

STAFF REPORT

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

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

DATE: September 11, 2017

Action Requested

Approve a **SUPPORT** position for SB 595 (Beall) with language supporting additional amendments to the bill.

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 and stated concerns related to the lack of formal oversight provided for in the bill's language and a lack of any sunset date to the measure's provisions if approved by voters. On July 19, the bill was amended again to include projects and programs and

proposed funding amounts, which was presented to the Assembly Transportation Committee during the July 13 hearing and included \$100 million for “Tri Valley Transit Access Improvements” but with no project sponsor identified. On September 1, the bill passed the Assembly Appropriations Committee on a mostly party-line 11-5 vote. On September 5, the bill was amended again in the Assembly to specify sponsors for the proposed projects and programs, include new projects and new funding amounts for proposed projects, and to add other provisions as highlighted in Attachment 1, including:

- Authorization for the independent Inspector General of the Department of Transportation to review policies, practices, and procedures and conduct audits and investigations of activities involving any toll revenues generated by RM3, in addition to an independent oversight committee to be established by the Bay Area Toll Authority (BATA);
- Discounts to toll-payers using electronic fare payments (such as FasTrak), in high-occupancy vehicles, and those making more than one bridge crossing in a single journey;
- Greater flexibility for both the timing and the amount of the proposed toll-increase measure to be placed on the ballot;
- Greater specificity in the \$100 million proposed for “Tri-Valley Transit Access Improvements,” to encompass “*interregional and last-mile transit connections in the Interstate 580 corridor in the County of Alameda within the Tri-Valley area of Dublin, Pleasanton, and Livermore,*” and further specifying in lieu of an identified project sponsor that “[t]he Metropolitan Transportation Commission shall consult with the Alameda County Transportation Commission, the Bay Area Rapid Transit District, and local jurisdictions to determine the project sponsor.”

According to information provided by MTC staff, there will be one more final round of amendments that had already been sent to print as of this writing to be released on or around Friday, September 8, after which both houses will have the opportunity to vote on the bill in its final form. The deadline for all bills to be passed by both chambers for this calendar year is September 15.

General 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. MTC’s Legislation Committee is also scheduled to receive an update on the bill’s progress at their September 8 meeting, but no written information was made publicly available to Committee members prior to that meeting.

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 only a simple majority of voters region-wide would be required to do so, as bridge tolls are considered fees rather than taxes. Although there are not any LAVTA-specific projects identified in the current expenditure plan, there are 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, and because LAVTA would potentially be eligible to receive capital and operating allocations from future toll bridge revenues to enhance and sustain transit service in the Tri-Valley, LAVTA staff is now recommending a **SUPPORT** position on SB 595.

At the August 22 Finance & Administration Committee, the Committee directed staff to incorporate the Tri-Valley delegation's expressed concerns about the bill's lack of formal oversight or sunset provisions into any formal support letter to be forwarded from the LAVTA Board of Directors, and to have the offices of Assembly Member Baker and Senator Glazer review the language for concurrence.

Given the Committee's direction to staff and the lack of a final version of the bill available at the time of this writing, staff will update the Board at your September 11 meeting regarding these outstanding amendments for the Board's consideration of any potential position change.

Recommendation

Staff recommends the Board of Directors approve a **SUPPORT** position on SB 595 (Beall) with language supporting additional amendments to the bill as reviewed with the Tri-Valley's state legislative delegation.

Attachments:

1. SB 595 (Beall) text as amended September 5, 2017
2. MTC Regional Measure 3 Follow-Up, July 26, 2017

Approved: _____

AMENDED IN ASSEMBLY SEPTEMBER 5, 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

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, *Kalra*, Low, Quirk, and Thurmond)

February 17, 2017

An act to amend Section 14461 of the Government Code, and to amend Sections 149.6, 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~~: revenues: Santa Clara Valley Transportation Authority: high-occupancy toll lanes.

Existing

(1) *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~~ *election, to be known as Regional Measure 3*, 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 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~~ *6 months after the election approving the toll increase*, 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~~ *adjustment, providing funding to meet the requirements of voter approved regional measures*, and as otherwise specified in statute, the toll ~~schedule~~ *increase* 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.

Existing law creates the Independent Office of Audits and Investigations within the Department of Transportation, with specified powers and duties, under the direction of a person known as the Inspector General. Existing law requires the Inspector General to review policies, practices, and procedures and conduct audits and investigations of activities involving state transportation funds administered by the department in consultation with all affected units and programs of the department and external entities.

This bill would authorize the Inspector General to review policies, practices, and procedures and conduct audits and investigations of activities involving any toll revenues generated by the Regional Measure 3 toll increase and would require the BATA to reimburse the Inspector General and the Office of Audits and Investigations for any review, audit, or investigation related to those revenues. The bill would also require the BATA to establish an independent oversight committee no later than January 1, 2020, within 6 months of the effective date of the Regional Measure 3 toll increase 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.

(2) Existing law authorizes the BATA to vary the toll structure on each of the bay area state-owned toll bridges and to provide discounts for vehicles classified by the BATA as high-occupancy vehicles.

This bill would additionally authorize the BATA to provide discounts for vehicles that pay for tolls electronically or through other non-cash methods and to charge differential rates based on the chosen method.

This bill, with respect to the Regional Measure 3 toll increase, would require the BATA to provide a 50% discount on the amount of that toll increase on the 2nd bridge crossing for those commuters using a two-axle vehicle, who cross 2 bridges during commute hours, as specified.

Existing law, if the BATA establishes high-occupancy vehicle lane fee discounts or access for vehicles classified by the BATA as high-occupancy vehicles for any bridge, requires the BATA to collaborate with the Department of Transportation to reach agreement on how the occupancy requirements shall apply on each segment of highway that connects with that bridge.

This bill would instead require the BATA to establish those occupancy requirements in consultation with the department.

(3) Existing law authorizes the Santa Clara Valley Transportation Authority (VTA) to conduct, administer, and operate a value pricing high-occupancy toll (HOT) lane program on 2 corridors included in the high-occupancy vehicle lane system in Santa Clara County. Existing law authorizes a HOT lane established as part of this program on State Highway Route 101 to extend into the County of San Mateo as far as the high-occupancy lane in the County of San Mateo existed as of January 1, 2011, subject to agreement of the City/County Association of Governments of San Mateo County.

This bill would delete the authorization for a HOT lane to extend into the specified portion of San Mateo County as part of a value pricing program established on 2 corridors in Santa Clara County. The bill would instead authorize the VTA to specifically conduct, administer, and operate a value pricing high-occupancy toll lane program on State Highway Route 101 in San Mateo County in coordination with the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority, as prescribed.

~~The~~

(4) 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

1 volumes on the region's seven state-owned toll bridges grew by
2 11 percent, while volumes on just the Dumbarton Bridge, the
3 Richmond-San Rafael Bridge, and the San Mateo-Hayward Bridge
4 grew by 20 percent.

5 (c) In 2015, five of the region's top 10 worst congested roadways
6 were in the South Bay (San Mateo or Santa Clara Counties).

7 (d) In the San Francisco-Oakland Bay Bridge corridor from
8 Hercules to San Francisco, weekday traffic speeds average less
9 than 35 mph from 5:35 a.m. until 7:50 p.m.

10 (e) Weekday congestion on the west approach to the San
11 Francisco-Oakland Bay Bridge in the eastbound direction typically
12 begins before 1 p.m. and continues until 9:30 p.m.

13 (f) Weekday northbound traffic congestion on State Highway
14 Route 101 from Novato to Petaluma begins by 3 p.m. and typically
15 lasts over three hours.

16 (g) Daily peak-hour traffic on State Highway Route 37 between
17 Marin and Solano Counties jumped over 40 percent from 2010 to
18 2015.

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

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

28 (j) Ridership on the weekday transbay bus service provided by
29 the Alameda-Contra Costa Transit District rose 33 percent between
30 2012 and 2016.

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

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

39 (m) To improve the quality of life and sustain the economy of
40 the San Francisco Bay area, it is the intent of the Legislature to

1 require the Metropolitan Transportation Commission to place on
2 the ballot a measure authorizing the voters to approve an
3 expenditure plan to improve mobility and enhance travel options
4 on the bridges and bridge corridors to be paid for by an increase
5 in the toll rate on the seven state-owned bridges within its
6 jurisdiction.

7 ~~SEC. 2.—It is the intent of the Legislature to authorize or create~~
8 ~~a transportation inspector general to conduct audits and~~
9 ~~investigations of activities involving any toll revenues generated~~
10 ~~pursuant to the regional measure described in Section 30923 of~~
11 ~~the Streets and Highways Code, if the voters approve that measure.~~

12 *SEC. 2. Section 14461 of the Government Code is amended to*
13 *read:*

14 14461. (a) The Inspector General shall review policies,
15 practices, and procedures and conduct audits and investigations
16 of activities involving state transportation funds administered by
17 the department in consultation with all affected units and programs
18 of the department and external entities.

19 (b) *The Inspector General may review policies, practices, and*
20 *procedures and conduct audits and investigations of activities*
21 *involving any toll revenues generated under a regional tolling*
22 *measure approved pursuant to Section 30923 of the Streets and*
23 *Highways Code. The Bay Area Toll Authority shall reimburse the*
24 *Inspector General and the Independent Office of Audits and*
25 *Investigations for any review, audit, or investigation related to*
26 *revenues generated pursuant to Section 30923 of the Streets and*
27 *Highways Code that are used for projects, programs,*
28 *administration, or any other use by the Bay Area Toll Authority.*

29 *SEC. 3. Section 149.6 of the Streets and Highways Code is*
30 *amended to read:*

31 149.6. (a) Notwithstanding Sections—149 149, 149.7, and
32 30800, and Section 21655.5 of the Vehicle Code, the Santa Clara
33 Valley Transportation Authority (VTA) created by Part 12
34 (commencing with Section 100000) of Division 10 of the Public
35 Utilities Code may conduct, administer, and operate a value pricing
36 program on any two of the transportation corridors included in the
37 high-occupancy vehicle lane system in Santa Clara County in
38 coordination with the Metropolitan Transportation Commission
39 and consistent with Section 21655.6 of the Vehicle Code.—A
40 high-occupancy toll (HOT) lane established on State Highway

1 ~~Route 101 pursuant to this section may extend into San Mateo~~
2 ~~County as far as the high-occupancy vehicle lane in that county~~
3 ~~existed as of January 1, 2011, subject to agreement of the~~
4 ~~City/County Association of Governments of San Mateo County.~~

5 *(b) Notwithstanding Sections 149, 149.7 and 30800, and Section*
6 *21655.5 of the Vehicle Code, the VTA may conduct, administer,*
7 *and operate a value pricing program on State Highway Route 101*
8 *in San Mateo County in coordination with the City/County*
9 *Association of Governments of San Mateo County created pursuant*
10 *to Chapter 5 (commencing with Section 6500) of Division 7 of*
11 *Title 1 of the Government Code and with the San Mateo County*
12 *Transportation Authority created pursuant to Division 12.5*
13 *(commencing with Section 131000) of the Public Utilities Code,*
14 *as prescribed in subdivision (f), paragraph (3) of subdivision (g),*
15 *and paragraph (1) of subdivision (h).*

