



# Regional Transit Measure



SamTrans Board Meeting | Jessica Epstein, Director  
Government and Community Affairs | August 6, 2025

# Agenda

- SB 63 timeline
- Summary of prior direction
- Amendment proposals
- Pros and cons of Opt In
- Staff recommendation
- Board vote and recommendation

# SB 63 Opt In Timeline

- **August 6** – SamTrans Board vote on whether to opt in and at what tax rate
- **August 11** – Deadline for counties to opt in
- **August-September: California Legislature finalizes SB 63 language**
  - 8/20 or 8/27: Assembly Appropriations Committee hearing
  - Week of 9/1: Assembly Transportation Committee hearing #2
  - 9/9: Last day bill can be amended
  - 9/12: Deadline to pass legislature

# SMCTD Regional Measure Stakeholders

- Board Members
- Chairs and Vice Chairs SamTrans and SMCTA
- San Mateo County MTC Commissioners
- C/CAG ED and Board Chair
- Staff, Office of Assemblymember Papan and Senator Becker
- Staff at BART, Muni, VTA, other county Transportation Authorities
- SAMCEDA
- San Mateo County Central Labor Council
- Chamber San Mateo County

# Prior Direction to Staff

## **Negotiate SB 63 terms that prioritize:**

- Full funding of Caltrain's deficit
- Protect SMCTA Measure A
- Possible support for BART and S.F. Muni with:
  - Accountability and oversight
  - Protection against disproportionate service cuts
  - Quality of life standards for safety and cleanliness at stations
- SMC treated fairly in exchange for financial contributions
- Minimize MTC Transit Transformation and administration costs
- Maximize SMCTD return to source funds; protect SamTrans budget

# SB 63 Amendment Progress for San Mateo County

Issue	Previous bill or letter demands	SB 63 Current Amendment
County participation	Required	Voluntary option for San Mateo County
Full funding for Caltrain	Unknown how 3 JPB counties would share costs	SB 63 fully funds deficit (approved by JPB on July 23, 2025; pending member agency approvals)
Return-to-source \$	None for first 9 years	\$45M+ annual flexible return-to-source funds to SamTrans
BART contribution	\$100M+ annually to BART	SMC BART contribution based on service level percentage of pandemic fare loss
MTC "Transit Transformation"	10% of Measure + 1% for admin	5% of Measure +.25% for admin and off-the-top one-time expenses
Measure length	30 years	14 years
Accountability for BART and Muni	None	Systemwide service and quality of life standards; equal SMC representation on MTC Accountability Committee of taxed counties only; Committee may withhold funds
BART, Muni, Caltrain, financial oversight	Minimal	Enforceable requirements and oversight to stabilize agency finances; compliance required for funding

# SB 63 Financial Oversight

## Attachment B in SB 63 Authors' Financial Efficiency Review

A comprehensive third-party "multi-phase comprehensive financial efficiency review that identifies cost-saving and service improvement opportunities for the transit operators, with regular compliance and verification that operators that operators are implementing these measures."

### Enforcement:

- Compliance is a condition of receiving continued funding



# SMCTD Proposed Operational Oversight and Accountability Amendments

Who shall be responsible for accountability and oversight of SMC funds?

**Option 1: SamTrans as Regional Measure Oversight Committee (ROC) for SMC fair-share funds to BART & Muni**

- 70% formula funds to operators; 30% ROC discretionary
- Side agreements with BART and Muni determine standards
- *Rejected by Regional Partners and Authors due to complexity and need for uniformity in oversight*

**Option 2: MTC Subcommittee (taxed counties only) as Regional Measure Oversight Committee for all regional measure funds without further action from full MTC Commission**

- Equal representation for San Mateo County on MTC Accountability Committee for San Mateo County
- Potential operator side agreements determine standards (e.g. SMC with BART and Muni)
- *Concept advanced and refined by Authors*



# **Why Author and Regional Partners Rejected SMCTD's Accountability Amendment Option 1**

## **Letter from Authors Aug. 5, 2025:**

- Uneven accountability risks the viability of measure

## **Regional Partners' Concerns:**

- Unstable budget planning for transit operations during fiscal crisis
- Fairness and equity to all participating counties:
  - Outsized impact for San Mateo County contribution; Alameda, Contra Costa, and San Francisco Counties disadvantaged despite larger contributions
  - Prefer equal treatment: performance and service standards

# Proposed SB 63 Amendments from Assemblymember Papan Official Correspondence, Aug. 1, 2025

## Key Highlights

- Oversight Committee comprised of one member each from: SamTrans, C/CAG and SMCTA Boards, County Board of Supervisors, San Mateo County Controller
- San Mateo County-based Regional Oversight Committee to provide governance and full authority over 100% SMC funds to BART and Muni
- Performance-based release of funds; entirety of funds conditionally dispersed based on compliance terms established by San Mateo County Oversight Committee
- Require commercial development and shared use at transit stations; facilitate shared parking, permit retail and commercial activates, engage with local economic development issues

