



# Regional Transit Measure



SamTrans Board Meeting | Jessica Epstein, Director  
Government and Community Affairs | June 4, 2025

# AGENDA

- SB 63 Timeline
- Key Decisions
- San Mateo County Ballot Measure Options
- Polling: What We Will Learn
- Third Party Review
- Deficit and Ridership Summary
- Additional decisions:
  - Governance
  - Transit Transformation Funding
  - Accountability

# SB 63 Timeline

- June 2 – Passed Senate
  - Next it goes to the Assembly, likely first to Assembly Transportation and then to Assembly Revenue and Taxation
- June 9 – July 18 – Must be heard in policy committees during these dates
- **July 2 and 10 – SamTrans and TA board meetings with polling data presentation**
- **Late July – TA vote on whether to recommend SamTrans opts in**
- **August 6 – SamTrans vote on whether to opt in**
- **August 11 – Deadline to opt in**
- August 29 – If it passes policy committees, deadline to pass Assembly Appropriations
- September 9 – Last day the bill can be amended is on or before September 9 (72-hour rule)
- September 12 – Deadline to pass legislature (September 13 if runs past midnight)
- October 12 – Deadline for Governor to act on bills

# Key Decisions

Should San Mateo County...

**Opt-in or not:**

- If yes at what amount
- If no whether to find operations funds in Measure A

**Fund one or more of the following agencies/programs and at what amount:**

- BART
- MUNI
- MTC-lead Transit Transformation
- 1% to MTC for administration
- SamTrans
- *SMC must fund share of Caltrain due to being a JPA member*

# SMC Ballot Measure Options

SMC ½ cent sales tax currently generates approximately \$120M per year

- Regional Measure:
  - Join at ¼ cent
  - Join at ½ cent
- Measure A:
  - Renew at existing ½ cent rate
  - Renew at ½ cent and increase by ⅛ cent to ⅝ cents

# SMC Ballot Measure Options - *New Measure*

- **New ¼ cent sales tax in SMC** would currently provide \$60M per year
  - Would fund Caltrain obligation
  - Would fund SMC BART contribution
  - Could provide some limited funds to Transit Transformation, SFMTA, or SamTrans, likely not all three
  - Nine SMC cities tax rate would be 10.13%

# SMC Ballot Measure Options - *New Measure*

- **New ½ cent sales tax in SMC** would currently provide \$120M per year
  - Would fund Caltrain obligation
  - Would fund SMC BART contribution
  - Can fund SMC share of MTC led Transit Transformation
  - Can fund SFMTA and SamTrans contributions
  - Nine SMC cities tax rate would be 10.38%; two cities tax rate would be at 10.13%



# SMC Ballot Measure Options – Measure A Renewal

Assumes no participation in a Regional Measure

## Transit Category (30%) apx. \$36M annually

**18% transit – operations** (approx. \$21.6M)

- ✓ 8% Caltrain operations (\$9.6M)
- ✓ 4% shuttles (\$4.8M)
- ✓ 4% paratransit (\$4.8M)
- ✓ 2% BART operations (\$2.4M)