16 ~~(1)~~

17 *(c) (1) VTA, under the circumstances described in subdivision*
18 *subdivisions (a) and (b), may direct and authorize the entry and*
19 *use of those high-occupancy vehicle lanes by single-occupant*
20 *vehicles for a fee. The fee structure shall be established from time*
21 *to time by the authority. A high-occupancy vehicle lane may only*
22 *be operated as a HOT high-occupancy toll (HOT) lane during the*
23 *hours that the lane is otherwise restricted to use by high-occupancy*
24 *vehicles.*

25 *(2) VTA shall enter into a cooperative agreement with the Bay*
26 *Area Toll Authority to operate and manage the electronic toll*
27 *collection system.*

28 ~~(b)~~

29 *(d) With the consent of the department, VTA shall establish*
30 *appropriate performance measures, such as speed or travel times,*
31 *for the purpose of ensuring optimal use of the HOT lanes by*
32 *high-occupancy vehicles without adversely affecting other traffic*
33 *on the state highway system. Unrestricted access to the lanes by*
34 *high-occupancy vehicles shall be available at all times, except that*
35 *those high-occupancy vehicles may be required to have an*
36 *electronic transponder or other electronic device for enforcement*
37 *purposes. At least annually, the department shall audit the*
38 *performance during peak traffic hours and report the results of that*
39 *audit at meetings of the program management team.*

40 ~~(e)~~

1 (e) Single-occupant vehicles that are certified or authorized by
2 the authority for entry into, and use of, the high-occupancy vehicle
3 lanes in Santa Clara County, and, if applicable, San Mateo County
4 as provided in subdivision ~~(a)~~, (b), are exempt from Section
5 21655.5 of the Vehicle Code, and the driver shall not be in violation
6 of the Vehicle Code because of that entry and use.

7 ~~(d)~~

8 (f) VTA shall carry out the program in cooperation with the
9 department pursuant to an agreement that addresses all matters
10 related to design, construction, maintenance, and operation of state
11 highway system facilities in connection with the value pricing
12 program. *Any agreement related to State Highway Route 101 in*
13 *San Mateo County shall be subject to the review and approval by*
14 *the City/County Association of Governments of San Mateo County*
15 *and the San Mateo County Transportation Authority.*

16 ~~(e)~~

17 (g) (1) Agreements between VTA, the department, and the
18 Department of the California Highway Patrol shall identify the
19 respective obligations and liabilities of those entities and assign
20 them responsibilities relating to the program. The agreements
21 entered into pursuant to this section shall be consistent with
22 agreements between the department and the United States
23 Department of Transportation relating to this program. The
24 agreements shall include clear and concise procedures for
25 enforcement by the Department of the California Highway Patrol
26 of laws prohibiting the unauthorized use of the high-occupancy
27 vehicle lanes, which may include the use of video enforcement.
28 The agreements shall provide for reimbursement of state agencies,
29 from revenues generated by the program, federal funds specifically
30 allocated to the authority for the program by the federal
31 government, or other funding sources that are not otherwise
32 available to state agencies for transportation-related projects, for
33 costs incurred in connection with the implementation or operation
34 of the program.

35 (2) The revenues generated by the program shall be available
36 to VTA for the direct expenses related to the operation (including
37 collection and enforcement), maintenance, construction, and
38 administration of the program. The VTA's administrative costs in
39 the operation of the program shall not exceed 3 percent of the
40 revenues.

(3) All remaining revenue generated by the program shall be used in the corridor from which the revenues were generated exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the VTA. ~~To~~

~~(4) To the extent a corridor extends into the HOT lane operates in San Mateo County pursuant to subdivision (a), VTA and this section, VTA, the City/County Association of Governments of San Mateo County, and the San Mateo County Transportation Authority shall, by agreement, determine how remaining any revenue generated by the HOT lane in San Mateo County, after deducting any costs incurred pursuant to paragraph (2), shall be shared for expenditure in Santa Clara County and San Mateo County consistent with this paragraph. used exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.~~

~~(f)~~

~~(h) (1) The VTA may issue bonds, refunding bonds, or bond anticipation notes, at any time to finance construction and construction-related expenditures necessary to implement the value pricing program established pursuant to subdivision (a) and construction and construction-related expenditures that are provided for in the expenditure plan adopted pursuant to paragraph (3) of subdivision (e), payable from the revenues generated from the program. Revenues derived from the additional capacity created from bonding against proceeds from tolls within San Mateo County shall be used exclusively for the preconstruction, construction, and other related costs of high-occupancy vehicle facilities, transportation corridor improvements, and the improvement of transit service, including, but not limited to, support for transit operations pursuant to an expenditure plan adopted by the City/County Association of Governments of San Mateo County and the San Mateo County Transportation Authority.~~

(2) The maximum bonded indebtedness that may be outstanding at any one time shall not exceed an amount that may be serviced from the estimated revenues generated from the program.

(3) The bonds shall bear interest at a rate or rates not exceeding the maximum allowable by law, payable at intervals determined by the authority.

(4) Any bond issued pursuant to this subdivision shall contain on its face a statement to the following effect:

“Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of principal of, or the interest on, this bond.”

(5) Bonds shall be issued pursuant to a resolution of VTA adopted by a two-thirds vote of its governing board. The resolution shall state all of the following:

(A) The purposes for which the proposed debt is to be incurred.

(B) The estimated cost of accomplishing those purposes.

(C) The amount of the principal of the indebtedness.

(D) The maximum term of the bonds and the interest rate.

(E) The denomination or denominations of the bonds, which shall not be less than five thousand dollars (\$5,000).

(F) The form of the bonds, including, without limitation, registered bonds and coupon bonds, to the extent permitted by federal law, the registration, conversion, and exchange privileges, if applicable, and the time when all of, or any part of, the principal becomes due and payable.

(G) Any other matters authorized by law.

(6) The full amount of bonds may be divided into two or more series and different dates of payment fixed for the bonds of each series. A bond shall not be required to mature on its anniversary date.

~~(g)~~

(i) Not later than three years after VTA first collects revenues from any of the projects described in paragraph (1) of subdivision ~~(a)~~, (c), VTA shall submit a report to the Legislature on its findings, conclusions, and recommendations concerning the demonstration program authorized by this section. The report shall include an analysis of the effect of the HOT lanes on adjacent mixed-flow lanes and any comments submitted by the department and the Department of the California Highway Patrol regarding operation of the lanes.

~~SEC. 3.~~

SEC. 4. Section 30102.5 of the Streets and Highways Code is amended to read:

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

~~SEC. 4.~~

SEC. 5. 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.~~

SEC. 6. 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, Section 30913 and Sections 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.~~

SEC. 7. 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

1 of subdivisions (b) and (c); *this section* fund the projects and
2 programs described in this subdivision that shall collectively be
3 known as the Regional Measure 3 expenditure plan by bonding or
4 transfers to the Metropolitan Transportation Commission. These
5 projects and programs have been determined to reduce congestion
6 or to make improvements to travel in the toll bridge corridors,
7 from toll revenues of all bridges:

8 (1) BART Expansion Cars. *Purchase new railcars for the Bay*
9 *Area Rapid Transit District (BART) to expand its fleet and improve*
10 *reliability. The project sponsor is the BART.* Five hundred million
11 dollars (\$500,000,000).

12 (2) ~~Bay Area Corridor Express Lanes: Interstate 80 between~~
13 ~~Alameda County and Contra Costa County, Alameda County~~
14 ~~Interstate 880, Alameda-Contra Costa Interstate 680, San Francisco~~
15 ~~Highway 101, San Mateo Highway 101, State Route 84, State~~
16 ~~Route 92, Solano Interstate 80 Express Lanes from Red Top Road~~
17 ~~to Interstate 505. Lanes. Fund the environmental review, design,~~
18 ~~and construction of express lanes to complete the Bay Area Express~~
19 ~~Lane Network, including supportive operational improvements to~~
20 ~~connecting transportation facilities. Eligible projects include, but~~
21 ~~are not limited to, express lanes on Interstate 80, Interstate 580,~~
22 ~~and Interstate 680 in the Counties of Alameda and Contra Costa,~~
23 ~~Interstate 880 in the County of Alameda, Interstate 280 in the City~~
24 ~~and County of San Francisco, Highway 101 in the City and County~~
25 ~~of San Francisco and the County of San Mateo, State Route 84~~
26 ~~and State Route 92 in the Counties of Alameda and San Mateo,~~
27 ~~Interstate 80 from Red Top Road to the intersection with Interstate~~
28 ~~505 in the County of Solano, and express lanes in the County of~~
29 ~~Santa Clara. Eligible project sponsors include the Bay Area~~
30 ~~Infrastructure Financing Authority, and any countywide or~~
31 ~~multicounty agency in a bay area county that is authorized to~~
32 ~~implement express lanes. The Metropolitan Transportation~~
33 ~~Commission shall make funds available based on performance~~
34 ~~criteria, including benefit-cost and project readiness. Three~~
35 hundred million dollars (\$300,000,000).

36 (3) Goods Movement and ~~Mitigation: Interstate 580 and~~
37 ~~Interstate 880 in Alameda County, Port of Oakland, Freight Rail~~
38 ~~Improvements. Mitigation. Provide funding to reduce truck traffic~~
39 ~~congestion and mitigate its environmental effects. Eligible projects~~
40 ~~include, but are not limited to, improvements in the County of~~

Alameda to enable more goods to be shipped by rail, access improvements on Interstate 580, Interstate 80, and Interstate 880, and improved access to the Port of Oakland. The Metropolitan Transportation Commission shall select projects for the program. Eligible applicants include cities, counties, countywide transportation agencies, rail operators, and the Port of Oakland. The project sponsor is the Metropolitan Transportation Commission and the Alameda County Transportation Commission. One hundred twenty-five million dollars (\$125,000,000).

(4) San Francisco Bay Trail/Safe Routes to Transit. Provide funding for a competitive grant program to fund bicycle and pedestrian access improvements on and in the vicinity of the state-owned toll bridges connecting to rail transit stations and ferry terminals. Eligible applicants include cities, counties, transit operators, school districts, community colleges, and universities. The project sponsor is the Metropolitan Transportation Commission. One hundred fifty million dollars (\$150,000,000).

(5) Ferries: new vessels to add frequency to existing routes and service expansion in the Counties of Alameda, Contra Costa, San Mateo, San Francisco, and Solano, and the Antioch terminal. Ferry Enhancement Program. Provide funding to purchase new vessels, upgrade and rehabilitate existing vessels, build facilities and landside improvements, and upgrade existing facilities. The project sponsor is the San Francisco Bay Area Water Emergency Transportation Authority. Three hundred twenty-five million dollars (\$325,000,000).