## **Proposed SB 63 Amendments from Assemblymember Papan Official Correspondence, Aug. 1, 2025**

### **Alignment with SMCTD Amendments and Approved by Authors:**

- Minimum service levels equitable across all counties; no disproportionate service cuts in SMC by BART or Muni
- Requirement of audit and plan to achieve medium and long-term sustainability (governed by Financial Accountability Committee)
- Significant transparency and reporting requirements
- No disproportionate fare/surcharge increases
- Equivalent maintenance and quality-of-life standards at stations
- Oversight committee with power to withhold funds

# SB 63 Accountability Amendments

Service standards	Operators receiving more than \$50M from MTC (BART, Muni, Caltrain, and AC Transit) are "required to apply their adopted policies, standards, or commitments consistently and fairly across all counties participating in the SB 63 measure, and requiring corrective action if issues are identified."
Regional alignment	Supported by San Francisco, Contra Costa, and Alameda County Transportation Authorities
<b>MTC Accountability Committee</b>	<b>Description:</b>
Scope	<p>The Accountability Committee will assess and adjudicate petitions from participating counties about violations of service standards related to:</p> <ul style="list-style-type: none"> <li>• Service frequency or route changes</li> <li>• Fare policy, such as assessment of surcharges</li> <li>• Cleanliness and maintenance of station, facility or vehicles</li> <li>• Station or facility closures</li> <li>• Safety and security</li> </ul>
Representation	Guaranteed, equal representation on MTC Accountability Committee from taxed counties only (two San Mateo County MTC Commissioners)
Breach penalty	May withhold up to 5% of total RM funds (BART \$17M annually, \$9M Muni annually, \$4M Caltrain annually) with majority vote
Authority	MTC over-ride of Committee recommendation requires 2/3 vote of full commission

# Leveraging SB 63 Opt In for Unprecedented Accountability

## **2007 Agreement between SMCTD and BART (Current)**

- No enforcement mechanism other than litigation
- No requirement for BART to provide updates to SamTrans, or communicate service changes
- No specific service level agreements

## **SB 63 MTC Accountability Committee**

- Guaranteed equitable SMC representation on Regional Measure Accountability Committee for:
  - Consistent and equitable service levels and changes
  - Quality-of-life conditions at stations/stops in San Mateo County
  - Codified directly in legislation
- Remedies for breach
- BART and S.F. Muni to provide updates to SamTrans

# Polling Data Re-cap

- 57% of San Mateo County voters support 1/2 cent regional transportation sales tax measure
- Voters value local and regional public transportation service, connections, coordination including Caltrain, BART, SamTrans, S.F. Muni, and VTA
- Voters want to improve both local and regional transit connectivity, with a slight preference for regional (86% regional vs. 78% local)
- Voters think it is crucial to have high quality roads (64%) and high-quality public transit service (56%) even if it means raising taxes.
- There is little difference in support between a 1/8, 1/4, and 1/2 cent increase

# Pros and Cons of Opt-in

## Advantages:

- Fastest emergency funds to Caltrain operations
- Fulfills SMCTD's obligation to Caltrain deficit for duration of measure
- Supports BART and SFMTA; critical transportation connections for San Mateo County transit users
- Most effectively protects:
  - Existing Measure A investments, including funds for city and county streets and potholes, competitive infrastructure grants
  - SamTrans bus service and capital investments from structural deficit



# Pros and Cons of Opt-in

## Known questions:

- Increased sales tax rate in the county
- Sales tax is the only funding mechanism in the legislation
- First-time contribution to Muni by San Mateo County
- Increased financial support of BART during the 14-year measure
- Five-county taxing authority in the legislation
- SB 63 negotiations ongoing; legislative process will refine and finalize items such as accountability measures

# SamTrans Funding Needs

## **SamTrans needs additional funding**

- Operating costs growing faster than revenues
- Average operating budget deficit FY27-35 estimated \$35M/year
- Significant upcoming capital needs: Zero Emission Bus transition; sea level rise mitigation; bus stop improvements; potential Dumbarton right-of-way redevelopment, etc.

## **SamTrans serves a high-need, transit-dependent customer base**

- SamTrans riders have lowest average household income among the large transit agencies in Bay Area
- 94% of SamTrans riders are Low-Income; 68% are Extremely-Low-Income
- 79% of SamTrans riders do not drive or have access to a car; in contrast, San Mateo County residents average two cars per household

# SB 63 Proposed Expenditure Plan (Authors') SMC Attributions by Agency

Recipient Agency	% of SMC ½ cent sales tax	Est. Annual San Mateo County Boardings	Today's dollars (FY 26): Annual Total of \$120M	FY 31 dollars: Annual Total of \$135M **
<b>Caltrain*</b>	24.07%	2.3M	\$28.89M	\$32.50M
<b>BART</b>	26.64%	3M+	\$31.97M	\$35.97M
<b>Muni</b>	7.4%	2.2M	\$8.88M	\$9.99M
<b>SMCTD</b>	36.63%	10M	\$43.96M	\$49.45M
<b>MTC Transit Transformation</b>	5.00%	N/A	\$6.00M	\$6.75M
<b>Administration</b>	0.25%	N/A	\$0.30M	\$0.34M

\*Fully funds Caltrain deficit. Provisional number represents Caltrain JPB recommendation, pending SamTrans approval.

