85%
San Mateo	20K	15%

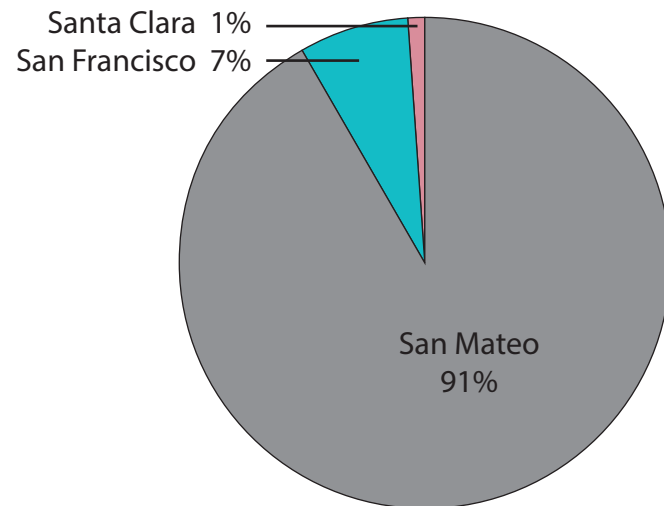
## Eastbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>146K</b>	<b>100%</b>
Alameda	91K	62%
Contra Costa	36K	24%
External	11K	8%
Solano	6K	4%
Napa	1K	1%

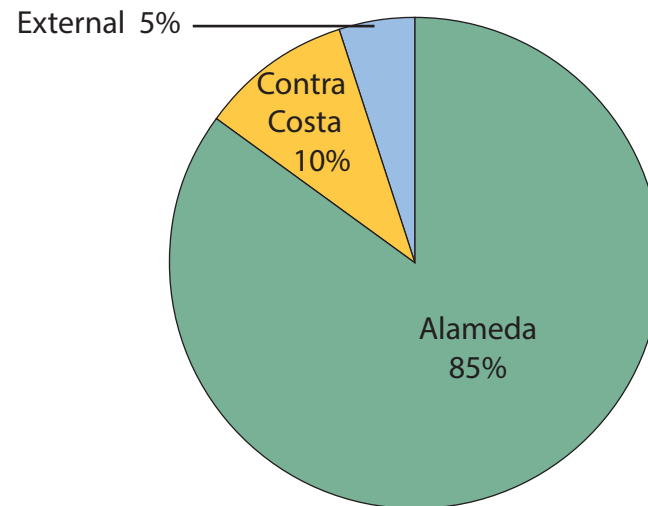
# San Mateo-Hayward Bridge

## Westbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>59K</b>	<b>100%</b>
San Mateo	54K	91%
San Francisco	4K	7%
Santa Clara	1K	1%

## Eastbound Destinations



County	Total	% Total
<b>Grand Total</b>	<b>54K</b>	<b>100%</b>
Alameda	46K	85%
Contra Costa	6K	10%
External	3K	5%