

**San Mateo County Transit District
Staff Report**

To: Legislative Committee

Through: April Chan, General Manager/CEO

From: Emily Beach, Chief Communications Officer
Jessica Epstein, Director, Government and Community Affairs

Subject: **Senate Bill 63 Regional Transportation Tax – Staff Recommendations**

Action

Staff proposes the Committee:

1. Receive an update on Senate Bill 63 (SB 63) negotiations and amendments to ensure San Mateo County transportation priorities are reflected in the SB 63 regional transportation sales tax expenditure plan, oversight and accountability provisions.
2. Consider staff's proposed amendments to the SB 63 expenditure plan based on a Caltrain funding plan adopted by the Peninsula Corridor Joint Powers Board (JPB).
3. Consider additional SB 63 amendments proposed by Assemblymember Papan.
4. Consider the staff recommendation and proposed motion that further advances accountability and preserves San Mateo County's ability to participate in the measure:

Motion: Exercise 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 San Mateo County Transit District's ("SMCTD" or "District") expenditure plan proposal (with a lower attribution of San Mateo County revenues to San Francisco Municipal Transportation Agency (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 Muni and Bay Area Rapid Transit District (BART), while
- c) preserving San Mateo County's ability to participate in the measure.

Significance

Several San Francisco Bay Area transit operators – including Caltrain, BART and Muni, all of which serve San Mateo County – are facing significant budget deficits, rhetorically referred to as “fiscal cliffs.” Senator Scott Wiener introduced SB 63 to authorize a regional sales tax measure to help minimize public transit service reductions resulting from these deficits. Negotiations are ongoing and likely will continue in the legislature until the final day for amendments on September 9, 2025. The deadline to pass the legislature is September 12, 2025.

Throughout the past year, staff engaged collaboratively and continuously with local and regional stakeholders to advance San Mateo County’s interests by proposing SB 63 amendments (and responding to external proposed amendments) in accordance with Board direction. Most recently, staff proposed SMCTD amendments related to SB 63 accountability measures on July 23, 2025 which will be further explained during the presentation. This process helped advance SB 63 into an achievable regional proposal poised for the Bay Area legislative delegation to further refine and finalize.

The SB 63 bill authors (Senators Wiener and Arreguín) propose the following expenditure plan for San Mateo County attributions:

Recipient Agency	% of annual tax revenues generated in San Mateo County allocated to Recipient Agency	Annual tax revenues generated in San Mateo County allocated to Recipient Agency in FY31 dollars (Assumes total revenues of \$135 million (M), based on HDL projection)
Caltrain	24.07%	\$32.50M
BART	26.64%	\$35.97M
Muni	7.40%	\$9.99M
SMCTD (“return to source”)	36.63%	\$49.45M
MTC Transit Transformation	5.00%	\$6.75M
MTC (Administration)	0.25%	\$0.34M

A letter explaining a full list of the SB 63 bill authors’ proposed amendments is attached. Highlights include:

- Full funding of Caltrain’s deficit with contributions from tax revenues in San Mateo, San Francisco and Santa Clara Counties

- Assurances from BART and Muni concerning consistent system-wide service, farebox, maintenance, and station/stop quality-of-life standards
- Accountability and oversight by a subset of Metropolitan Transportation Commission (MTC) commissioners (two representatives from each participating taxed county) that are empowered to withhold funds from operators
- Substantial financial efficiency and accountability requirements for BART, Muni, Alameda-Contra Costa Transit District (AC Transit), and Caltrain via third-party review
- Substantial reduction for the Metropolitan Transportation Commission's Transit Transformation program and administration costs from earlier drafts, and
- Substantial increase of "return-to-source" funds to San Mateo County to support the District's public transit system

For Board consideration, staff also proposes an amendment to the San Mateo County expenditure plan that limits the total contribution to the City and County of San Francisco via Caltrain and Muni to approximately \$10 million in Fiscal Year 2026 (FY26) dollars. The SMCTD amendment would result in a smaller Muni percentage and a larger San Mateo County return-to-source percentage, reflected in red:

Recipient Agency	% of annual tax revenues generated in San Mateo County allocated to Recipient Agency	Annual tax revenues generated in San Mateo County allocated to Recipient Agency in FY31 dollars (Assumes total revenues of \$135 million (M), based on HDL projection)
Caltrain	24.07%	\$32.50M
BART	26.64%	\$35.97M
Muni	5.10%	\$6.86M
SMCTD ("return to source")	38.95%	\$52.58M
MTC Transit Transformation	5.00%	\$6.75M
MTC (Administration)	0.25%	\$0.34M

Assemblymember Papan has also proposed new amendments to SB 63. A letter dated August 1, 2025, explaining Assemblymember Papan's position and the full list of her proposed amendments is attached. Highlights include:

- The creation of a Regional Measure Oversight Committee (ROC), comprised of representatives of the District, the City/County Association of Governments of San Mateo County (C/CAG), the San Mateo County Transportation Authority (TA), the San Mateo County Board of Supervisors and the San Mateo County Controller to "provide governance, oversight, and enforcement of performance standards for transit services funded by the regional sales tax within San Mateo County" (e.g., Muni and BART), and which would sunset at the end of tax;
- All tax revenues generated in San Mateo County and designated for BART or Muni would be "subject to performance-based release as determined by the ROC," through conditional disbursements "based on compliance with oversight terms established by the ROC";
- Agreements to be negotiated, adopted and enforced by the ROC with Muni and BART "that govern service and funding obligations related to San Mateo County" and specifically addressing minimum service levels, station maintenance, fare structure coordination, schedule integration and enforceable benchmarks;
- Enforcement mechanisms for failure to comply, including withholding and redirection of funds to SamTrans projects;
- Equitable service and fare provisions (which largely align with those proposed in SB 63/the authors' amendments); and
- A mandate to permit commercial development and shared use of transit stations.

August 11, 2025 is the deadline to decide whether San Mateo County will opt in to SB 63. The TA and C/CAG provided the following recommendations to the District Board at their respective meetings on July 30, 2025:

- **The TA Board voted 4-2 (with 1 absent) to recommend the District opts in at a 1/2 cent tax rate** with the SMCTD Alternative expenditure plan, and to encourage the bill authors to increase the percentage so that more than 5 percent of the total allocations to BART and Muni can be held back for accountability purposes. Recommend the District Board 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.

- **The C/CAG Board recommended (18 ayes, 2 noes, and 1 abstention) that the District opt in to SB 63 at a 1/2 cent tax rate** 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 recommends it is in the best interests of the District and the riders who depend on public transportation to opt in, based on the District’s polling data and SB 63 amendment progress to-date. The amendment process will continue in the legislature until September 9. An analysis of the pros and cons of opting in or out is included in the Board presentation.

To date, all amendments developed with the bill authors have been the product of thoughtful and collaborative regional coordination in which the District and its representatives have been heavily involved. Staff also appreciates the Assemblymember’s engagement, advocacy, and commitment to accountability for San Mateo County, and shares her interest in seeking the best protections possible for County taxpayers.

While significant progress to advance San Mateo County’s interests has been made through SB 63 amendment negotiations to-date, our legislators will continue to negotiate and refine the bill before September 9, 2025, to best position the County in terms of its investments and its ability to provide oversight and ensure accountability. Finally, if the Board decides to opt in, staff recommends including language in the motion that preserves SMCTD’s ability to participate in the measure.

Budget Impact

There is no immediate budget impact associated with the proposed action. The potential enactment of SB 63 and electoral success of a resulting ballot measure would have substantial positive budget impacts on the District.

Background

Staff and leaders of the TA and District Boards of Directors have been working together, along with staff and board leaders of C/CAG, to help shape SB 63 in accordance with the District’s priorities and determine whether San Mateo County should “opt in” to SB 63. If the Board chooses not to opt in to SB 63, the District must identify an alternative near-term and long-term funding source for the agency’s fair-share portion of Caltrain’s deficit.