(6) BART to Silicon Valley: Phase Two. to San Jose Phase 2. Extend BART from Berryessa Station to San Jose and Santa Clara. The project sponsor is the Santa Clara Valley Transportation Authority. Four hundred million dollars (\$400,000,000).

(7) Sonoma-Marin Area Rail Transit District (SMART). Provide funding to extend the rail system north of the Charles M. Schulz-Sonoma County Airport to the City of Windsor. The project sponsor is the Sonoma-Marin Area Rail Transit District. Forty million dollars (\$40,000,000).

(8) Capitol Corridor Connection. Corridor. Provide funding for track infrastructure that will improve the performance of Capital Corridor passenger rail operations by reducing travel times, adding service frequencies, and improving system safety and

1 *reliability. The project sponsor is the Capital Corridor Joint*
2 *Powers Authority. Ninety million dollars (\$90,000,000).*

3 ~~(9) Caltrain Downtown Extension: Transbay Terminal Phase~~
4 ~~Two: Extension. Extend Caltrain from its current terminus at~~
5 ~~Fourth Street and King Street to the Transbay Transit Center. The~~
6 ~~Metropolitan Transportation Commission shall allocate funding~~
7 ~~to the agency designated to build the project, which shall be the~~
8 ~~project sponsor. Three hundred fifty million dollars~~
9 ~~(\$350,000,000).~~

10 ~~(10) MUNI Expansion Vehicles: Fleet Expansion and Facilities.~~
11 ~~Fund replacement and expansion of the San Francisco Municipal~~
12 ~~Transportation Agency's MUNI vehicle fleet and associated~~
13 ~~facilities. The project sponsor is the San Francisco Municipal~~
14 ~~Transportation Agency. One hundred forty million dollars~~
15 ~~(\$140,000,000).~~

16 ~~(11) Core Capacity Transit Improvement Serving the Bay Bridge~~
17 ~~corridor: Improvements. Implement recommendations from the~~
18 ~~Core Capacity Transit Study and other ideas to maximize person~~
19 ~~throughput in the transbay corridor. Eligible projects include, but~~
20 ~~are not limited to, transbay bus improvements, including AC~~
21 ~~Transit's (Alameda-Contra Costa Transit District) Tier 1 and Tier~~
22 ~~2 projects identified in the study, and high-occupancy vehicle~~
23 ~~(HOV) lane access improvements. The project sponsors are AC~~
24 ~~Transit and the Metropolitan Transportation Commission. One~~
25 ~~hundred—forty eighty million dollars—(\$140,000,000).~~
26 ~~(\$180,000,000).~~

27 ~~(12) Alameda-Contra Costa Transit District (AC Transit): Rapid~~
28 ~~Bus Improvements: Transit) Rapid Bus Improvements. Fund bus~~
29 ~~purchases and capital improvements to reduce travel times and~~
30 ~~increase service frequency along key corridors. The project~~
31 ~~sponsor is AC Transit. Fifty million dollars (\$50,000,000).~~

32 ~~(13) New Transbay BART Tube and Approaches. Fifty million~~
33 ~~dollars (\$50,000,000).~~

34 ~~(13) Transbay Rail Crossing. Fund preliminary engineering,~~
35 ~~environmental review, and design of a second transbay rail~~
36 ~~crossing and its approaches to provide additional rail capacity,~~
37 ~~increased reliability, and improved resiliency to the corridor.~~
38 ~~Subject to approval by the Metropolitan Transportation~~
39 ~~Commission, funds may also be used for construction, and, if~~
40 ~~sufficient matching funds are secured, to fully fund a useable~~

1 *segment of the project. The project sponsor is the Bay Area Rapid*
2 *Transit District. Fifty million dollars (\$50,000,000).*

3 (14) Tri-Valley Transit Access Improvements. Provide
4 interregional and last-mile transit connections on the Interstate
5 580 corridor in the County of Alameda within the Tri-Valley area
6 of Dublin, Pleasanton, and Livermore. The Metropolitan
7 Transportation Commission shall consult with the Alameda County
8 Transportation Commission, the Bay Area Rapid Transit District,
9 and local jurisdictions to determine the project sponsor. One
10 hundred million dollars (\$100,000,000).

11 (15) Eastridge to BART Regional Connector. Extend Santa
12 Clara Valley Transportation Authority light rail from the Alum
13 Rock station to the Eastridge Transit Center. The project sponsor
14 is the Santa Clara Valley Transportation Authority. One hundred
15 thirty million dollars (\$130,000,000).

16 (16) San Jose Diridon Station. Redesign, rebuild, and expand
17 Diridon Station to more efficiently and effectively accommodate
18 existing regional rail services, future BART and high-speed rail
19 service, and Santa Clara Valley Transportation Authority light
20 rail and buses. The project sponsor shall consider accommodating
21 a future connection to Norman Y. Mineta San Jose International
22 Airport and prioritizing non-auto access modes. The project
23 sponsor is the Santa Clara Valley Transportation Authority. One
24 hundred twenty million dollars (\$120,000,000).

25 (17) Dumbarton Rail/Altamont Corridor Express
26 (ACE)/BART/Shinn Station. One hundred thirty million dollars
27 (\$130,000,000).

28 (18) Highway 101/State Route 92 Interchange. Fund
29 improvements to the interchange of Highway 101 and State Route
30 92 in the County of San Mateo. The project is jointly sponsored
31 by the City/County Association of Governments of San Mateo
32 County and the San Mateo County Transportation Authority. Fifty
33 million dollars (\$50,000,000).

34 (19) Contra Costa Interstate 680/State Route 4 Interchange
35 Improvements and Transit Enhancements. Fund improvements to
36 the Interstate 680/State Route 4 interchange and infrastructure to
37 facilitate express bus service in the corridor, including, but not
38 limited to, the purchase of buses, development or expansion of
39 park-and-ride lots, and a direct high-occupancy vehicle lane

- 1 *connector. The project sponsor is the Contra Costa Transportation*
2 *Authority. One hundred fifty million dollars (\$150,000,000).*
3 (20) ~~Marin-Sonoma Highway 101-Marin/Sonoma~~ Narrows.
4 *Construct northbound and southbound high-occupancy vehicle*
5 *lanes on Highway 101 between Petaluma Boulevard South in*
6 *Petaluma and Atherton Avenue in Novato. The project sponsors*
7 *are the Transportation Authority of Marin and the Sonoma County*
8 *Transportation Authority. One hundred twenty-five million dollars*
9 *(\$125,000,000).*
10 (21) ~~Solano County Interstate 80/Interstate 680/State Route 12~~
11 ~~Interchange Improvements.~~ *Project. Construct Red Top Road*
12 *interchange and westbound Interstate 80 to southbound Interstate*
13 *680 connector. The project sponsor is the Solano Transportation*
14 *Authority. One hundred seventy-five million dollars*
15 *(\$175,000,000).*
16 (22) ~~Solano West-Bound Interstate 80 Westbound Truck Scales.~~
17 *Improve freight mobility, reliability, and safety on the Interstate*
18 *80 corridor by funding improvements to the Interstate 80*
19 *Westbound Truck Scales in the County of Solano. The project*
20 *sponsor is the Solano Transportation Authority. One hundred*
21 *twenty-five million dollars (\$125,000,000).*
22 (23) ~~Highway State Route 37 Corridor Access Improvements~~
23 ~~from Highway 101 to Interstate 80 and Sea Level Rise Adaptation.~~
24 ~~Improvements.~~ *Fund near-term and longer-term improvements to*
25 *State Route 37 to improve the roadway's mobility, safety, and*
26 *long-term resiliency to sea level rise and flooding. For the purposes*
27 *of the environmental review and design, the project shall include*
28 *the segment of State Route 37 from the intersection in Marin*
29 *County with Highway 101 to the intersection with Interstate 80 in*
30 *the County of Solano. Capital funds may used on any segment*
31 *along this corridor, as determined by the project sponsors. The*
32 *project is jointly sponsored by the Bay Area Toll Authority, the*
33 *Transportation Authority of Marin, the Napa Valley Transportation*
34 *Authority, the Solano Transportation Authority, and the Sonoma*
35 *County Transportation Authority. Funds for this project may be*
36 *allocated to any of the project sponsors. One hundred fifty million*
37 *dollars (\$150,000,000).*
38 (24) ~~San Rafael Transit Center/SMART.~~ *Center. Construct a*
39 *replacement to the San Rafael (Bettini) Transit Center on an*
40 *existing or new site, or both, in downtown San Rafael. The selected*

1 *alternative shall be approved by the City of San Rafael, the Golden*
2 *Gate Bridge, Highway and Transportation District, the*
3 *Transportation Authority of Marin, and Marin Transit. The project*
4 *sponsor is the Golden Gate Bridge, Highway and Transportation*
5 *District. Thirty million dollars (\$30,000,000).*

6 ~~(25) Marin Highway 101/580 Interchange. One hundred~~
7 ~~thirty-five million (\$135,000,000).~~

8 (25) *Richmond-San Rafael Bridge Access Improvements. Fund*
9 *eastbound and westbound improvements in the Richmond-San*
10 *Rafael Bridge corridor, including, but not limited to, a direct*
11 *connector from northbound Highway 101 to eastbound Interstate*
12 *580 and westbound access and operational improvements. The*
13 *project sponsors are the Bay Area Toll Authority, the Contra Costa*
14 *Transportation Authority, and the Transportation Authority of*
15 *Marin. One hundred forty-five million dollars (\$145,000,000).*

16 (26) ~~North Bay Transit Improvements: Contra Costa, Marin,~~
17 ~~Napa, Solano, and Sonoma.~~ *Access Improvements. Provide funding*
18 *for transit improvements, including, but not limited to, bus capital*
19 *projects, including vehicles, transit facilities, and access to transit*
20 *facilities, benefiting the Counties of Marin, Sonoma, Napa, Solano,*
21 *and Contra Costa. Priority shall be given to projects that are fully*
22 *funded, ready for construction, and serving rail transit or transit*
23 *service that operates primarily on existing or fully funded*
24 *high-occupancy vehicle lanes. The project sponsor is the*
25 *Metropolitan Transportation Commission. Eligible applicants are*
26 *any transit operator providing service in the Counties of Contra*
27 *Costa, Marin, Napa, Solano, or Sonoma. One hundred million*
28 *dollars (\$100,000,000).*

29 ~~(27) State Route 29, South Napa County.~~ 29. *Eligible project*
30 *expenses include State Route 29 major intersection improvements,*
31 *including Soscol Junction, and signal and signage improvements,*
32 *which may include multimodal infrastructure and safety*
33 *improvements between Carneros Highway (State Route 12/121)*
34 *and American Canyon Road. The project sponsor is the Napa*
35 *Valley Transportation Authority. Twenty million dollars*
36 *(\$20,000,000).*

37 (28) *Next-Generation Clipper Transit Fare Payment System.*
38 *Provide funding to design, develop, test, implement, and transition*
39 *to the next generation of Clipper, the bay area's transit fare*
40 *payment system. The next-generation system will support a*

1 universal, consistent, and seamless transit fare payment system
2 for the riders of transit agencies in the bay area. The project
3 sponsor is the Metropolitan Transportation Commission. Fifty
4 million dollars (\$50,000,000).