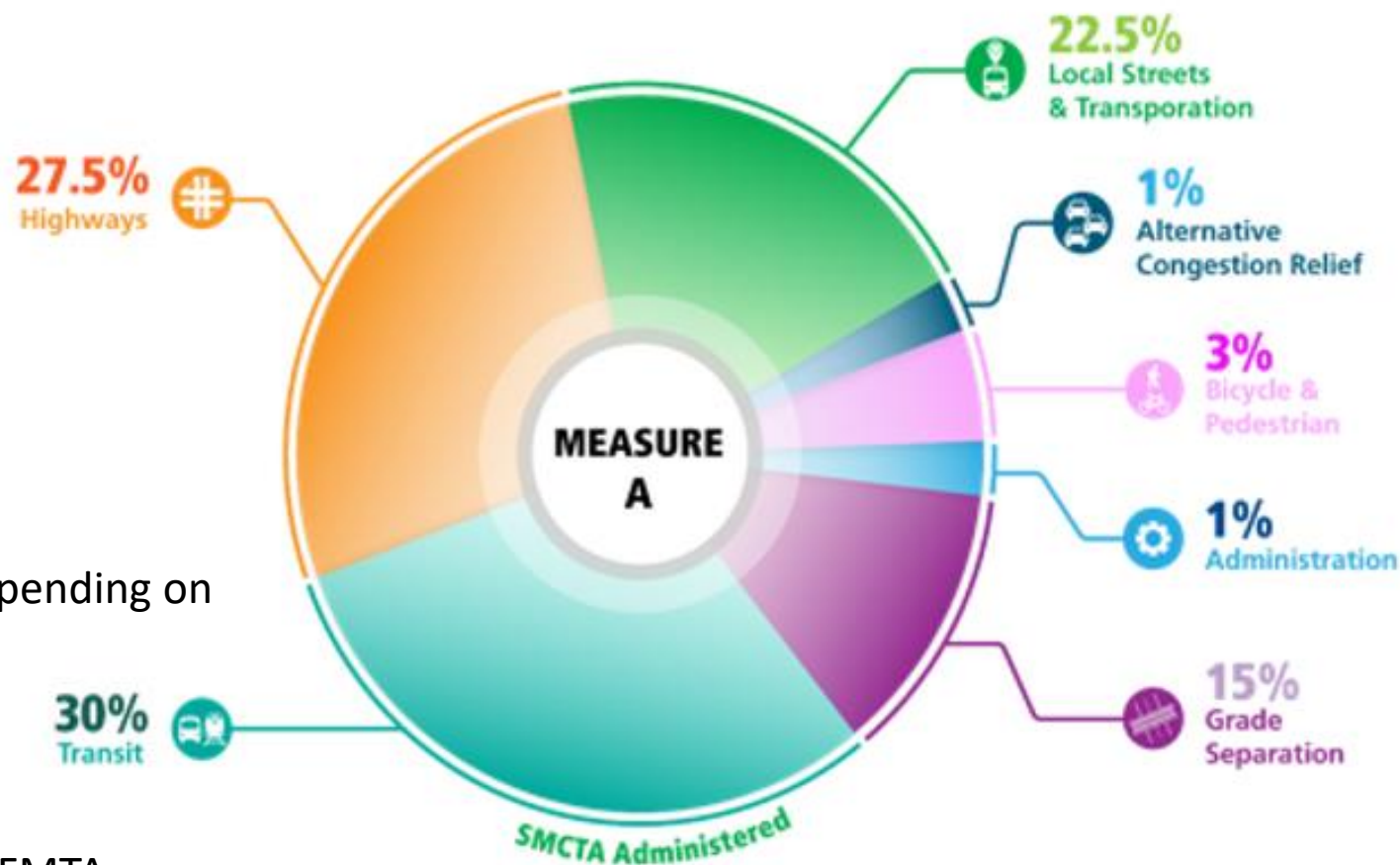
**82% – capital**

### Renew at ½ cent:

- Operations becomes apx. 50% of the measure depending on how much funding to BART, shuttles paratransit

### Renew at ½ cent + ⅛ cent

- Caltrain needs met by new 1/8
- Reduces capital funds by contributions to BART, SFMTA, Transit Transportation, additional SamTrans





# Polling: What We Will Learn

Presenting at the July 2 SamTrans and July 10 TA Board meetings:

Transportation support:

- What is the support for funding public transit
- General support for various transportation priorities (e.g. transit, bike/ped, road safety)
- Comparative support between Caltrain, BART, and SamTrans

Sales tax sensitivity:

- Is there a difference in support for a regional  $\frac{1}{4}$  cent sales tax and  $\frac{1}{2}$  cent sales tax
- Is there a difference in support for extending Measure A at the existing  $\frac{1}{2}$  cent or adding  $\frac{1}{8}$  cent to the renewal
- Importance of keeping local sales taxes at or below 10 cents

Local v. regional decision making:

- Comparative support between regional transportation funding and decision making and local transportation funding and decision making