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August 5, 2025

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Chair, Metropolitan Transportation Commission (MTC)

David Haubert

Chair, Alameda County Transportation Commission (ACTC)

Aaron Meadows

Chair, Contra Costa Transportation Authority (CCTA)

Myrna Melgar

Chair, San Francisco County Transportation Authority (SFCTA)

Jeff Gee

Chair, San Mateo County Transportation District (SMCTD)

Sergio Lopez

Chair, Santa Clara Valley Transportation Authority (SCVTA)

Carlos Romero

Chair, San Mateo County Transportation Authority

Adam Rak

Chair, City/County Association of Governments of San Mateo County (C/CAG)

Re: Accountability Provisions in SB 63

Dear Chairs Noack, Haubert, Meadows, Melgar, Gee, Romero, and Lopez,

Thank you for your engagement on SB 63. Accountability for public transit operators has been a consistent theme throughout this legislative process and in prior legislative and budget-related transit funding efforts. We agree that Bay Area public transit should be safe, clean, reliable, more seamlessly integrated, and set up to improve financial efficiency to provide enhanced service for riders. Further, we agree that there should be oversight to ensure that SB 63 revenue measure funds are spent in accordance with all legislative requirements and that transit operators treat all

participating counties fairly and consistently. This letter outlines various existing accountability requirements, as well as accountability provisions we are committing to include in SB 63.

Existing Accountability Provisions

We introduced SB 63 with multiple accountability measures - including the following:

Independent Third-Party Financial Efficiency Review

SB 63 subjects BART, Muni, Caltrain, and AC Transit to a mandatory independent third-party financial efficiency review that identifies cost-saving opportunities and efficiencies. The bill requires these operators to adopt an implementation plan detailing which cost-saving opportunities and efficiencies they will take to continue receiving SB 63 revenues.

Regional Network Management

Reflecting elected officials' and the public's long-standing desire for more effective transit coordination for a seamless and positive rider experience, SB 63 provides real teeth to the enforcement of regional network management policies developed under the existing regional network management framework. These policies and programs include initiatives such as free and discounted transfers, the popular Bay Pass program, and other policies to ensure greater coordination on schedules, fares, and other standards, while providing flexibility for these policies to evolve to meet rider needs.

SB 63 requires BART, Muni, Caltrain, AC Transit, SF Bay Ferry, County Connection, WestCAT, Tri Delta Transit, LAVTA, and Union City Transit to comply with these policies and programs to receive SB 63 revenues.

Strong Legal Requirements on Distribution of Revenues

SB 63 prescribes how the Transportation Revenue Measure District (TRMD) and Metropolitan Transportation Commission (MTC) shall distribute SB 63 revenues. Specifically, the TRMD and MTC are responsible for distributing specified revenues to county transportation entities and transit operators, respectively, at the levels proposed in the SB 63 expenditure plan. SB 63 specifies that the TRMD has no ability to withhold the funds it is responsible for allocating - meaning that the county transportation entities will get their return to source funds. Further, SB 63 specifies how MTC is or is not to condition the funds it must allocate to the transit operators, providing operators with clear expectations of expected revenues while enforcing accountability.

Independent Oversight

Section 67754 added by the bill requires the establishment of an Independent Oversight Committee with membership appointed by the participating counties. The Independent Oversight Committee is tasked with ensuring that regional measure revenues are spent consistent with SB 63's requirements.

New and Enhanced Accountability Requirements

Relationships and Desires for Accountability Vary Across the Region

A regional transit measure as contemplated by SB 63 is inherently and understandably complicated by the varying perspectives, histories, and resulting concerns that different counties have of and with different transit operators. We acknowledge concerns that have been raised by San Mateo County stakeholders related to San Mateo County residents not having direct representation on the boards of some operators proposed to be funded by an SB 63 revenue measure (particularly BART and Muni), and an ensuing call for additional accountability measures beyond those required in the bill to ensure that operators fairly and consistently apply their adopted standards, policies, and commitments across participating counties. Given the significant, temporary increase in operating funding provided by SB 63 to transit, we believe that a broad desire for enhanced accountability is shared by counties throughout the region. Additionally, we have heard a strong call for enhanced financial efficiency measures in the bill from various public and elected stakeholders.

Regional Accountability Committee

Acknowledging a need to establish enhanced accountability measures, we will include in SB 63 an Accountability Committee (see detailed proposal/text in Attachment A) that is composed of 2 representatives from each participating county and is tasked with ensuring that specified transit operators consistently and fairly apply adopted standards, policies, and commitments related to cleanliness, service changes, fare policy, and other relevant areas. The accountability committee provides a direct, equal, and fair venue for participating counties - including counties that do not have direct governing relationships with transit operators - to assess and adjudicate claims by county transportation entities that such standards, policies, or commitments are not being fairly and consistently applied across counties. By authorizing the accountability committee to require corrective action and withhold up to 5% of the funds from transit operators until that corrective action is taken, this framework provides unprecedented accountability for all counties onto these specified operators in a manner that upholds region-wide standards of accountability and fairness.

We believe this regional accountability approach provides a strong and equitable mechanism to address the oversight and representation concerns that San Mateo County stakeholders have raised with us while also benefiting and being able to garner support from all participating counties.

Strengthened Financial Efficiency Review

Pursuant to feedback received from various stakeholders - and in an effort to more closely align with similar efficiency review models - we will also update and strengthen the financial efficiency review language included in SB 63 (see Attachment B for detailed proposal/text). Specifically, we are updating the financial efficiency review language to include an early action phase to deliver near-term efficiency improvements in mid-2026, establishing an Oversight Committee composed of transit operators and independent experts to exercise approval authority over operator-prepared implementation plans based on the more comprehensive review phase, and establishing a requirement for operators to adhere to adopted implementation plan

8/6/2025

Chairs Noack, Haubert, Meadows, Melgar, Gee, Lopez, Romero, and Rak

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commitments. We believe that these changes will increase the effectiveness of the financial efficiency review and help set our region's operators on a course toward long term fiscal sustainability.

In summary, we believe that our planned accountability refinements and additions provide a fair, region wide approach to accountability that is robust and flexible enough to address variation in governance and representation structures for all participating counties while conforming to principles of regional fairness and fair treatment. As reflected in recent correspondence provided to our offices, accountability approaches that involve the unilateral withholding of funds or mandating of bilateral agreements would set an uneven accountability playing field and is not sufficiently supported by the existing revenue measure district counties. It thus could not be incorporated into the legislation without posing a significant risk to the viability of a measure. While we are strongly supportive of enhanced accountability provisions and seek continued engagement with stakeholders, we could not entertain accountability provisions that allow a specific county to separately condition funds to BART, Muni, Caltrain, or AC Transit. Similarly, we are not willing to prescribe entry into bilateral agreements between specific operators or counties as a requirement within SB 63.

We appreciate the robust and heartfelt dialogue on accountability that SB 63 has engendered in the region and we trust that all stakeholders understand that we must ensure fairness and equal treatment for all participating jurisdictions.

Sincerely,



Scott Wiener
Senator, 11th District



Jesse Arreguin
Senator, 7th District

Cc:

Senator Josh Becker - Chair, Bay Area Caucus

Assemblymember Buffy Wicks - Vice-Chair, Bay Area Caucus and Chair, Assembly

Appropriations Committee

Senator Dave Cortese - Chair, Senate Transportation Committee

Assemblymember Lori Wilson - Chair, Assembly Transportation Committee

Senator Jerry McNerney - Chair, Senate Revenue and Taxation Committee

Assemblymember Mike Gipson - Chair, Assembly Revenue and Taxation Committee

Senator Anna Caballero - Chair, Senate Appropriations Committee

Margaret Abe-Koga, MTC Commissioner

Candace Andersen, MTC Commissioner

Marilyn Ezzy Ashcraft, MTC Commissioner

Pat Burt, MTC Commissioner

David Canepa, MTC Commissioner

Alicia John-Baptiste, MTC Commissioner

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Mayor Barbara Lee, MTC Commissioner

Mayor Matt Mahan, MTC Commissioner

Nate Miley, MTC Commissioner

Gina Papan, MTC Commissioner

Mark Foley - Chair, Bay Area Rapid Transit District (BART)

Diane Shaw - President, Alameda-Contra Costa Transit District (AC Transit)

Janet Tarlov - Chair, San Francisco Municipal Transportation Agency (SFMTA) Board of Directors

Steve Heminger - Chair, Peninsula Corridor Joint Powers Board (Caltrain)