5 (b) Pursuant to subdivision (a) of Section 30923, if the authority
6 selects a toll increase to be placed on the ballot in an amount less
7 than three dollars (\$3), the funding assigned to the projects and
8 programs identified in subdivision (a) shall be adjusted
9 proportionately to account for reduced funding capacity. The
10 authority shall adopt a resolution detailing the updated Regional
11 Measure 3 capital and operating funding available and listing the
12 revised funding amounts for each project within 90 days of the
13 certification of the election by the last county to certify the election
14 on the toll increase. The authority shall update this resolution as
15 needed to reflect additional tolls approved in subsequent elections.

16 (b)

17 (c) (1) Not more than 16 percent percent, up to sixty million
18 dollars (\$60,000,000), of the revenues generated each year from
19 the toll increase approved by the voters pursuant to Section 30923
20 shall be made available annually for the purpose of providing
21 operating assistance for transit services as set forth in the
22 authority's annual budget resolution. resolution for the purposes
23 listed in paragraph (2). The funds shall be made available to the
24 provider of the transit services subject to the performance measures
25 described in paragraph (3). If the funds cannot be obligated for
26 operating assistance consistent with the performance measures,
27 these funds shall be obligated for other operations consistent with
28 this chapter.

29 (2) The Metropolitan Transportation Commission may annually
30 fund the following operating programs from the revenue generated
31 each year from the toll increase approved by the voters pursuant
32 to Section 30923 as another component of the Regional Measure
33 3 expenditure plan:

34 (A) The San Francisco Transbay Terminal. Five Eight percent
35 of the amount available for operating assistance pursuant to
36 paragraph (1), not to exceed five million dollars (\$5,000,000).
37 These funds are available for transportation-related costs
38 associated with operating the terminal. The Transbay Joint Powers
39 Authority shall pursue other long-term, dedicated operating
40 revenue to fund its operating costs. To the extent that a portion or

1 *all of the toll revenue provided pursuant to this subparagraph is*
2 *not needed in a given fiscal year, the Metropolitan Transportation*
3 *Commission shall reduce the allocation accordingly.*

4 ~~(B) Ferries. Thirty-five million dollars (\$35,000,000).~~

5 (B) (i) *Expanded Ferry Service. Fifty-eight percent of the*
6 *amount available for operating assistance pursuant to paragraph*
7 *(1), not to exceed thirty-five million dollars (\$35,000,000). These*
8 *funds shall be made available to the San Francisco Bay Area Water*
9 *Emergency Transportation Authority (WETA) to support expanded*
10 *ferry service, including increased frequencies of existing routes*
11 *and the operation of new routes.*

12 (ii) *To the extent that funds provided pursuant to clause (i) are*
13 *not requested for expenditure by WETA in a given year, the funds*
14 *shall be held by the authority in a reserve. Those funds shall be*
15 *made available to WETA for any capital or operating purpose.*
16 *Prior to receiving an allocation of those funds, WETA shall submit*
17 *a request to the Metropolitan Transportation Commission detailing*
18 *how the funds shall be used. An allocation of those funds shall*
19 *constitute an augmentation of the funding provided in paragraph*
20 *(5) of subdivision (a) and be treated as such in any reports by the*
21 *authority regarding the Regional Measure 3 expenditure plan.*

22 (C) *Regional Express Bus. ~~Twenty~~ Thirty-four percent of the*
23 *amount available for operating assistance pursuant to paragraph*
24 *(1), not to exceed twenty million dollars—(\$20,000,000).*
25 *(\$20,000,000), to be distributed for bus service in the bridge*
26 *corridors, prioritizing bus routes that carry the greatest number*
27 *of transit riders. To the extent that a portion or all of the toll*
28 *revenue provided pursuant to this subparagraph is not needed in*
29 *a given fiscal year, the Metropolitan Transportation Commission*
30 *shall reduce the allocation accordingly.*

31 (3) *Prior to the allocation of revenue for transit operating*
32 *assistance under paragraphs (1) and subparagraphs (A) and (C)*
33 *of paragraph (2), the Metropolitan Transportation Commission*
34 *shall:*

35 (A) *Adopt performance measures related to fare-box recovery,*
36 *ridership, or other indicators, as appropriate. The performance*
37 *measures shall be developed in consultation with the affected*
38 *project sponsors.*

39 (B) *Execute an operating agreement with the sponsor of the*
40 *project. This agreement shall include, but is not limited to, an*

operating plan that is consistent with the adopted performance measures. The agreement shall include a schedule of projected fare revenues *or other forecast revenue* and any other operating funding that will be dedicated to the ~~service~~. *service or terminal*.

For any individual project sponsor, this operating agreement may include additional requirements, as determined by the commission.

(C) In an operating agreement executed pursuant to subparagraph (B), the Metropolitan Transportation Commission shall grant a project sponsor at least five years to ~~establish new or enhanced service~~. *achieve the adopted performance measures*.

The Metropolitan Transportation Commission shall use a ridership forecast as the basis for performance measures adopted pursuant to subparagraph (A) and to establish performance measures in following years. If *the transit service of a project sponsor* does not achieve the performance ~~targets~~ *measures* within the timeframe granted to the project sponsor, the project sponsor shall notify the Metropolitan Transportation Commission, ~~agree to a new timeframe determined by the commission to achieve the performance targets, and take needed steps to remedy the transit service to meet the performance standards~~. *Commission*. The Metropolitan Transportation Commission may *revise the performance measures, extend the timeframe to achieve the performance measures, or take action to redirect* ~~reduce the funding to alternative project sponsors available for operations~~ if the performance ~~targets~~ *measures* are not met within the new timeframe.

(4) *Prior to the allocation of revenue for transit operating assistance under subparagraph (B) of paragraph (2), the Metropolitan Transportation Commission, in collaboration with the San Francisco Bay Area Water Emergency Transportation Authority, shall develop and adopt performance measures for ferry service.*

(e)

(d) (1) For all projects authorized under subdivision (a), the project sponsor shall submit an initial project report to the Metropolitan Transportation Commission ~~before July 1, ____.~~ *within six months of the election approving the toll increase.* This report shall include all information required to describe the project in detail, including the status of any environmental documents relevant to the project, additional funds required to fully fund the

1 project, the amount, if any, of funds expended to date, and a
2 summary of any impediments to the completion of the project.
3 This report, or an updated report, shall include a detailed financial
4 plan and shall notify the commission if the project sponsor will
5 request toll revenue within the subsequent 12 months. The project
6 sponsor shall update this report as needed or requested by the
7 commission. No funds shall be allocated by the commission for
8 any project authorized by subdivision (a) until the project sponsor
9 submits the initial project report, and the report is reviewed and
10 approved by the commission.

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

19 *(e) If a program or project identified in subdivision (a) has cost*
20 *savings after completion, taking into account construction costs*
21 *and an estimate of future settlement claims, or cannot be completed*
22 *or cannot continue due to delivery or financing obstacles making*
23 *the completion or continuation of the program or project*
24 *unrealistic, the commission shall consult with the program or*
25 *project sponsor. After consulting with the sponsor, the commission*
26 *shall hold a public hearing concerning the program or project.*
27 *After the hearing, the commission may vote to modify the program*
28 *or the project's scope, decrease its level of funding, or reassign*
29 *some or all of the funds to another project within the same bridge*
30 *corridor. If a program or project identified in subdivision (a) is*
31 *to be implemented with other funds not derived from tolls, the*
32 *commission shall follow the same consultation and hearing process*
33 *described above and may vote thereafter to reassign the funds to*
34 *another project consistent with the intent of this chapter.*

35 ~~(d)~~

36 (f) If the voters approve a toll increase pursuant to Section
37 30923, the authority shall within 24 months of the election date
38 include the projects in a long-range plan. The authority shall update
39 its long-range plan as required to maintain its viability as a strategic
40 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.

(g) This section does not alter the obligations of the Metropolitan Transportation Commission with respect to the requirements of Section 65080 of the Government Code.

~~SEC. 7.~~

SEC. 8. Section 30915 of the Streets and Highways Code is amended to read:

30915. (a) 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~~ *subdivision*.

(b) Local funds that have previously been committed to projects and programs identified in subdivision (a) of Section 30914.7 shall not be supplanted by the funding assigned to projects and programs pursuant to Section 30914.7 unless the project sponsor has secured a full funding plan for the project, or the local funds are needed to maintain transit service levels or fund a critical safety or maintenance need.

~~SEC. 8.~~

SEC. 9. 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 |
| Three axles | 3.00 |
| Four axles | 5.25 |
| Five axles | 8.25 |
| Six axles | 9.00 |
| Seven axles & more | 10.50 |

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

| Number of axles | Toll |
|--------------------|---------|
| Two axles | \$ 2.00 |
| Three axles | 4.00 |
| Four axles | 6.25 |
| Five axles | 9.25 |
| Six axles | 10.00 |
| Seven axles & more | 11.50 |

(c) (1) If the voters approve a toll increase, pursuant to Section 30923, the authority shall increase the base toll rate for vehicles crossing the bridges described in subdivision (a) *from the toll rates then in effect* by the amount approved by the voters pursuant to Section 30923. The authority may, beginning ~~January 1, 2019~~, *six months after the election approving the toll increase*, phase in the toll increase over a period of time and may adjust the toll increase for inflation based on the California Consumer Price Index after the toll increase has been phased in completely.

(2) *Revenue generated from the adjustment of the toll to account for inflation pursuant to paragraph (1) may be expended for the following purposes:*

(A) *Bridge maintenance and rehabilitation necessary to preserve, protect, and replace the bridge structures consistent with subdivision (b) of Section 30950.3.*

(B) *Supplemental funding for the projects and programs authorized pursuant to subdivision (a) of Section 30914.7.*

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

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

1 ~~SEC. 9.~~

2 ~~SEC. 10.~~ Section 30918 of the Streets and Highways Code is
3 amended to read:

4 30918. (a) It is the intention of the Legislature to maintain
5 tolls on all of the bridges specified in Section 30910 at rates
6 sufficient to meet any obligation to the holders of bonds secured
7 by the bridge toll revenues. The authority shall retain authority to
8 set the toll schedule as may be necessary to meet those bond
9 obligations. The authority shall provide at least 30 days' notice to
10 the transportation policy committee of each house of the
11 Legislature and shall hold a public hearing before adopting a toll
12 schedule reflecting the increased toll rate.