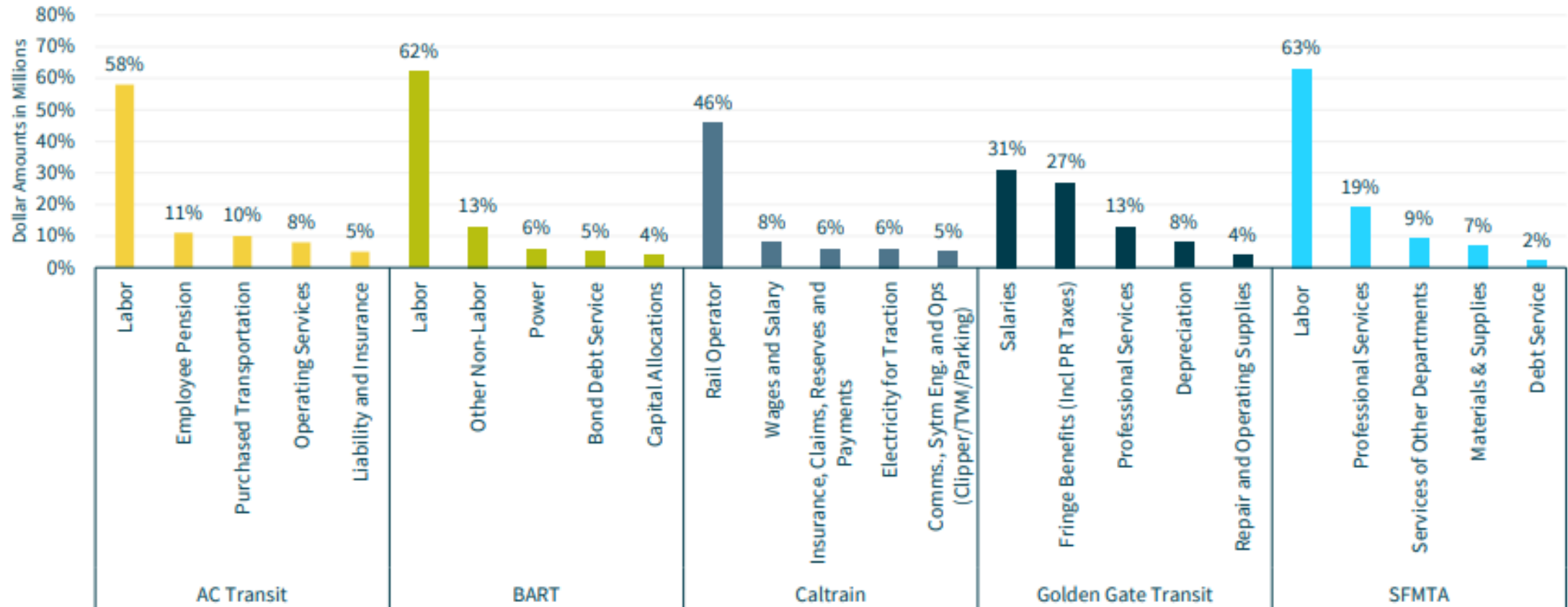
# Third Party Review

## Overall:

- Conducted by MGO, a firm the District uses
- Reviewed BART, Caltrain, MUNI, AC Transit, and Golden Gate Transit
- Methodology used to verify numbers:
  - Reviewed financial performance: budgets, forecasts, BOD presentations, other publicly available data
  - Analyzed shortfalls and financial assumptions comparing projections against historical revenue and expenditure data
  - Compared operator assumptions against industry trends
  - Analyzed fair-share approaches
- Study limitations:
  - No standardization of expense categories (labor, benefits, debt, operating to capital allocations, etc.)
  - Unknown how much each organization spends per employee including benefits