Andrew Fremier - Executive Director, MTC

Tony Tavares - Executive Director, ACTC

Timothy Haile - Executive Director, CCTA

Tilly Chang - Executive Director, SFCTA

April Chan - General Manager/CEO, SMCTD and Executive Director, SMCTA

Carolyn Gonot - General Manager/CEO, SCVTA

Sean Charpentier - Executive Director, C/CAG

Robert Powers - General Manager, BART

Salvador Llamas - General Manager/CEO, AC Transit

Julie Kirschbaum - Director of Transportation, SFMTA

Michelle Bouchard - Executive Director, Caltrain

Senator Christopher Cabaldon - Member, Bay Area Caucus

Senator Tim Grayson - Member, Bay Area Caucus

President Pro Tempore Mike McGuire - Member, Bay Area Caucus

Senator Aisha Wahab - Member, Bay Area Caucus

Assemblymember Cecilia M. Aguiar-Curry - Member, Bay Area Caucus

Assemblymember Patrick J. Ahrens - Member, Bay Area Caucus

Assemblymember Anamarie Avila Farias - Member, Bay Area Caucus

Assemblymember Rebecca Bauer-Kahan - Member, Bay Area Caucus

Assemblymember Marc Berman - Member, Bay Area Caucus

Assemblymember Mia Bonta - Member, Bay Area Caucus

Assemblymember Damon Connolly - Member, Bay Area Caucus

Assemblymember Matt Haney - Member, Bay Area Caucus

Assemblymember Ash Kalra - Member, Bay Area Caucus

Assemblymember Alex Lee - Member, Bay Area Caucus

Assemblymember Liz Ortega - Member, Bay Area Caucus

Assemblymember Diane Papan - Member, Bay Area Caucus

Assemblymember Gail Pellerin - Member, Bay Area Caucus

Speaker Robert Rivas - Member, Bay Area Caucus

Assemblymember Chris Rogers - Member, Bay Area Caucus

Assemblymember Catherine Stefani - Member, Bay Area Caucus

Attachment A

SB 63 Authors' Accountability Committee Proposal

Summary

This approach describes a regional oversight structure to ensure that transit operators receiving significant funding from a new SB 63 sales tax are accountable to the counties participating in the measure by requiring transit operators 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. Specifically, it provides participating counties a venue to raise concerns and seek redress while upholding region wide standards of accountability and fairness.

Definitions

Participating County Entity: Refers to the representative county transportation entity of a county included in the geography of the Transportation Revenue Measure District (TRMD) – aka a county that is participating in the revenue measure. Participating County Entities for a 5-County measure are: ACTC, CCTA, SFCTA, SMCTD, and VTA.

Subject Operator: Refers to an operator set to receive greater than \$50 million in FY 31 dollars from MTC through a Regional Transportation Revenue Measure as specified in GOV 67750(c) of SB 63: BART, Muni, AC Transit, and Caltrain.

Proposal Text:

- 1) SB 63 requires MTC to establish an Accountability Committee that consists of two commissioners from each of the participating counties.
- 2) The Accountability Committee shall be responsible for assessing and adjudicating petitions from a participating county entity regarding regionally inconsistent application or execution of a subject operator's adopted standards, policies, or commitments described in (3) across participating counties. This would occur in circumstances when:
 - (a) A subject operator is not consistently applying or achieving the standard, policy, or commitment in the participating county entity's geographic jurisdiction as reasonably compared to other participating county entity's geographic jurisdictions.
 - (b) The standard, policy, or commitment disproportionately disadvantages the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction and there is no compelling reason for that standard, policy, or commitment to disproportionately disadvantage the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction.
- 3) The scope of the adopted standards, policies, or commitments – or application of those standards, policies, or commitments – that may be the subject of the petition, assessment, and

adjudication are the following issues related to the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction:

- a) Service frequency or route changes
 - b) Fare policy, such as the assessment of surcharges
 - c) Station, facility, or vehicle cleanliness
 - d) Station or facility maintenance
 - e) Station or facility closures
 - f) Safety and Security
- 4) The participating county entity shall seek to address the issue that is the subject of a prospective petition directly with the subject operator, including providing the operator an opportunity to directly address the issue, prior to taking the board action required by (5).
 - 5) A participating county entity shall take a formal board action in order to petition the Accountability Committee.
 - 6) Assessment and Adjudication: If presented with a petition from a participating county entity, the Accountability Committee shall determine the following in consultation with the participating county entity and subject transit operator:
 - a) Whether the Accountability Committee agrees with the participating county entity's claim(s) in the petition.
 - b) Whether it shall recommend to the commission corrective action and a response/cure period by the subject operator to address the participating county entity's petition or if no further action is necessary.
 - 7) If the operator is non-responsive or the response is insufficient, the Accountability Committee shall determine whether or not to recommend that the commission withhold, in total at any given time, up to 5 percent of SB 63 regional revenue measure funding dedicated to the subject operator as specified in GOV 67750(c) in an amount the Accountability Committee deems proportionate to the issue that was the subject of the petition.
 - 8) Recommendations by the committee to withhold funds from a subject operator shall be approved by the commission unless rejected by a 2/3rd supermajority of its voting members.

Attachment B

SB 63 Authors' Financial Efficiency Review Proposal

This proposal requires the four transit operators receiving greater than \$50 million in regional revenue measure funds from MTC (BART, Caltrain, Muni, and AC Transit) to undergo a multi-phase comprehensive financial efficiency review that identifies cost-saving and service improvement opportunities for the transit operators, with regular compliance and verification that the operators are implementing these measures. In doing so, it improves financial efficiency for the transit operators, while moving them toward long-term fiscal sustainability, and results in more effective expenditure of taxpayer resources.

Specifically, the proposal does the following:

- Requires MTC to contract with a third party to conduct a two-part efficiency review consisting of:
 - An early action phase to improve service using existing resources
 - A more comprehensive phase, if the measure passes, to identify cost-saving measures and efficiencies that would reduce one-time and ongoing fixed and variable transit operator costs
- Requires BART, Muni, AC Transit, and Caltrain to commit to taking early actions identified in phase 1 of the review.
- Requires BART, Muni, AC Transit, and Caltrain to work with an Oversight Committee that includes independent public transit experts to adopt implementation plans detailing cost-saving measures identified in phase 2 of the review they will take.
- Requires the commission to work with transit operators to verify they adhere to their adopted implementation plans over the life of the measure, ensuring follow-through.

Replace Sections 67760 through 67767 in SB 63 with the following:

CHAPTER 4. Financial Transparency and Review

67760. *(a) The Legislature finds and declares that financial efficiency and transparency are imperative to build public confidence and support for public transportation.*

67762. *(a) The commission shall engage in a financial efficiency review of AC Transit, BART, Caltrain, and Muni pursuant to the timeline in Section 67766.*

(b) Phase One of the review shall exclusively identify the following:

(1) Cost-saving measures and efficiencies implemented by the transit operators subject to the review since January 1, 2020.

(2) Early action strategies that would assist the transit operators subject to the review in delivering increased or improved service and enhanced customer experiences with existing resources.

(c) Phase Two of the review shall identify a menu of cost-saving efficiencies that, if implemented, would reduce one-time and ongoing fixed and variable costs for the transit operators subject to the review.

(d) The scope of both phases of the review shall consider administrative, operating, and capital costs and shall clearly distinguish between any recommended actions that would not impact service and those that would require service realignments or reductions.

67764. *(a) The commission shall contract and manage a third party. The third party shall conduct one or both phases of the review in consultation with the transit operators subject to the review and an Oversight Committee established by the commission that consists of the following:*

- 1. The Chair of the commission, or another member of the commission designated by the chair*
- 2. The Board Chair, or another member of the board designated by the chair, of each transit operator that is subject to the review*
- 3. Four independent experts appointed by the California Secretary of Transportation with expertise in public transportation operations and finance*

67766. *(a) By May 1, 2026, the independent third party procured for Phase One shall complete the Phase One analysis described in subdivision (b) of section 67762 and transmit it to the Oversight Committee. The Oversight Committee shall approve the Phase One analysis and transmit it to the following entities:*

(1) The transit operators subject to the review

(3) The Legislature, in compliance with Section 9795

(4) The Transportation Agency

(5) Each of the county transportation entities identified in the SB 63 expenditure plan.

(b) By July 1, 2026 the transit operators subject to the review shall identify the specific strategies in the analysis described in subdivision (b) of section 67762 that they are willing to implement, and commit to such implementation.