13 (b) The authority shall increase the toll rates specified in the
14 adopted toll schedule in order to meet its obligations and covenants
15 under any bond resolution or indenture of the authority for any
16 outstanding toll bridge revenue bonds issued by the authority and
17 the requirements of any constituent instruments defining the rights
18 of holders of related obligations of the authority entered into
19 pursuant to Section 5922 of the Government Code and,
20 notwithstanding Section 30887 or subdivision (d) of Section 30916
21 of this code, or any other law, may increase the toll rates specified
22 in the adopted toll schedule to provide funds for the planning,
23 design, construction, operation, maintenance, repair, replacement,
24 rehabilitation, and seismic retrofit of the state-owned toll bridges
25 specified in Section 30910 of this code, to provide funding to meet
26 the requirements of Sections 30884 and 30911 of this code, and
27 to provide funding to meet the requirements of voter-approved
28 regional measures pursuant to Sections ~~30914 and 30921~~ 30914,
29 30921, and 30923 of this code.

30 (c) ~~The~~ *Notwithstanding any other law, the* authority's toll
31 structure for the state-owned toll bridges specified in Section 30910
32 may vary from bridge to bridge and may include discounts for
33 vehicles ~~classified by the authority as high-occupancy vehicles,~~
34 ~~notwithstanding any other law.~~ *consistent with the following:*

35 (1) *The authority may include discounts for the following*
36 *vehicles:*

37 (A) *Vehicles classified by the authority as high-occupancy*
38 *vehicles.*

1 (B) Vehicles that pay for tolls electronically or through other
2 non-cash methods. The authority may charge differential rates
3 based on the chosen method.

4 (2) The authority shall provide a 50-percent discount on the
5 amount of the toll increase approved pursuant to Section 30923
6 on the second bridge crossing for those commuters using a two-axle
7 vehicle, who cross two bridges specified in Section 30910 during
8 commute hours. The authority shall establish reasonable and
9 practical operating rules to implement this paragraph.

10 (d) If the authority establishes high-occupancy vehicle lane fee
11 discounts or access for vehicles classified by the authority as
12 high-occupancy vehicles for any bridge or segments of a highway
13 that connect to the bridge, the authority shall ~~collaborate with the~~
14 ~~department to reach agreement on how~~ establish the occupancy
15 requirements that shall apply on each segment of highway that
16 connects with that ~~bridge~~. bridge, in consultation with the
17 department.

18 (e) All tolls referred to in this section and Sections 30916,
19 31010, and 31011 may be treated by the authority as a single
20 revenue source for accounting and administrative purposes and
21 for the purposes of any bond indenture or resolution and any
22 agreement entered into pursuant to Section 5922 of the Government
23 Code.

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

28 ~~SEC. 10.~~

29 SEC. 11. Section 30920 of the Streets and Highways Code is
30 amended to read:

31 30920. The authority may issue toll bridge revenue bonds to
32 finance any or all of the projects, including those specified in
33 Sections 30913, 30914, and 30914.7, if the issuance of the bonds
34 does not adversely affect the minimum amount of toll revenue
35 proceeds designated in Section 30913 and in paragraph (4) of
36 subdivision (a) of, and subdivision (b) of, Section 30914 for rail
37 extension and improvement projects and transit projects to reduce
38 vehicular traffic. A determination of the authority that a specific
39 project or projects shall have no adverse effect will be binding and
40 conclusive in all respects.

1 ~~SEC. 11.~~

2 *SEC. 12.* Section 30922 of the Streets and Highways Code is
3 amended to read:

4 30922. Any action or proceeding to contest, question, or deny
5 the validity of a toll increase provided for in this chapter, the
6 financing of the transportation program contemplated by this
7 chapter, the issuance of any bonds secured by those tolls, or any
8 of the proceedings in relation thereto, shall be commenced within
9 60 days from the date of the election at which the toll increase is
10 approved. After that date, the financing of the program, the issuance
11 of the bonds, and all proceedings in relation thereto, including the
12 adoption, approval, and collection of the toll increase, shall be held
13 valid and incontestable in every respect.

14 ~~SEC. 12.~~

15 *SEC. 13.* Section 30923 is added to the Streets and Highways
16 Code, to read:

17 30923. (a) For purposes of the special election to be conducted
18 pursuant to this section, the authority shall select an amount of the
19 proposed increase in the toll rate, not to exceed three dollars (\$3),
20 for vehicles crossing the bridges described in Section 30910 to be
21 placed on the ballot for approval by the voters.

22 (b) The toll rate for vehicles crossing the bridges described in
23 Section 30910 shall not be increased to the rate described in
24 subdivision (c) of Section 30916 prior to the availability of the
25 results of a special election to be held in the City and County of
26 San Francisco and the Counties of Alameda, Contra Costa, Marin,
27 Napa, San Mateo, Santa Clara, Solano, and Sonoma to determine
28 whether the residents of those counties and of the City and County
29 of San Francisco approve the toll increase.

30 (c) The revenue derived from the toll increase shall be used to
31 meet all funding obligations associated with projects and programs
32 described in Section 30914.7. To the extent additional toll funds
33 are available from the toll increase, the authority may use them
34 for bridge rehabilitation and for projects and programs aimed at
35 reducing congestion and improving travel options in the bridge
36 corridors.

37 (d) (1) Notwithstanding any provision of the Elections Code,
38 the Board of Supervisors of the City and County of San Francisco
39 and of each of the counties described in subdivision (b) shall call
40 a special election to be conducted in the City and County of San

1 Francisco and in each of the counties that shall be consolidated
2 with ~~the November 6, 2018, general election; a statewide primary~~
3 ~~or general election, which shall be selected by the authority.~~

4 (2) ~~The following question authority shall determine the ballot~~
5 ~~question, which shall include the amount of the proposed toll~~
6 ~~increase selected pursuant to subdivision (a) and a summary of~~
7 ~~the Regional Measure 3 expenditure plan. The ballot question shall~~
8 ~~be submitted to the voters as Regional Measure 3 and stated~~
9 ~~separately in the ballot from state and local measures: “Shall voters~~
10 ~~authorize the Regional Measure 3 expenditure plan that does the~~
11 ~~following: measures.~~

12 (A) ~~Directs revenues generated through the collection of bridge~~
13 ~~tolls to provide the following projects:~~

14 (B) ~~Approves a _____ toll increase and authorizes the Bay Area~~
15 ~~Toll Authority, beginning January 1, 2019, to phase in the toll~~
16 ~~increase and to adjust that amount for inflation after the toll~~
17 ~~increase has been phased in completely, on all toll bridges in the~~
18 ~~bay area, except the Golden Gate Bridge.”~~

19 (3) ~~The blank provision in the portion of the ballot question~~
20 ~~described in subparagraph (B) of paragraph (2) shall be filled in~~
21 ~~with the amount of the toll increase selected pursuant to subdivision~~
22 ~~(a).~~

23 (e) The ballot pamphlet for the special election shall include a
24 summary of the Regional Measure 3 expenditure plan regarding
25 the eligible projects and programs to be funded pursuant to Section
26 30914.7. The Metropolitan Transportation Commission shall
27 prepare a summary of the Regional Measure 3 expenditure plan.

28 (f) The county clerks shall report the results of the special
29 election to the authority. If a majority of all voters voting on the
30 question at the special election vote affirmatively, the authority
31 may phase in the increased toll schedule ~~beginning January 1,~~
32 ~~2019,~~ consistent with subdivision (c) of Section 30916.

33 (g) If a majority of all the voters voting on the question at the
34 special election do not approve the toll increase, the authority may
35 by resolution resubmit the measure to the voters at a subsequent
36 *statewide primary or general election*. If a majority of all of the
37 voters vote affirmatively on the measure, the authority may adopt
38 the toll increase and establish its effective date and establish the
39 completion dates for all reports and studies required by Sections
40 30914.7 and 30950.3.

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

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

(i) If the voters approve a toll increase pursuant to this section, the authority shall establish an independent oversight committee ~~no later than January 1, 2020~~, *within six months of the effective date of the toll increase* to ensure that any toll revenues generated pursuant to this section are expended consistent with the applicable requirements set forth in Section 30914.7. The oversight committee shall include two representatives from each county within the jurisdiction of the commission. Each representative shall be appointed by the applicable county board of supervisors and serve a four-year term and shall be limited to two terms. The oversight committee shall annually review the expenditure of funds by the authority for the projects and programs specified in Section 30914.7 and prepare *and submit* a report *to the transportation committee of each house of the Legislature* summarizing its findings. The oversight committee may request any documents from the authority to assist the committee in performing its functions.

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

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

~~SEC. 13.~~

SEC. 14. Section 30950.3 of the Streets and Highways Code is amended to read:

1 30950.3. (a) The authority shall prepare, adopt, and from time
2 to time revise, a long-range *bridge toll* plan for the completion of
3 all projects within its jurisdiction, including those of the Regional
4 Traffic Relief Plan described in subdivision (c) of Section 30914
5 and the Regional Measure 3 expenditure plan described in
6 subdivision (a) of Section 30914.7.

7 (b) The authority shall give first priority to projects and
8 expenditures that are deemed necessary by the department *and the*
9 *authority* to preserve and protect the bridge structures.

10 ~~SEC. 14.~~

11 *SEC. 15.* If the Commission on State Mandates determines that
12 this act contains costs mandated by the state, reimbursement to
13 local agencies and school districts for those costs shall be made
14 pursuant to Part 7 (commencing with Section 17500) of Division
15 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

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.

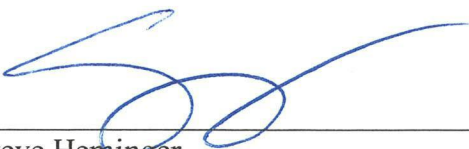
With respect to the toll increase amount, the bill authorizes an increase of up to \$3, allowing the commission to select the amount to place on the ballot, as well as the phase-in period. After the toll increase is fully phased in, the bill authorizes the Bay Area Toll Authority to adjust the toll increase 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

| Annual Amount \$60 million | |
|-------------------------------|----|
| OPERATING PROGRAM | |
| 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 |
| <i>Subtotal</i> | | 730 |



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 |
| Subtotal | | 530 |

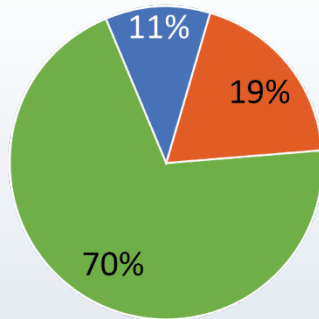
RM3 Capital Program

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



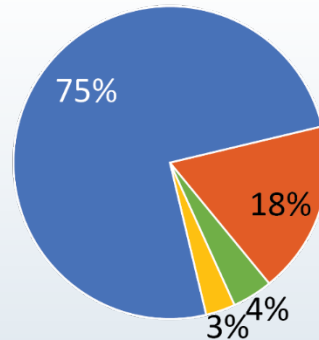
Voter Approved Bridge Toll Investments: By Mode

RM1 Capital Projects
by Category



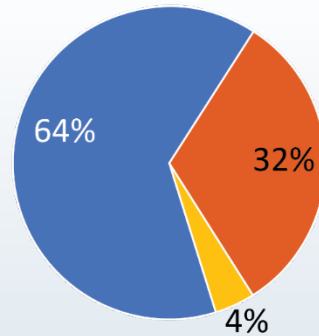
- Transit, 11%
- Roads/Highway, 19%
- Bike/Ped, 0%
- Bridge, 70%