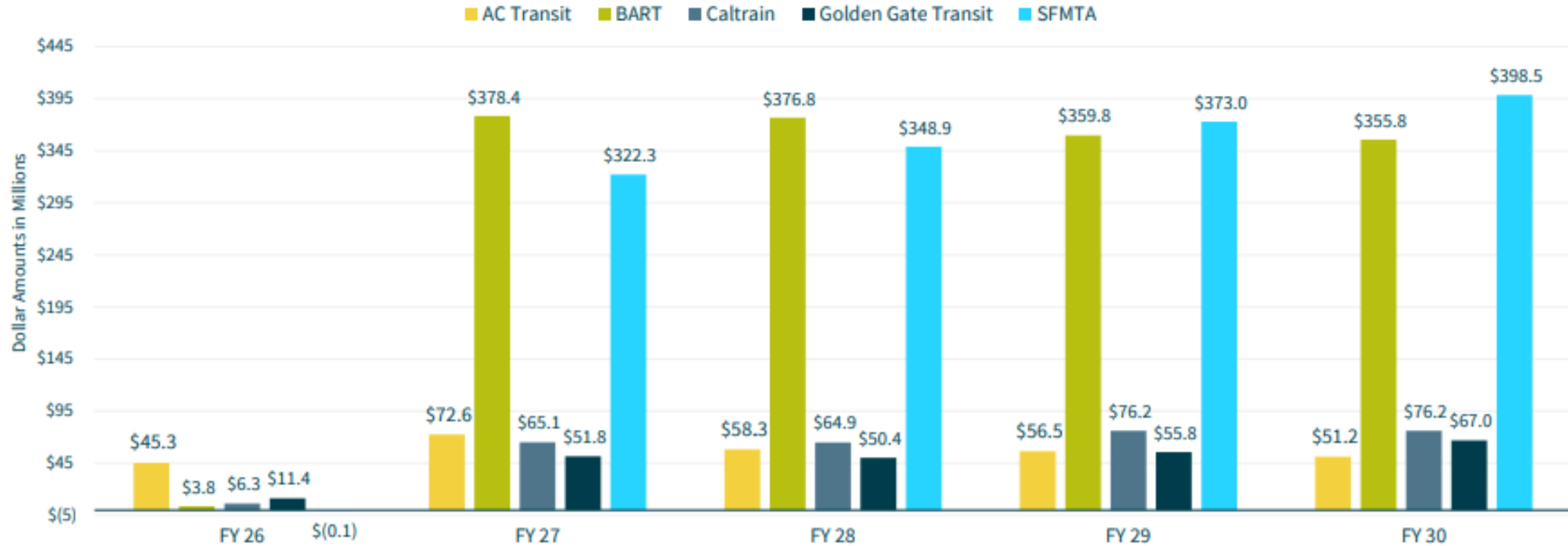
# Third Party Review

Top five expense drivers:



# Third Party Review

Annual shortfalls:



| Cumulative Deficit - FY 26 - FY 30 | AC Transit | BART       | Caltrain | Golden Gate | SFMTA      | FY 26 - 30 Total |
|------------------------------------|------------|------------|----------|-------------|------------|------------------|
|                                    | \$283.9M   | \$1,474.5M | \$288.7M | \$236.5M    | \$1,442.6M | \$3.73B          |

# Deficits FY 27 – FY 30

Primary deficit causes for agencies subject to third party review:

- Wage and Labor:
  - Largest expenditure for all operators; costs are expected to increase steadily
- Increase of expenses:
  - Predicting 4% annual increase in expenses FY 19 to FY 30
- Decrease of ridership:
  - Ridership and fare loss significant problem across all operators; likely still an issue in 2030
- State and federal emergency funding running out; other state funding declining

# Deficits FY 27 – FY 30

|                | SamTrans*  | BART   | Caltrain   | SFMTA  |
|----------------|--|--|--|--|
| Total deficit  | \$61M  | \$1,474M   | \$288M   | \$1,442M   |
| Annual deficit | \$6M FY27 to<br>\$26M FY30<br><br><i>Or</i><br><br>\$16M average | \$378M FY 27 to<br>\$356M FY 30<br><br><i>Or</i><br><br>\$341M fare loss<br>adjusted for CPI | \$65M FY 27 to<br>\$76M FY 30<br><br>Caltrain allocations<br>to be determined<br>by JPA negotiations | \$322M FY 27 to<br>\$398M FY 30<br><br><i>Or</i><br><br>\$360M average |

\*No third-party review; same methodology

# Agency Current Actions

Highest impact revenue-generating and cost saving actions:

## Caltrain:

- FY 26 – FY34 projected revenue from fare increases – \$86M
- Limiting hiring to critical backfill

## BART:

- FY 26 – FY 31 projected revenue from fare increases – \$464.4M
- Strategic hiring freeze and limiting wage increases
- Fare gate installation (impact TBD)

## SFMTA

- Jan. 25 – June 26 projected revenue from fare increases – \$5.2M
- Defunded 135 FTE positions in FY 24 and 295 in FY 25; expected savings – \$87M

## SamTrans

- No new positions in FY 26 budget, delay in some FY 25 hiring
- 10% administrative budget reduction for discretionary expenses



# AM or All Day Boardings-Based Fare Loss

SMC has only agreed to discuss fare loss for AM or all day boardings, not other methodology, throughout the regional measure discussions. BART Boardings-Based Fare Loss in SMC ranges between \$20-\$34M.