\*\*HDL Revenue Generation Projection FY31

# SMCTD Proposed Alternative: SB 63 Expenditure Plan

## SMC Attributions by Agency

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<b>BART</b>	26.64%	3M+	\$31.97M	\$35.97M
<b>Muni</b>	5.1%	2.2M	\$6.10M	\$6.86M
<b>SMCTD</b>	38.95%	10M	\$46.74M	\$52.58M
<b>MTC Transit Transformation</b>	5.00%	N/A	\$6.00M	\$6.75M
<b>Administration</b>	0.25%	N/A	\$0.30M	\$0.34M

\*Fully funds Caltrain deficit. Provisional number represents Caltrain JPB recommendation, pending SamTrans approval.

\*\*HDL Revenue Generation Projection FY31

# Consequences of Opting Out

- Caltrain deficit not fully covered
- SamTrans operating deficit not covered
- Forego \$45M+ annually in new return-to-source revenue
- Measure A: increased burden to fund transit operations with renewal; less funding for capital infrastructure in every city and unincorporated area of the county
- Less total local and regional funding for transit service and connections for riders
- Less leverage over BART and Muni service decisions in San Mateo County, including guaranteed, system-wide service and quality of life standards
- Regional relationships:
  - Diminishes SMC influence as a regional transportation leader
  - Unclear consequences with advocacy, business and labor groups who support Regional Measure

# If Opt Out: Next Steps

## **Near-term:**

- Fund San Mateo County's fair-share of Caltrain's operational deficit (est. \$30M+ annually) from Measure A until new funding is secured:
  - Use existing Measure A funds
  - Advance future Measure A funds

## **Medium-term:**

- Run a revenue measure ASAP (2028) to fund SMC's share of Caltrain deficit (est. \$30M annually)
- Harmonize SMC Caltrain measure with Measure A renewal

# Staff Recommendation Concepts

- Join SB 63 at ½ cent sales tax rate (¼ cent provides insufficient funds to meet all needs)
- Generate \$120M in new funding per year (today's dollars) in San Mateo County
- Fully funds Caltrain's deficit and SMCTD obligation to Caltrain
- Contributes meaningful contributions to BART and Muni to offset pandemic fare loss and support service in San Mateo County
- New, flexible return-to-source to SamTrans for public transit (\$44-\$50M+ annually)
- Provides improved accountability of BART and Muni service in San Mateo County
- Protects current/future Measure A expenditure plan and benefits to cities, towns, and unincorporated communities who rely on Measure A program infrastructure funding



# Advisory Recommendation Summary: July 30, 2025

## **SMCTA Board of Directors – opt in at ½ cent**

Accept staff recommendation to opt in at ½ cent with the SMCTD Alternative expenditure plan, and to encourage the bill authors to increase the percentage so that more than 5% can be held-back from BART and Muni for accountability purposes. Recommend the District Board to review any additional proposed amendments and assess how they impact accountability and oversight, and ensure we are advocating for the strongest possible protections for the San Mateo County taxpayers.

## **C/CAG Board of Directors – opt in at ½ cent**

Recommend opting in to SB 63 at a ½ cent with the “SMCTD Alternative” Expenditure Plan, accountability measures proposed by Assemblymember Papan, and a request for the District to develop a return-to-source expenditure plan that considers service and micromobility improvements plus feedback from cities and members of the public.

# Staff Recommendation: Motion

**Adopt a motion exercising San Mateo County's option to join the SB 63 Regional Transportation Tax Measure with a 1/2 cent tax rate. Also, encourage the Bay Area delegation to:**

- (a) advance SMCTD's proposed alternative to the SB 63 expenditure plan (with a lower attribution of San Mateo County revenues to SF Muni and a higher "return-to-source" allocation to facilitate San Mateo County's increased contribution to Caltrain), and
- (b) strengthen the oversight and accountability measures to ensure San Mateo County has fair and meaningful representation in oversight and that the County benefits fairly from its attributions to SF Muni and BART, while
- (c) preserving San Mateo County's ability to participate in the measure.

# Staff Recommendation Summary

## **Polling showed voters support this ½ cent regional measure**

- Fulfills our financial obligation to Caltrain
- Supports BART and S.F. Muni service in San Mateo County with new revenue source
- Brings \$45M+ annually to support SamTrans and public transportation in San Mateo County

## **Next steps, if opt in:**

- Continue providing technical assistance to the Bay Area Delegation and SB 63 authors during the legislative process
  - Note: Authors have incentive to continue negotiations that will generate support from the Bay Area delegation and broader support for ultimate ballot measure
- Develop return-to-source expenditure plan that includes SMCTD Strategic Plan and CIP priorities, plus outreach with cities and community stakeholders