RM2 Capital Projects
by Category



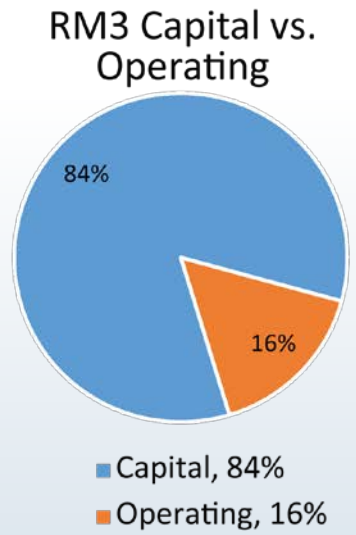
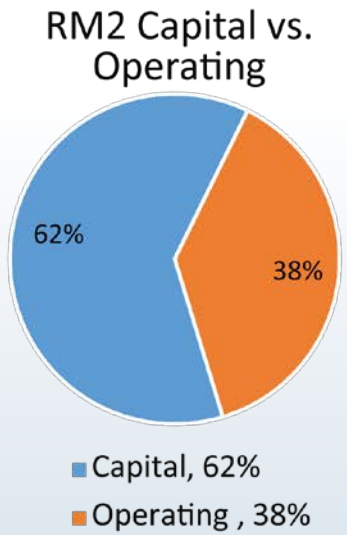
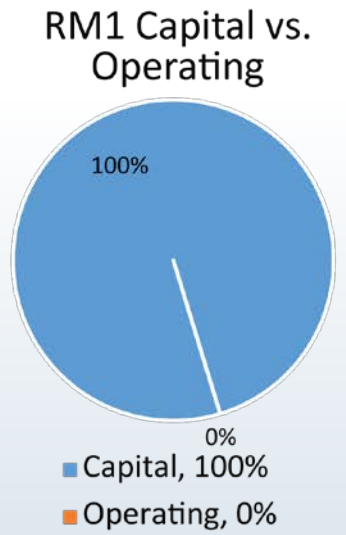
- Transit, 75%
- Roads/Highway, 18%
- Bike/Ped, 4%
- Bridge, 3%

RM3 Capital Projects
by Category



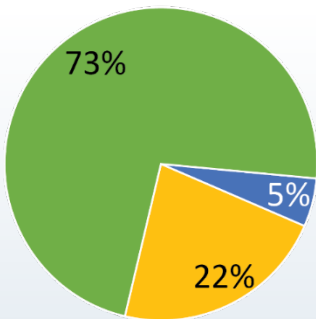
- Transit, 64%
- Roads/Highway, 32%
- Bike/Ped, 4%
- Bridge, 0%

Voter Approved Bridge Toll Investments: Operating vs Capital



Voter Approved Bridge Toll Investments: By Corridor

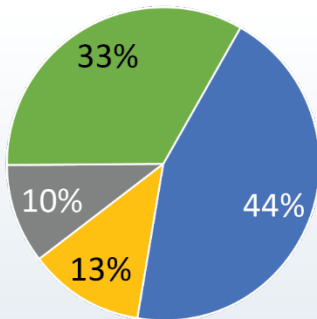
RM1 Capital Program -
By Corridor*



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

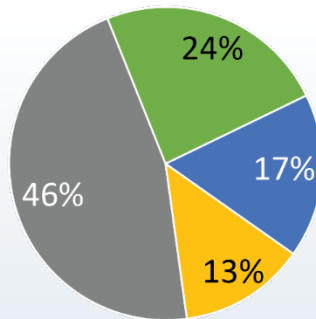
*Includes RM1 Program & Rail Reserves

RM2 Capital Program -
By Corridor



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

RM3 Capital Program -
By Corridor

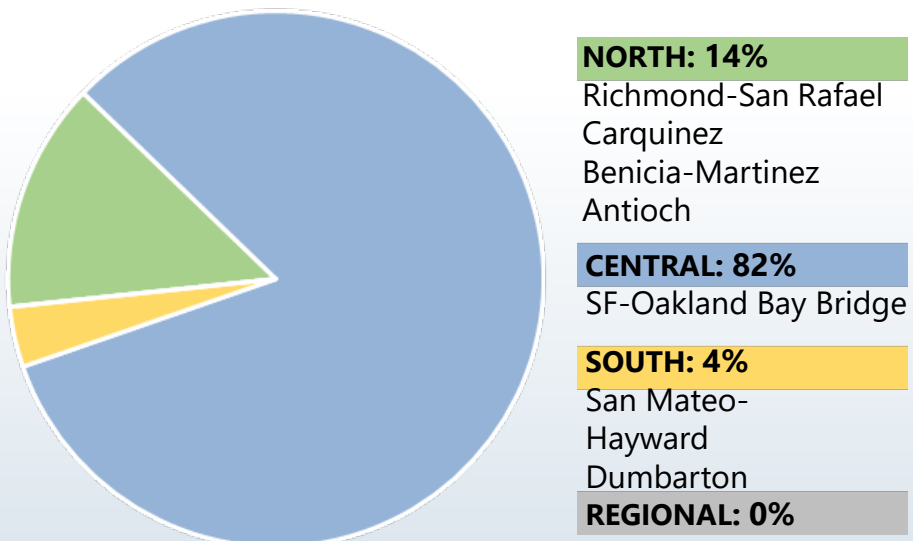


- North, 24%
- Central, 17%
- South, 13%
- Regional, 46%*

*BART to San Jose is classified as regional

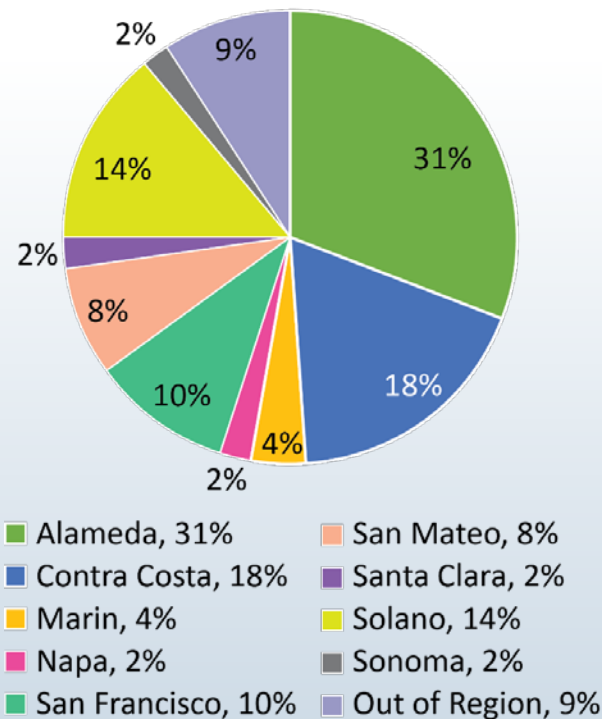


Toll Bridge Seismic Retrofit by Corridor

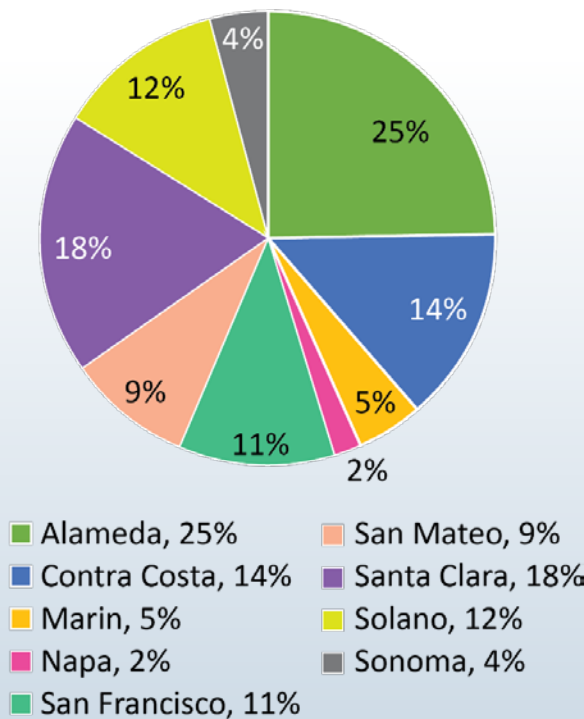


Tale of the Tape

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

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.¹

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.

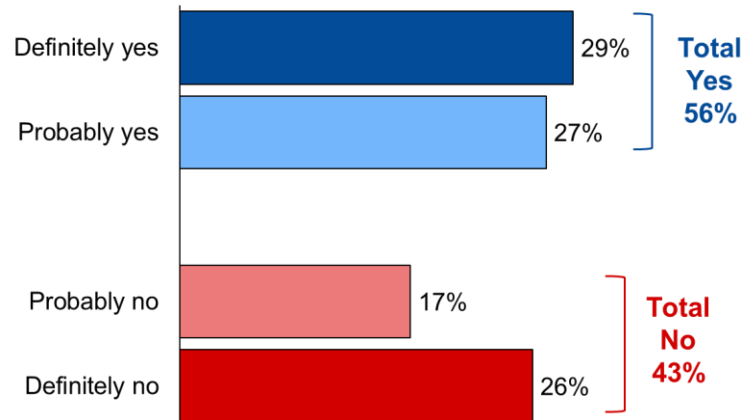
Detailed findings of the survey include:

- **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.

¹ **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?

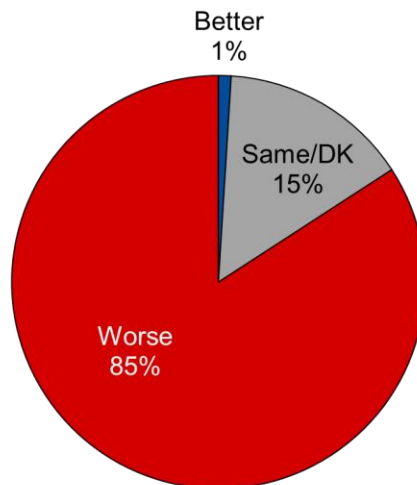


A measure that would raise tolls by \$2 – phased in over four years – is backed by three percent of the voters who did not favor a \$3 toll, raising support to 59%.