(c) No later than 16 months after the election results are certified, and if the certified election results identify that the measure has passed, all of the following shall occur:

- (1) The independent third party procured for Phase Two shall complete the analysis described in subdivision (c) of section 67762 and transmit it to the Oversight Committee for transmittal to the entities described in paragraphs (1) to (4), inclusive, of subdivision (a)*
- (2) The Oversight Committee shall specify to the transit operators subject to the review what information, at a minimum, shall be included for each efficiency and cost-saving measure identified in the implementation plans required by this subdivision.*

(d) No later than 4 months after the the actions required by (c), each transit operator subject to the review shall submit to the Oversight Committee a draft implementation plan that describes all measurable efficiency and cost-saving measures the transit operator plans to implement, including all information related to those measures required by the Oversight Committee pursuant to (c). In developing the implementation plan, the transit operator shall balance financial efficiency, service, and system safety.

(e) The Oversight Committee shall review each draft implementation plan and either approve the plan or recommend revisions to further facilitate the implementation of recommendations identified in the Phase Two Analysis.

(f) No later than two months after the Oversight Committee takes action pursuant to (e), the transit operator's board shall do all of the following:

- (1) Incorporate Oversight Committee recommendations made pursuant to (e), if applicable.*
- (2) Adopt a final implementation plan and transmit it to the Oversight Committee and to the entities described in paragraphs (1) to (4), inclusive, of subdivision (a).*
- (3) Notwithstanding (1), an operator may reject including one or more of the Oversight Committee recommendations made pursuant to (e) if the operator makes a written finding when adopting the final implementation plan pursuant to (2) that the recommendation has an unacceptable impact on transit service or safety.*

(g) The Oversight Committee shall sunset after each transit operator subject to the review takes the actions required by (f). Each transit operator subject to the review shall adhere to the final implementation plan it adopted pursuant to (f) for the remainder of the life of the measure, until all specified actions have been completed or unless doing so is infeasible due to circumstances beyond the operator's control, in which case the operator shall make a good faith effort to comply.

(h) As a condition of receiving continued funding pursuant to Chapter 3 (commencing with Section 67750), the commission shall verify that each transit operator subject to the review is in compliance with the requirements of this Chapter.

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July 23, 2025

Sue Noack

Chair, Metropolitan Transportation Commission (MTC)

David Haubert

Chair, Alameda County Transportation Commission (ACTC)

Aaron Meadows

Chair, Contra Costa Transportation Authority (CCTA)

Myrna Melgar

Chair, San Francisco County Transportation Authority (SFCTA) and MTC Commissioner

Jeff Gee

Chair, San Mateo County Transportation District (SMCTD)

Carlos Romero

Chair, San Mateo County Transportation Authority (SMCTA)

Sergio Lopez

Chair, Santa Clara Valley Transportation Authority (SCVTA)

Re: Senate Bill 63 (Wiener, Arreguin) - Proposed Five-County Expenditure Plan

Dear Chairs Noack, Haubert, Meadows, Melgar, Gee, Romero, and Lopez,

We write with an update regarding our work to provide critically needed revenue to preserve and improve public transportation service in the Bay Area. Our region's major public transportation

systems — including BART, AC Transit, Caltrain, and Muni — are at a crossroads. These public transit operators face the prospect of devastating service cuts that would force them into a death spiral after emergency federal and state assistance runs out in the next few years. Other operators — such as SamTrans and VTA — may also face growing financial needs in the coming years as they seek to sustain and enhance services or invest in transit capital projects.

A future with severely diminished public transportation is unacceptable for the Bay Area's residents, visitors, and economy. Close to 60% of Bay Area public transportation riders use transit five or more days per week and 91% expect to ride transit the same or more next year.¹ According to recent polling, two thirds of likely Bay Area voters agree that Bay Area public transit needs more operations funding, and a majority of likely voters in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties would support a sales tax to provide this critically needed funding.²

We introduced SB 63 to authorize a Bay Area sales tax measure that would — in combination with other local strategies — prevent these devastating service cuts while improving the rider experience. Over the past several years, both before and since introducing SB 63, we have engaged with numerous local stakeholders to ensure we understand key considerations related to a potential regional transportation revenue measure. This led us to propose a three-county sales tax measure, with the opportunity for San Mateo and Santa Clara counties to opt in to the measure. We resolved to seek technical assistance from staff at the five county transportation authorities that may be part of the measure, transit operators, and other stakeholders in order to inform a potential expenditure plan.

In order to provide counties with the information they need to determine whether to opt in to the sales tax measure proposed by SB 63, these counties — as well as all of the other counties that are in the measure — need to understand what the expenditure plan would be. **To that end, we propose the following five-county expenditure plan for an SB 63 sales tax measure.** This expenditure plan does *not* contemplate a three- or four-county measure should San Mateo or Santa Clara counties not opt in to a measure. Separate conversations are necessary to determine an expenditure plan for a three- or four-county measure.

Proposed Expenditure Plan Informed by Local Input and Technical Assistance

We would like to thank county transportation authority and transit operator staff for their technical assistance while SB 63 has proceeded through the legislative process. Staff responded in a timely manner to our requests for information related to operator deficits, ridership data, and different ridership-based methodologies for attributing responsibility for operator deficits amongst counties for the purposes of SB 63. We also appreciate MTC for engaging, at the request of various counties, in an independent third-party review of BART's, Caltrain's, Muni's, and AC Transit's deficits. We also thank MTC for providing technical assistance on various measure administrative costs and working to develop more consensus at the commission level on potential transit transformation expenditures and levels. Finally, we appreciate staff at Caltrain

¹ [MTC Travel Survey Summary](#)

² [MTC Polling Report](#)

and its member agencies for socializing and discussing a variety of options to address Caltrain's reported deficit. To date, this specific expenditure plan was not provided or explicitly endorsed by specific staff or local boards, but it is informed by the described technical assistance.

Existing transit funding relationships among Bay Area counties and transit operators are complex and varied, making it especially challenging to develop an expenditure plan for a regional measure that both addresses key transit needs and is as fair and consistent as possible. This technical assistance we received from local agency staff and policy makers was instrumental in helping us develop an expenditure plan that results in counties paying for systems their residents use in a fair manner.

We acknowledge the complexity and long history behind existing Bay Area public transportation agency funding relationships. This expenditure plan is not intended to set a new precedent for locally governed funding relationships. Rather, it provides medium-term stability for public transit systems in a manner that is as fair and consistent as possible, allowing transit systems to maintain service while longer term conversations over local funding relationships can continue as needed.

Revenue Measure Overview

Revenue Mechanism: Sales Tax

Geography: Counties of Alameda, Contra Costa, San Mateo, and Santa Clara and the City and County of San Francisco

Rates: ½ cent in Alameda, Contra Costa, San Mateo, and Santa Clara Counties and one cent in San Francisco

Duration: 14 years

Expenditure Plan Overview

The expenditure plan included in SB 63 will dedicate a specified *percentage of the total measure* for each recipient referenced in the expenditure plan. These target funding amounts are informed by technical assistance received during the expenditure plan development process. The designated recipients are:

- The Transportation Revenue Measure District (TRMD) created by the bill, for administration
 - The administrative allocation is 0.22% (calculated as the sum of 0.25% of each county's ½-cent revenue generation)
 - In addition to an annual administrative allocation, one-time administrative costs to be taken off the top of the measure, including the financial efficiency review and ballot-related expenses
- MTC, to implement rider-focused transit improvements, consistent with the Bay Area's 2021 Transit Transformation Action Plan (T-TAP):
 - Fare programs (Clipper START and free/discounted transfers)
 - Accessibility
 - Transit Priority (including Transit Signal Priority) and Mapping and Wayfinding