**BART average annual deficit = average of \$368M**

**BART adjusted fare loss = \$340M adjusted fare loss\***

Benefit based: Allocates based on either AM boardings or all day boardings; approximating current and estimating future use by county residents

| County Ranges | San Francisco | Alameda  | Contra Costa | San Mateo |
|---------------|---------------|----------|--------------|-----------|
|               | 22 - 45%      | 35 - 45% | 14 - 24%     | 6 - 10%   |

6% all day boardings:

- Annual deficit – \$22.1M
- Adjusted fare loss – \$20.4M

10% AM boardings:

- Annual deficit – \$36.8M
- Adjusted fare loss – \$34M

\* Represents the gap between fare revenue from FY 2019 to FY 2024 plus a two percent annual escalation to help account for costs growth

# SMC Ridership by Agency

|                                    | SamTrans*  | BART  | Caltrain  | SFMTA  |
|------------------------------------|--|---|---|--|
| Annual all day (AD) boardings      | 4.3% of system total all day boarding ridership in SF <ul style="list-style-type: none"> <li>• 451K rides</li> </ul> SamTrans total all day boardings: 10.5M | 6% of system total all day boarding ridership <ul style="list-style-type: none"> <li>• 2.98M rides</li> </ul> | 33.5% of system total all day boarding ridership <ul style="list-style-type: none"> <li>• 2.3M</li> </ul> | 1.4% of system total all day boarding ridership <ul style="list-style-type: none"> <li>• 2.2M</li> </ul> |
| Deficit multiplied by AD boardings | \$16M average deficit x 4.3%<br><br><b>AD boardings:\$688K</b>   | \$341M fare loss x 6% of total system<br><br><b>AD boarding: \$20.5M</b>                                      | Caltrain allocations to be determined by JPA negotiations   | \$360M average deficit x 1.4% total system<br><br><b>AD boardings: \$5.0M</b>                            |

# Governance

Under discussion:

- Identification of “district” to implement tax, hold election, allocate funds, and provide oversight
- Potential models include single tax rate or variable tax rate
- Political and practical implications
- One district or multiple

# Transit Transformation and Administration

## Request:

- 10% for Transit Transformation
- 1% for administration of the entire program

## Funds available:

- ¼ cent – limited funds available
- ½ cent – funds available

## Decisions:

- Willingness to fund MTC lead program and at what amount; could do 50/50 or other type of split between SMC and MTC
- Preferred funding categories (following slide)
- Whether to limit MTC to regional projects with direct links to ridership growth (e.g. fare programs) or accept county specific projects (e.g. Transit Signal Priority)

# MTC Transit Transformation Proposal

## Proposed Expenditures from a \$55 Million Annual Investment

10% of Revenue from a Four County (ALA, CC, SF, SM) ½ Cent Sales Tax Measure\*

**\$25 million**

Delivering More Integrated  
and Equitable Fares

**\$10 million**

Facilitating Seamless Transit  
Navigation for All

**\$15 million**

Making Transit  
More Reliable

**\$5 million**

Ensuring Access  
for All

## What Benefits Do Riders Get From This Investment over a 10-year period?

*A more affordable, easier to navigate, faster, and more accessible regional transit system.*



### Transit Fares

- Funds new free and discounted transfers — estimated to increase daily ridership by 30,000 (\$17M)
- Expands Clipper START to make transit more affordable for an additional ~100,000 riders (\$8M)



### Mapping & Wayfinding

- Phased deployment of new maps, bus flags and signage at rail stations, ferry terminals, transit hubs, and bus stops



### Transit Priority

- ~ 75+ "hot spot" interventions to get buses out of traffic
- One to two corridor-wide projects like SFMTA's Geary Rapid project



### Accessibility

- Operations support for one-seat paratransit rides
- Mobility management programs at the county level
- First and last mile transit access

\*Assumes 10% of measure funding is dedicated to "Transit Transformation." A three or five county measure would provide a different funding level, requiring adjustments to program budget.

# Accountability

## SB 63 accountability measures include:

- Independent 3<sup>rd</sup> party review – identifies and recommends menu of cost-saving efficiencies; scope includes administrative, operating, and capital costs
- Operators develop and report on improvement implementation plan based on review
- Establishes select committee:
  - Member of the committee; state representative; transit operator representative from operators subject to the review; Representation from transit labor, advocacy, business
  - Receives and approves the 3<sup>rd</sup> party review and issues report to MTC and legislature
- Funds withheld for failure to comply with Regional Network Manager (RNM) requirements

## SB 63 accountability measures do not include:

- Clear consequences for failing to comply with the process or take corrective actions described in agency's own plan
- Guaranteed representative from counties providing funds on select committee

# Next Steps

Question: Is there any additional information you need to help with decision making?

## Polling Review BOD meetings:

- July 2 – SamTrans BOD meeting
- July 10 – TA BOD meeting

## Decision BOD meetings:

- Late July – Special TA and C/CAG BOD meetings
- August 6 – SamTrans BOD meeting