- **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

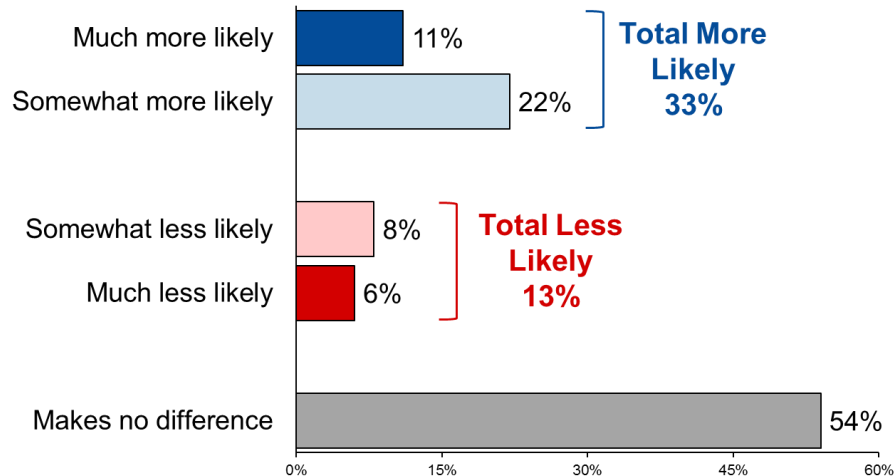
Thinking back over the last year, would you say the traffic in the Bay Area has gotten better or gotten worse?



- 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

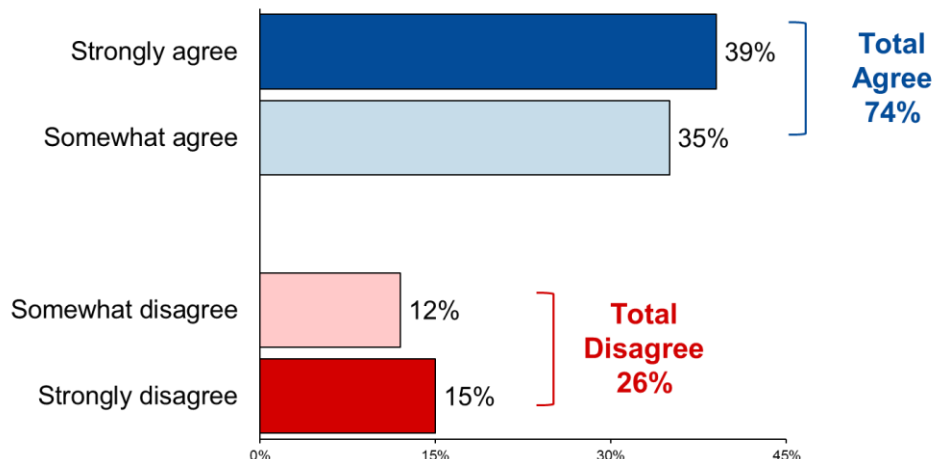
Next, suppose this measure were written to include small adjustments to the toll to keep pace with inflation. Would that make you more likely to vote for a measure, less likely to vote for it, or would it make no difference?



- 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

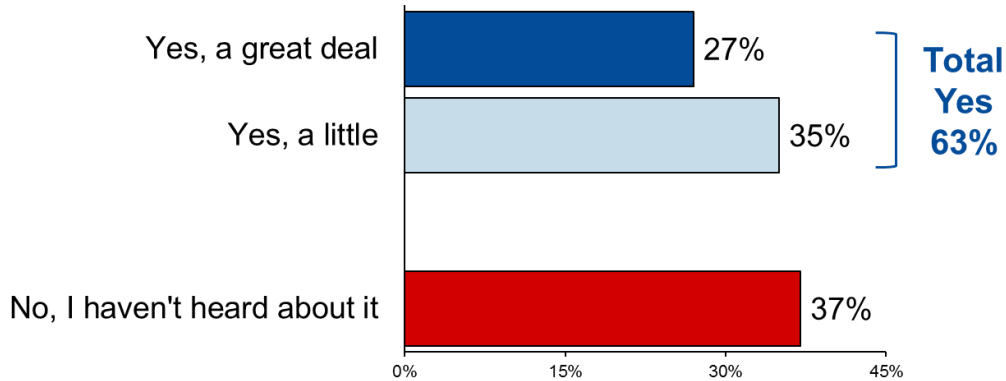
Next, whatever your position on the ballot measure you were just asked about, please indicate whether you agree or disagree with the following statement: “This measure should prioritize big regional transportation projects that traditionally don’t get funded by local revenue measures.”



- 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.¹ 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.²

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

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

Regional Measure 3 Housing Policy Options

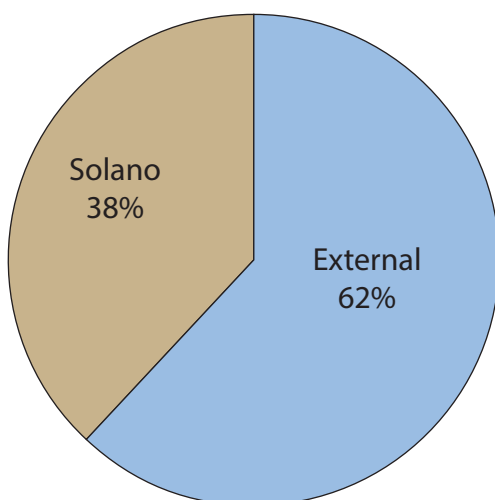
RM 3 offers a unique opportunity to address critical transportation challenges facing the Bay Area. The question debated by the commission over the past several months is whether the region's housing crisis should be accorded some policy status in RM 3 as well. Bay Area affordable housing advocates have 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).

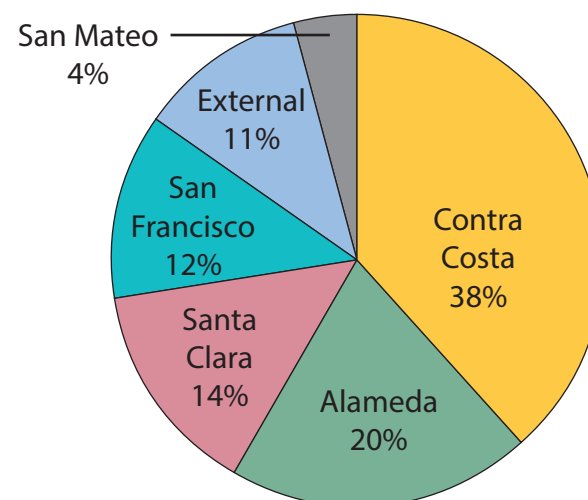
Antioch Bridge

Northbound
Destinations



| County | Total | % Total |
|--------------------|-----------|-------------|
| Grand Total | 7K | 100% |
| External | 4K | 62% |
| Solano | 3K | 38% |

Southbound
Destinations

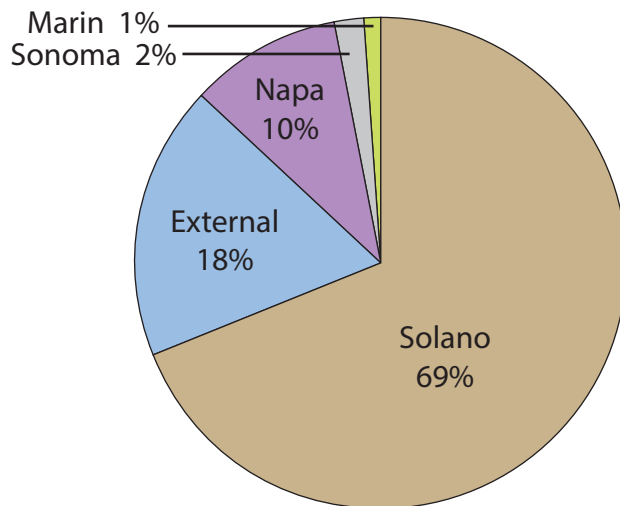


| County | Total | % Total |
|--------------------|-----------|-------------|
| Grand Total | 7K | 100% |
| Contra Costa | 3K | 38% |
| Alameda | 1K | 20% |
| Santa Clara | 1K | 14% |
| San Francisco | 1K | 12% |
| External | 1K | 11% |
| San Mateo | 0K | 4% |

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

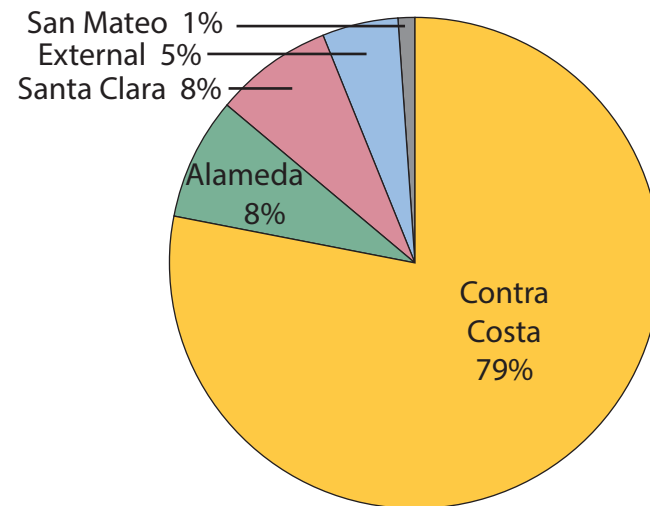
Benicia-Martinez Bridge

Northbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 67K | 100% |
| Solano | 46K | 69% |
| External | 12K | 18% |
| Napa | 6K | 10% |
| Sonoma | 2K | 2% |
| Marin | 0K | 1% |

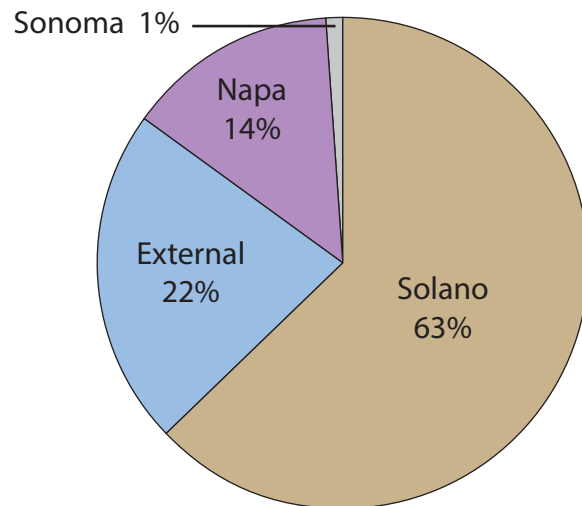
Southbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 70K | 100% |
| Contra Costa | 55K | 79% |
| Alameda | 6K | 8% |
| Santa Clara | 5K | 8% |
| External | 3K | 5% |
| San Mateo | 0K | 1% |

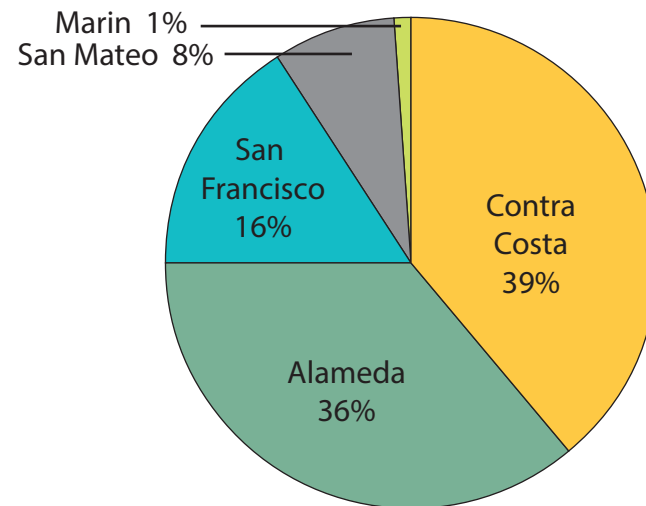
Carquinez Bridge

Northbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 65K | 100% |
| Solano | 41K | 63% |
| External | 14K | 22% |
| Napa | 9K | 14% |
| Sonoma | 0K | 1% |