- The Transit Transformation allocation is 4.4% (calculated as the sum of 5% of each county's ½-cent revenue generation)
- MTC to allocate to the following operators for public transit operations expenses. Note that additional conversations related to accountability of such funds continue and will be further socialized prior to planned opt-in votes by counties. For example, the language regarding the financial efficiency review is being finalized. Also, San Mateo County partners have expressed a desire for additional accountability measures. The operators to receive their specified allocations from MTC are:
 - BART
 - Caltrain
 - Caltrain figure is based on a distribution discussed at the most recent Caltrain ad hoc meeting. Additional conversations by Caltrain member agencies to confirm this figure continue. The Caltrain funding amount shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.
 - AC Transit
 - Muni
 - SF Bay Ferry
 - Golden Gate Transit
 - Alameda County small bus operators dedicated pot (LAVTA and Union City Transit)
 - The magnitude of the allocations to each individual operator identified in this pot determined by ACTC on an annual basis
 - Contra Costa County small bus operators dedicated pot (County Connection, Tri Delta Transit, and WestCAT)
 - The magnitude of the allocations to each individual operator identified in this pot determined by CCTA on an annual basis
- The following county transportation entities receive all remaining funds – if any – generated in their counties not used for the transit operators/initiatives in the expenditure plan, for public transportation expenses, with no ability for the TRMD/MTC to withhold these funds
 - ACTC
 - CCTA
 - SFCTA
 - SMCTD
 - SCVTA

Expenditure Plan – Annual TRMD/MTC Funding

Entity/Purpose	% of Measure	FY 31 \$s (\$millions)
TRMD, Administration	0.22%	\$2.32
MTC, rider-focused T-TAP	4.4%	\$46.40

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In the bill, MTC Transit Transformation amounts will be split up into the below programs:

MTC Transit Transformation Detailed Breakdown

Program/Investments	% of Measure	FY 31 \$s (\$millions)
Clipper START/Free Transfers	2.5%	\$25.78
Accessibility	1.0%	\$10.31
Transit Priority (i.e. TSP) and Mapping and Wayfinding	1.0%	\$10.31
Totals	4.4%	\$46.40

Operator Recipients (percents and dollars rounded to the nearest whole number, except when percentage is under 3%, where it is rounded to the nearest tenth, or dollar amount is under \$30, where it is rounded to the nearest hundredth)

Operator	% of Measure	FY 31 \$s (\$millions)
BART*	31%	\$330
AC Transit	5%	\$51
Muni*	16%	\$170
Caltrain**	7%	\$75
Alameda County Small Bus Operators (LAVTA and Union City Transit)	0.5%	\$5.25
Contra Costa County Small Bus Operators (County Connection, Tri Delta Transit, and WestCAT)	1.5%	\$15.75
SF Bay Ferry	0.7%	\$7
Golden Gate Transit	0.1%	\$1

*Conversations with specific counties regarding accountability related to BART and Muni continue. The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

**The Caltrain funding figure is provisional pending further confirmation from member agencies. The Caltrain funding figure shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

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County Transportation Entities (percents and dollars rounded to the nearest whole number, except when percentage is under 3%, where it is rounded to the nearest tenth, or dollar amount is under \$30, where it is rounded to the nearest hundredth)

Entity	% of Measure	FY 31 (\$\$s) (\$millions)
ACTC	1.0%	\$10.26
CCTA	2.5%	\$26.51
SFCTA	0%	\$0
SMCTD	4.7%	\$50.00
VTA	25.1%	\$264.07

Resolution Related to Accountability and Financial Efficiency is Necessary

Separate from the discussion of the expenditure plan, we continue to work with local stakeholders to finalize the financial efficiency review language in the bill. Additionally, San Mateo County partners have expressed a desire for additional accountability measures. We will be in touch with relevant staff and stakeholders on this language. The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara meetings where relevant boards will discuss opting in to the measure.

Thank you for your consideration of the proposed five-county SB 63 expenditure plan. Should you have any questions, please reach out to us directly or to Raayan Mohtashemi or Luis Amezcua on our staff at raayan.mohtashemi@sen.ca.gov or luis.amezcua@sen.ca.gov.

Sincerely,



Scott Wiener
Senator, 11th District



Jesse Arreguin
Senator, 7th District

Cc:

President Pro Tempore Mike McGuire - Member, Bay Area Caucus

Speaker Robert Rivas - Member, Bay Area Caucus

Senator Josh Becker - Chair, Bay Area Caucus

Assemblymember Buffy Wicks - Vice-Chair, Bay Area Caucus and Chair, Assembly Appropriations Committee

Senator Dave Cortese - Chair, Senate Transportation Committee

Assemblymember Lori Wilson - Chair, Assembly Transportation Committee

Senator Jerry McNerney - Chair, Senate Revenue and Taxation Committee

Assemblymember Mike Gipson - Chair, Assembly Revenue and Taxation Committee

Senator Anna Caballero - Chair, Senate Appropriations Committee

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Candace Andersen, President, Contra Costa County Board of Supervisors and MTC Commissioner
 Rafael Mandelman, President, City and County of San Francisco Board of Supervisors
 David Canepa, President, San Mateo County Board of Supervisors and MTC Commissioner
 Otto Lee, President, Santa Clara County Board of Supervisors
 Barbara Lee, Mayor, City of Oakland and MTC Commissioner
 Daniel Lurie, Mayor, City and County of San Francisco
 Matt Mahan, Mayor, City of San Jose and MTC Commissioner
 Gary Singh - Mayor, City of Union City
 Margaret Abe-Koga, MTC Commissioner
 Marilyn Ezzy Ashcraft, MTC Commissioner
 Pat Burt, MTC Commissioner
 Alicia John-Baptiste, MTC Commissioner
 Nate Miley, MTC Commissioner
 Gina Papan, MTC Commissioner
 Adam Rak - Chair, City/County Association of Governments of San Mateo County (C/CAG)
 Mark Foley - Chair, Bay Area Rapid Transit District (BART)
 Diane Shaw - President, Alameda-Contra Costa Transit District (AC Transit)
 Janet Tarlov - Chair, San Francisco Municipal Transportation Agency (SFMTA) Board of Directors
 Steve Heminger - Chair, Peninsula Corridor Joint Powers Board (Caltrain)
 Kevin Wilk - Chair, Central Contra Costa Transit Authority (County Connection)
 Diane Burgis - Chair, Eastern Contra Costa Transit Authority (Tri Delta Transit)
 Tiffany Grimsley - Chair, Western Contra Costa Transit Authority (WestCAT)
 Julie Testa - Chair, Livermore Amador Valley Transit Authority (LAVTA)
 Jim Wunderman - Chair, San Francisco Bay Ferry
 Gerald D. Cochran - President, Golden Gate Bridge Highway and Transportation District
 Andrew Fremier - Executive Director, MTC
 Tony Tavares - Executive Director, ACTC
 Timothy Haile - Executive Director, CCTA
 Tilly Chang - Executive Director, SFCTA
 April Chan - General Manager/CEO, SMCTD and Executive Director, SMCTA
 Carolyn Gonot - General Manager/CEO, SCVTA
 Sean Charpentier - Executive Director, C/CAG
 Robert Powers - General Manager, BART
 Salvador Llamas - General Manager/CEO, AC Transit
 Julie Kirschbaum - Director of Transportation, SFMTA
 Michelle Bouchard - Executive Director, Caltrain
 Bill Churchill - General Manager, County Connection
 Rashidi Barnes - CEO, Tri Delta Transit
 Rob Thompson - General Manager, WestCAT
 Christy Wegener - Executive Director, LAVTA
 Stephen Adams - Transit Manager, Union City Transit
 Seamus Murphy - Executive Director, San Francisco Bay Ferry
 Denis Mulligan - General Manager, Golden Gate Bridge Highway and Transportation District

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Senator Christopher Cabaldon - Member, Bay Area Caucus
Senator Tim Grayson - Member, Bay Area Caucus
Senator Aisha Wahab - Member, Bay Area Caucus
Assemblymember Cecilia M. Aguiar-Curry - Member, Bay Area Caucus
Assemblymember Patrick J. Ahrens - Member, Bay Area Caucus
Assemblymember Anamarie Avila Farias - Member, Bay Area Caucus
Assemblymember Rebecca Bauer-Kahan - Member, Bay Area Caucus
Assemblymember Marc Berman - Member, Bay Area Caucus
Assemblymember Mia Bonta - Member, Bay Area Caucus
Assemblymember Damon Connolly - Member, Bay Area Caucus
Assemblymember Matt Haney - Member, Bay Area Caucus
Assemblymember Ash Kalra - Member, Bay Area Caucus
Assemblymember Alex Lee - Member, Bay Area Caucus
Assemblymember Liz Ortega - Member, Bay Area Caucus
Assemblymember Diane Papan - Member, Bay Area Caucus
Assemblymember Gail Pellerin - Member, Bay Area Caucus
Assemblymember Chris Rogers - Member, Bay Area Caucus
Assemblymember Catherine Stefani - Member, Bay Area Caucus