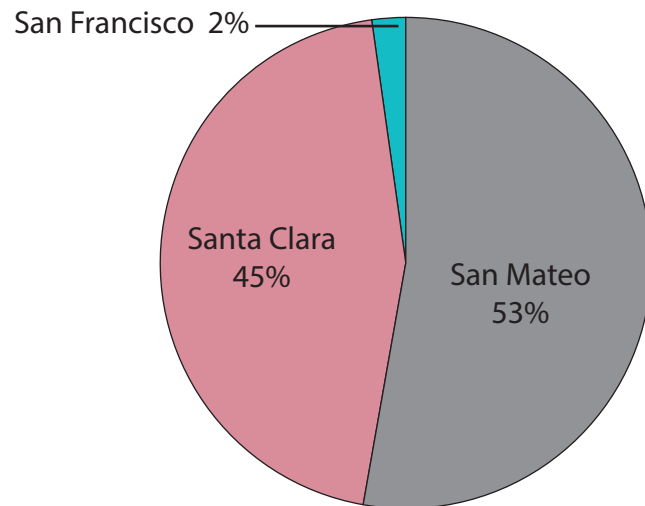
Southbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 67K | 100% |
| Contra Costa | 26K | 39% |
| Alameda | 24K | 36% |
| San Francisco | 11K | 16% |
| San Mateo | 5K | 8% |
| Marin | 1K | 1% |

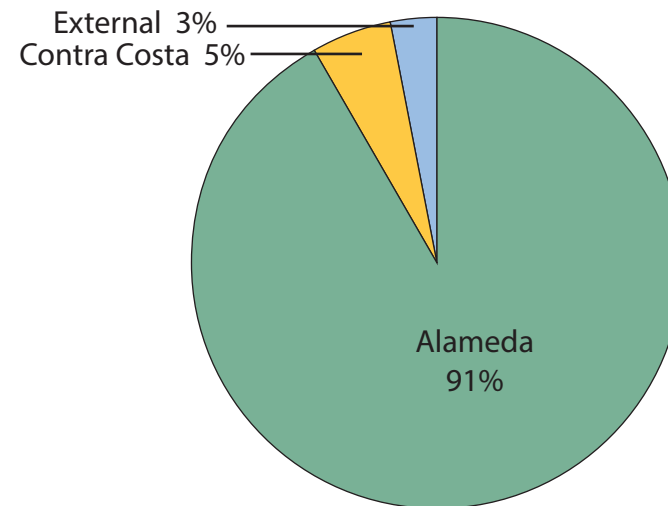
Dumbarton Bridge

Westbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 27K | 100% |
| San Mateo | 15K | 53% |
| Santa Clara | 12K | 45% |
| San Francisco | 0K | 2% |

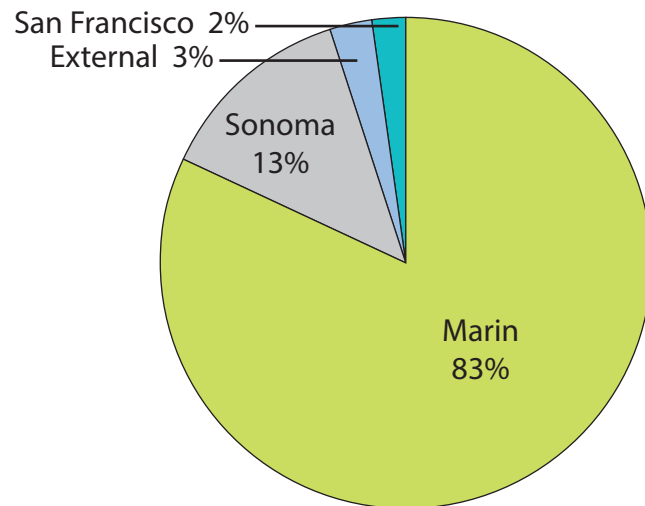
Eastbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 66K | 100% |
| Alameda | 60K | 91% |
| Contra Costa | 4K | 5% |
| External | 2K | 3% |

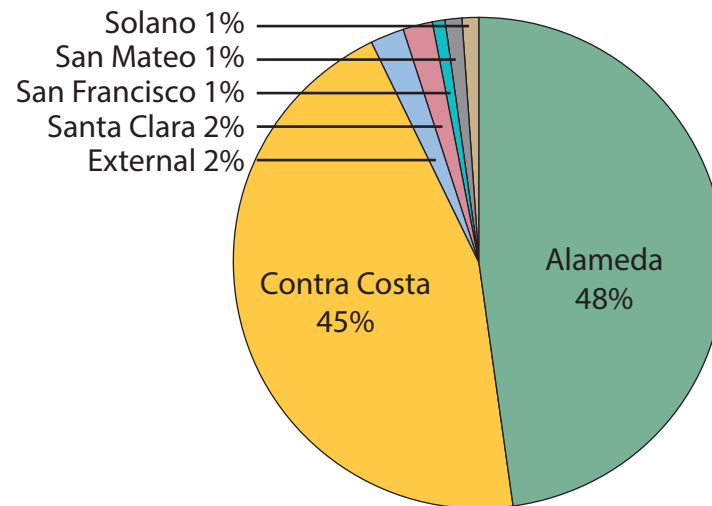
Richmond-San Rafael Bridge

Westbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 45K | 100% |
| Marin | 37K | 83% |
| Sonoma | 6K | 13% |
| External | 1K | 3% |
| San Francisco | 1K | 2% |

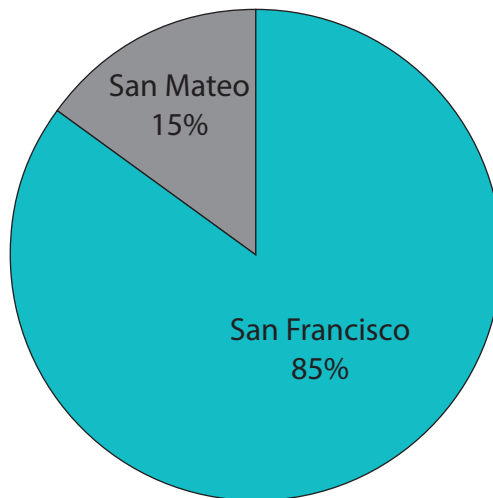
Eastbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 49K | 100% |
| 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% |

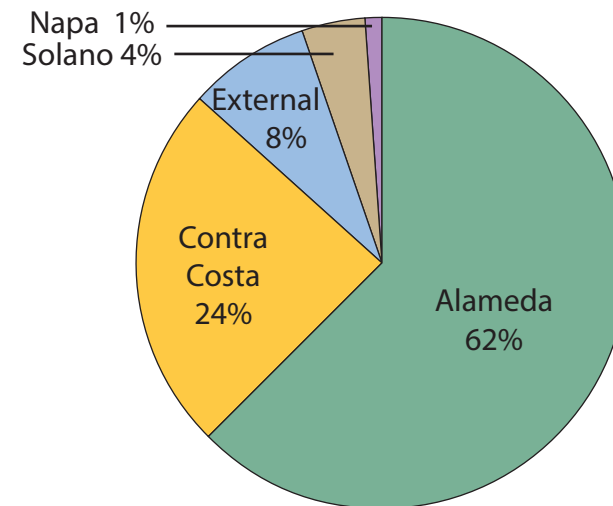
Bay Bridge

Westbound Destinations



| County | Total | % Total |
|--------------------|-------------|-------------|
| Grand Total | 133K | 100% |
| San Francisco | 112K | 85% |
| San Mateo | 20K | 15% |

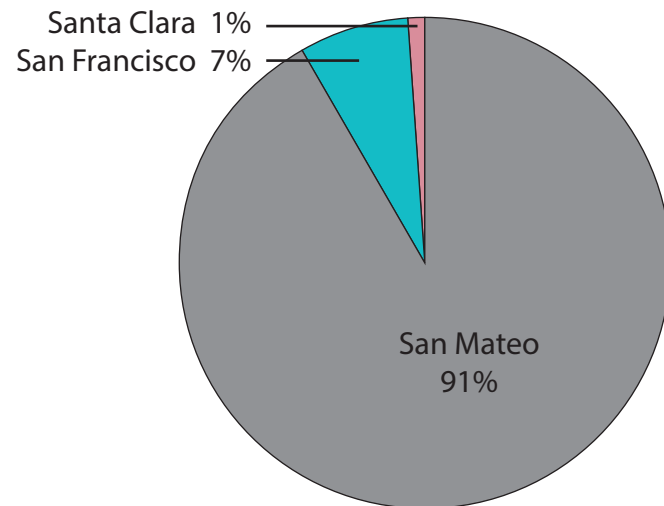
Eastbound Destinations



| County | Total | % Total |
|--------------------|-------------|-------------|
| Grand Total | 146K | 100% |
| Alameda | 91K | 62% |
| Contra Costa | 36K | 24% |
| External | 11K | 8% |
| Solano | 6K | 4% |
| Napa | 1K | 1% |

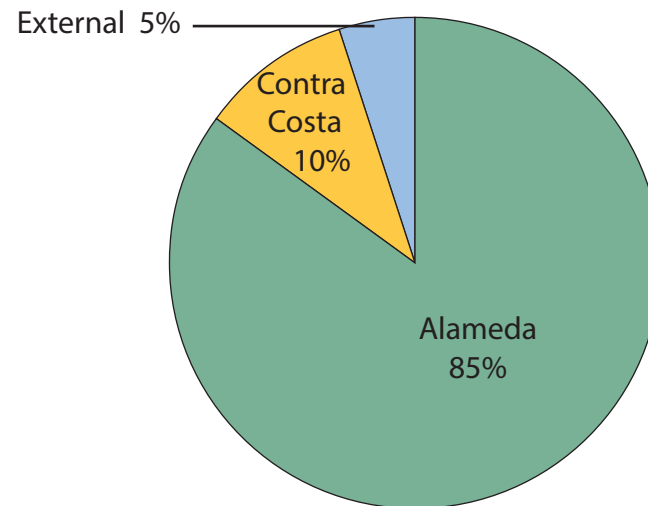
San Mateo-Hayward Bridge

Westbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 59K | 100% |
| San Mateo | 54K | 91% |
| San Francisco | 4K | 7% |
| Santa Clara | 1K | 1% |

Eastbound Destinations



| County | Total | % Total |
|--------------------|------------|-------------|
| Grand Total | 54K | 100% |
| Alameda | 46K | 85% |
| Contra Costa | 6K | 10% |
| External | 3K | 5% |