County	Tax Rate	Revenue Generated*	Admin**	T-TAP**	BART	AC Transit	Muni	Caltrain	East Bay Small Bus	SF Bay Ferry	GGBHTD	Remaining Revenue	% County Share Left	% Measure Left	
AC	0.5%	\$ 216	\$ 0.54	\$ 10.80	\$ 139.76	\$ 45.90			\$ 5.25	\$ 3.50		\$ 10.26	4.75%	0.97%	Remaining revenue goes to ACTC
CC	0.5%	\$ 138	\$ 0.35	\$ 6.90	\$ 80.85	\$ 5.10	\$ 1.50		\$ 15.75	\$ 1.05		\$ 26.51	19.21%	2.51%	Remaining revenue goes to CCTA
CCSF	1%	\$ 252	\$ 0.32	\$ 6.30	\$ 73.43		\$ 158.51	\$ 10.00		\$ 2.45	\$ 1.00	\$ 0.00	0.00%	0.00%	
SMC	0.5%	\$ 135	\$ 0.34	\$ 6.75	\$ 35.97		\$ 9.99	\$ 32.50				\$ 49.45	36.63%	4.69%	Remaining Revenue goes to SMCTD
SCC	0.5%	\$ 313	\$ 0.78	\$ 15.65				\$ 32.50				\$ 264.07	84.37%	25.0538%	Remaining Revenue goes to VTA
Totals		\$ 1,054	\$ 2.32	\$ 46.40	\$ 330.00	\$ 51.00	\$ 170.00	\$ 75.00	\$ 21.00	\$ 7.00	\$ 1.00	\$ 350.28		33.23%	
Percentages			0.22%	4.40%	31.31%	4.84%	16.13%	7.12%	1.99%	0.66%	0.09%	33.23%			
													Total \$	\$ 1,054.00	
Admin**	0.25%	\$ 2.32											Total %	100.00%	
T-TAP***	5.0%	\$ 46.40													

*FY 31 HDL Tax Projections
**Calculated as percentage of 0.5-Cent revenue generation, regardless of the county's tax rate

East Bay Small Operators Breakdown

County	\$	% Measure
AC Pot	\$ 5.25	0.5%
CC Pot	\$ 15.75	1.5%

Transit Transformation Breakdown

T-TAP	\$	Share	Total \$	Total %
Fares	\$ 25	56%	\$ 25.78	2.45%
Access	\$ 10	22%	\$ 10.31	0.98%
TP & WF	\$ 10	22%	\$ 10.31	0.98%
Totals	\$ 45	100%	\$ 46.40	4.40%

Overall Operator Funding Targets

BART	AC Transit	Muni	Caltrain	Small Bus	WETA	GGBHTD
330	51	306	75	21	7	1
		170.0				

Attribution Percentages

	BART	AC Transit	Muni	Caltrain	Small Bus	WETA	GGBHTD
AC	42.35%	90%			25%	50%	
CC	24.50%	10%	0.49%		75%	15%	
CCSF	22.25%		96.2%	13.33%		35%	100%
SMC	10.90%		3.3%	43.33%			
SCC				43.33%			
Totals	100.0%	100%	100%	100%	100%	100%	100%

Attribution \$\$'s (\$millions)

	BART	AC Transit	Muni	Caltrain	Small Bus	WETA	GGBHTD	Totals
AC	\$ 139.76	\$ 45.90			\$ 5.25	\$ 3.50		\$ 194.41
CC	\$ 80.85	\$ 5.10	\$ 1.50		\$ 15.75	\$ 1.05		\$ 104.25
CCSF	\$ 73.43		\$ 158.51	\$ 10.00		\$ 2.45	\$ 1.00	\$ 245.38
SMC	\$ 35.97		\$ 9.99	\$ 32.50				\$ 78.46
SCC				\$ 32.50				\$ 32.50
Totals	\$ 330.0	\$ 51.0	\$ 170.0	\$ 75.0	\$ 21.0	\$ 7.0	\$ 1.0	\$ 655.00

County	Sperry 0.5-Cent Revenue				HDL 0.5-Cent Revenue			
	Generation		Generation		Generation		Generation	
	FY 28	FY 31	FY 28	FY 31	FY 28	FY 31	FY 28	FY 31
AC	\$	222	\$	243	\$	203	\$	216
CC	\$	126	\$	137	\$	127	\$	138
CCSF	\$	107	\$	117	\$	114	\$	126
SMC	\$	124	\$	135	\$	121	\$	135
SCC	\$	322	\$	352	\$	282	\$	313
Totals	\$	901	\$	984	\$	847	\$	928

Supporting Material - SB 63 Expenditure Plan

County Revenue Distribution Detail

Illustrates the county-by-county attributions of operator deficits that were used to inform the amount of revenue returned to each county's relevant county transportation entity.

County Revenue Distribution Detail - Attribution Dollars (\$ millions, FY 31 HDL)

Operator /County	BART	AC Transit	Muni	Caltrain **	LAVTA & Union City Transit	County Connection, Tri Delta Transit, & WestCAT	SF Bay Ferry	Golden Gate Transit
AC	\$139.76	\$45.90			\$5.25		\$3.50	
CC	\$80.85	\$5.10	\$1.50			\$15.75	\$1.05	
CCSF	\$73.43		\$158.51	\$10			\$2.45	\$1.00
SMC	\$32 in current year dollars as described at SamTrans and SMCTA, \$35.97* in FY 31		\$9.99*	\$32.5				
SCC				\$32.5				
Totals	\$330	\$51	\$170	\$75	\$5.25	\$15.75	\$7.00	\$1.00

*Conversations with San Mateo regarding accountability related to BART and Muni continue.

The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

**The Caltrain funding figure is provisional pending further confirmation from member agencies. The Caltrain funding figure shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

Attribution Percentages

Operator /County	BART	AC Transit	Muni	Caltrain **	LAVTA & Union City Transit	County Connection, Tri Delta Transit, & WestCAT	SF Bay Ferry	Golden Gate Transit
AC	42.35%	90%			100%		50%	
CC	24.50%	10%	0.49%			100%	15%	
CCSF	22.25%		96.2%	13.33%			35%	100%
SMC	10.90%*		3.3%*	43.33%				
SCC				43.33%				

*Conversations with San Mateo regarding accountability related to BART and Muni continue.

The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

**The Caltrain funding figure is provisional pending further confirmation from member agencies. The Caltrain funding figure shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

Sales Tax Revenue Projections

Attachment B to this letter illustrates the FY 31 HDL sales tax projections - provided by CCTA. FY 31 was used as a rough early midpoint for the measure to provide a more balanced projection of expected revenue for each recipient during the life of the measure. We selected a year that's earlier than the midpoint to account for the fact that operator deficit estimates are more reliable closer to year 1 of the measure. The FY 31 HDL projections are relatively conservative and thus similar to the FY 28 Sperry projections used by MTC.

FY 31 HDL and FY 28 Sperry Projections (\$ millions)*

County	FY 31 HDL Revenue Projection (Courtesy CCTA)	FY 28 Sperry Projection (Courtesy MTC)
Alameda County	\$216	\$222
Contra Costa County	\$138	\$126
City & County of San Francisco	\$252	\$214
San Mateo County	\$135	\$124
Santa Clara County	\$313	\$322
Totals	\$1,054	\$1,008

*Assumes ½-Cent Sales Tax Rate in Alameda, Contra Costa, San Mateo, and Santa Clara counties, and 1 Cent Sales Tax Rate in the City and County of San Francisco



August 1, 2025

April Chan
Chief Executive Officer
San Mateo County Transit District
1250 San Carlos Ave.
San Carlos, CA 94070

RE: Protecting San Mateo County's Interest in Senate Bill 63 – Proposal for Local Oversight and Equity in Regional Transit Funding

Dear Ms. Chan:

Senate Bill 63 proposes a ½-cent regional sales tax to support public transit throughout the Bay Area, taxing five of the nine Bay Area Counties including Contra Costa, Alameda, San Francisco, San Mateo and Santa Clara counties with revenues to be distributed among several major transit operators.

While this regional approach to transit funding is contemplated to facilitate system wide financial stability, it presents unique equity and governance challenges for San Mateo County.

Under the bill as drafted, San Mateo County would contribute substantial tax revenue to transit agencies based outside its jurisdiction—particularly the Bay Area Rapid Transit District (BART) and the San Francisco Municipal Railway (MUNI). San Mateo County lacks any representation, service parity, or operational oversight of these systems, nor does San Mateo County or locally governed transit agencies maintain any contractual service agreements or arrangements with either BART or MUNI that provide any such oversight or operational influence.

Both BART and MUNI provide limited service within the county as does the San Mateo County Transit District (SamTrans) provide limited service to both San Francisco and Santa Clara counties. These informal and traditional arrangements are both common and mutually beneficial between local jurisdictions and overlapping or adjacent transit services. Such overlapping services have never had any formal alignment or contractual basis however nor has funding ever been demanded or expected as part of these overlapping or connected services.

Under SB 63, San Mateo County residents will be taxed to directly subsidize such services, to the mutual benefit of riders from adjacent jurisdictions and the communities therein, yet SB 63 offers no reciprocal investment in San Mateo County transit services from those adjacent jurisdictions nor offers any accountability measures to protect the interests of both riders and taxpayers in San Mateo County.

The Need for San Mateo County Oversight in a Regional Framework

Regional investment must reflect both shared responsibility in maintaining a robust regional transit network as well as operational influence. Requiring San Mateo County taxpayers to fund services directed by agencies beyond their democratic control—without any meaningful voice in operational decisions—sets a novel and perhaps detrimental precedent for regional collaboration.

In no other Bay Area transportation finance measure has a county been asked to contribute so substantially to out-of-county agencies without representation or reciprocal investment. Under prior bridge toll measures such as RM3, for example, revenue flows were determined and managed with defined return-to-source formulas or allocations governed by the Metropolitan Transportation Commission (MTC) with county input.

San Mateo County's Unique Position

San Mateo County is served by a constellation of regional systems (BART, Caltrain, MUNI, and SamTrans), yet has operational control only over SamTrans and shares control over Caltrain through the Peninsula Corridor Joint Powers Board.

Without safeguards, SB 63 would institutionalize a flow of tax revenue to external agencies with no binding agreement or oversight tool to deliver equitable service or improvements in return and to guarantee that such subsidies are expended on the operational and service needs of riders emanating from San Mateo County.

To safeguard local interests while still supporting the regional vision of SB 63, this memo outlines proposed amendments to ensure San Mateo County's contributions yield fair returns in service, limited oversight, and infrastructure investment.

Proposed Amendments: Oversight, Equity, and Accountability for San Mateo County

1. Creation of a San Mateo County Regional Measure Oversight Committee (ROC)

The San Mateo County Regional Measure Oversight Committee (ROC) shall provide governance, oversight, and enforcement of performance standards for transit services funded by the regional sales tax within San Mateo County. The ROC shall have authority

over all funds allocated to BART and MUNI that are attributable to San Mateo County taxpayers.

ROC Membership

The ROC shall consist of the following five voting members:

1. **Elected Member of the San Mateo County Transit District (SamTrans) Board**
(Excluding any member of the San Mateo County Board of Supervisors).
2. **Member of the City/County Association of Governments Board (C/CAG) of San Mateo County**
(Excluding any member of the San Mateo County Board of Supervisors).
3. **Member of the San Mateo County Transportation Authority Board (SMCTA)**
(Excluding any member of the San Mateo County Board of Supervisors).
4. **Member of the San Mateo County Board of Supervisors**
5. **San Mateo County Controller**

2. Revenue Flow for San Mateo County (SMC)

- Regional sales tax revenue collected within San Mateo County and designated for BART or MUNI shall be subject to performance-based release as determined by the ROC.
- No fixed portion of these funds shall be automatically transferred; instead, the entirety of San Mateo County's contributions to BART and MUNI shall be conditionally disbursed based on compliance with oversight terms established by the ROC.

3. ROC Responsibilities and Enforcement Authority

The ROC shall be responsible for negotiating, adopting, and enforcing binding Interagency Agreements with BART and MUNI that govern service and funding obligations related to San Mateo County. These agreements shall include provisions for:

- **Minimum service levels** within San Mateo County (including station coverage, headways, and span of service).
- **Station maintenance** standards, including cleanliness, lighting, safety, and amenities.
- **Fare structure coordination** across BART, MUNI, SamTrans, and Caltrain to ensure equity and accessibility.
- **Schedule integration** to optimize transfers between agencies serving San Mateo County riders.

- **Enforceable benchmarks** to achieve medium to long term sustainability.

Enforcement Mechanisms

If BART or MUNI fails to meet the performance obligations established in the Interagency Agreements, the ROC shall have the authority to:

- Issue formal notices of noncompliance, with defined timelines to cure deficiencies.
- **Withhold any or all funds** otherwise designated for the noncompliant agency, without limitation, until full compliance is achieved.
- Redirect unspent or withheld funds to **SamTrans projects** that benefit San Mateo County riders, upon conclusion of the regional measure's collection period.

4. Equitable Service Provisions

Because ridership and farebox recovery depend on timely, consistent, and coordinated service, the legislation must include enforceable **regional equity standards**:

- **No Disproportionate Service Cuts:** Any reductions by BART or Caltrain must be proportional across counties. San Mateo County shall not bear a greater share of cuts relative to other service areas.
- **MUNI Service Protections:** If MUNI receives funds for service in or out of San Mateo County, any cuts to San Mateo County routes must be no more severe than cuts elsewhere in the system during the lifespan of the tax.
- **Schedule Coordination Mandate:** All participating agencies must coordinate timetables for transfers and connections, particularly at intermodal hubs, to optimize system wide utility and ridership.

5. Fare Equity and Surcharge Prohibition

- **No Additional Surcharges:** SB 63 must prohibit BART or any other operator from imposing additional charges on San Mateo County riders based on county origin or ridership volume. Fare structures must be equitable and regionally consistent.

6. Enforceable Station Operations Standards

All BART and MUNI stations within San Mateo County must meet minimum enforceable standards for:

- Cleanliness
- Lighting and visibility
- Public safety

Failure to meet these standards will trigger:

- Financial penalties to the operator, OR

- Reimbursement costs for corrective actions undertaken by SamTrans or local jurisdictions.

7. Commercial Development and Shared Use at Transit Stations

To enhance the passenger experience and generate sustainable station revenue, operators shall:

- **Collaborate with local governments** to permit retail and commercial activities in station common areas.
- **Facilitate shared parking arrangements** at intermodal stations to allow access by nearby commercial tenants and other transit operators.
- **Engage local economic development agencies** in long-term station area planning.

8. Sunset and Scope of the ROC

- The SamTrans ROC's authority shall apply only to SB 63's 2026 sales tax measure.
- The ROC shall sunset upon full expenditure of the measure's proceeds, unless extended by a future statute.

Thank you in advance for your consideration of this proposal. If you have any questions or concerns, please feel free to contact my office.

Respectfully,



Diane Papan
Assemblymember
District 21



July 29, 2025

April Chan

General Manager and Chief Executive Officer, San Mateo County Transit District (SMCTD) and Executive Director, San Mateo County Transportation Authority (SMCTA)

Sean Charpentier

Executive Director

City/County Association of Governments of San Mateo County (C/CAG)

Via Email

Re: Senate Bill 63 Expenditure Plan and Commitments

Dear General Manager/CEO Chan and Executive Director Charpentier,

On behalf of the San Francisco Municipal Transportation Agency (SFMTA) and the San Francisco Bay Area Rapid Transit District (BART), we are writing to express our sincere gratitude for your continued partnership and support to keeping regional transit service operating and well-funded. Your commitment to a robust and integrated transportation network is vital for the economic vitality and quality of life across our shared communities.

The SFMTA ("Muni") carries approximately ten percent of transit boardings among all operators in San Mateo County. Muni provides service on eleven bus routes that cover portions of North San Mateo County, many of which operate every 8 to 12 minutes during the morning peak. On average, a Muni bus enters or leaves San Mateo County every 40 seconds. The routes that serve San Mateo County provide a one-seat ride from North County to many key destinations for San Mateo County residents. The SFMTA also acknowledges the transit service SamTrans provides into San Francisco to complement transit connections between our two counties further.

BART is a critical piece of the transit network in San Mateo County, and San Mateo County riders are a key part of the BART system. BART carries approximately 25 percent of transit boardings among all operators in San Mateo County and ten percent of all day boardings for

BART originate in San Mateo County. On a typical weekday, BART runs 520 trains into and out of San Mateo County, providing 30 trains per hour before 7PM and averaging 25 trains per hour throughout the service day. Four out of five BART routes serve San Mateo County, providing quick and efficient access to key destinations such as downtown San Francisco, downtown Oakland, and UC Berkeley, among countless others.

In anticipation of the successful passage of a Transportation Revenue Measure in November 2026, which will dedicate revenues to support Bay Area transit agencies, including Muni, BART, Caltrain, and others, we want to reaffirm our commitment to this vital regional partnership. We also want to acknowledge the ongoing discussions around the revenue measure expenditure plan and accountability measures and express our good faith commitment to achieving mutually supportive solutions. With that, the SFMTA and BART are committed to the following today in support of our service to San Mateo County:

- **SFMTA Service Delivery in North San Mateo County:** The SFMTA agrees to exercise its power and authority over the schedules, service levels, and service standards to continue providing service to North San Mateo County in a manner consistent with the SFMTA's system-wide operating policies, subject to requisite analysis and approvals.
- **BART Service Delivery:** BART agrees to exercise its power and authority over schedules, service levels, and service standards to continue providing service to San Mateo County stations in a manner consistent with its system-wide scheduling and planning process.
- **Financial Transparency:** Both agencies commit to providing quarterly or biannual financial updates to the SamTrans General Manager to ensure ongoing transparency regarding our operations.
- **Service Change Consultation and Outreach:** Both agencies agree to present to the SMCTD Board of Directors any proposed substantive service changes that would impact service in San Mateo County. Furthermore, we commit to conducting proactive outreach to San Mateo County customers, in the impacted service areas, regarding such changes.
- **Adherence to SB 63 Requirements:** Both agencies agree to adhere to SB 63 requirements for Financial Transparency and Review and Regional Network Management Accountability. This includes:
 - Participating in a comprehensive independent third-party financial efficiency review.

- Finalizing an implementation plan that describes all efficiency measures our agencies plan to take.
- Complying with the maintenance of effort requirement.
- Complying with transit transformation policies and programs adopted through the Regional Network Management framework.

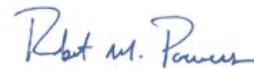
We also understand that the authors of SB 63 are continuing to develop additional language to ensure transit operator accountability and consistent treatment of all participating county entities in the regional measure. We are engaged in these discussions and look forward to their constructive resolution. In the interim, the above commitments underscore our dedication to continuing to provide a coordinated, effective, and accountable regional transit system.

We look forward to your feedback and any questions you may have about these proposed commitments. Thank you again for your invaluable partnership as we work towards a more connected and sustainable future for our region.

Sincerely,



Julie Kirschbaum
Director of Transportation
San Francisco Municipal
Transportation Agency



Robert M. Powers
General Manager
San Francisco Bay Area
Rapid Transit District

cc:

Board of Directors, San Mateo County Transit District (SMCTD)
Board of Directors, San Mateo County Transportation Authority (SMCTA)
Board of Directors, City/County Association of Governments of San Mateo County (C/CAG)
Board of Directors, San Francisco Municipal Transportation Agency
Board of Directors, San Francisco Bay Area Rapid Transit District
The Honorable Scott Wiener, California State Senate
The Honorable Jesse Arreguín, California State Senate
Andrew Fremier, Executive Director, Metropolitan Transportation Commission (MTC)



STEVE HEMINGER, CHAIR
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MARGARET ABE-KOGA
PAT BURT
DAVID CANEPA
DAVID COHEN
JEFF GEE
SHAMANN WALTON
MONIQUE ZMUDA

MICHELLE BOUCHARD
EXECUTIVE DIRECTOR

July 24, 2025

The Honorable Scott Wiener
California State Senate
1021 O Street, Suite 6630
Sacramento, CA 95814

The Honorable Jesse Arreguín
California State Senate
1021 O Street, Suite 6710
Sacramento, CA 95814

Subject: Support for SB 63 (Wiener) Caltrain Allocation and Expenditure Plan

Dear Senators Wiener and Arreguín,

On behalf of Caltrain, we want to thank you for your continued efforts to authorize a regional revenue measure (SB 63) that would support public transit in our region. At a special Board meeting on July 23, 2025, and with the benefit of the information contained in your letter of the same date, the Peninsula Corridor Joint Powers Board (JPB) voted 7-0 to endorse the following terms for the allocation of regional transit measure funds intended for Caltrain. These terms are consistent with the expenditure plan outlined in your July 23rd letter.

1. The funding target for Caltrain in the regional transit measure should be approximately \$75 million, which Caltrain will use to fund its operating expenses, and which will serve as a cap on operating contributions from the regional transit measure and member agencies for the duration of the measure.
2. The annual allocation of these regional funds among the Caltrain member agencies should be approximately: \$32.5 million for Santa Clara County, \$32.5 million for San Mateo County, and \$10 million for the City and County of San Francisco. The precise amounts will be specified in the bill text. This allocation between member agencies is for the sole use of SB 63 and will not set a precedent for future allocations.
3. This allocation formula should be limited to the term of the regional transit measure and should not set a precedent regarding potential amendments to the Joint Powers Agreement (JPA).
4. The member agencies will resume discussions concerning potential JPA amendments with the goal of resolving inconsistencies and ambiguities and eliminating duplicative agreements.

5. The JPB recognizes SamTrans investment in the acquisition of the right-of-way, its leadership during times of crisis, and the challenges the member agencies have faced as a partnership. The JPB is committed to finding a new path forward where we can work better together on behalf of our riders.

The allocation described in the second term is the result of a compromise among the members of the JPB Ad Hoc Governance Committee, which had discussed multiple options for a formula to allocate member agency responsibility for Caltrain's operating deficit. Faced with divergent positions from the Santa Clara Valley Transportation Authority and the San Mateo County Transit District and understanding San Francisco's financial limitations, the Ad Hoc Committee agreed to put the rationale for their respective formula positions to the side and compromise on an allocation that had an even split between VTA and SamTrans (see term 2). In addition, the Ad Hoc Committee agreed that this decision would not establish a precedent for future discussions concerning the JPA.

During the Caltrain Board meeting on July 23, members of the JPB unanimously supported the proposed terms listed above and acknowledged the significance of the regional transit measure for Caltrain. They also recognized SamTrans's leadership in the acquisition of the right-of-way and the administration of Caltrain. The three-county Board reaffirmed their collective commitment to working together in close partnership to forge a path forward – one that strengthens Caltrain and better serves its riders and the region.

We deeply appreciate your leadership in authoring SB 63 and ensuring a promising future not just for Caltrain's riders but also for the broader region. We look forward to working with you on the successful enactment of SB 63.

Sincerely,



Steve Heminger

Chair, Caltrain Board of Directors

cc: Caltrain State Delegation
Peninsula Corridor Joint Powers Board of Directors
San Francisco County Transportation Authority Board of Directors
San Francisco Municipal Transportation Agency Board of Directors
San Mateo County Transit District Board of Directors
San Mateo County Transportation Authority Board of Directors
Santa Clara County Valley Transportation Authority Board of Directors

July 28, 2025

C/CAG Board of Directors
555 County Center, 5th Floor
Redwood City, California 94063

San Mateo County Transportation Authority (SMCTA) Board of Directors
1250 San Carlos Avenue
San Carlos, California 94070

RE: VTA Board of Directors Process and Direction on SB 63

Dear Board of Directors,

As Chair of the Santa Clara Valley Transportation Authority (VTA) Board of Directors, I write to share our experience in considering potential Santa Clara County participation in a regional transportation sales tax measure, SB 63. I believe that San Mateo County and Santa Clara County have shared interests, as well as a history of partnership on local transportation issues, and therefore write in the spirit of transparency and collaboration.

Relevant factors for our county's participation in this measure include VTA's ability to close our current budget gap and deficits, restore service through our Visionary Network Plan, and the need to fully fund our Caltrain obligation, while ensuring transparency and accountability in any expenditures. Absent potential participation in SB 63, funding for Caltrain from Santa Clara County would otherwise likely need to come from a new revenue measure to avoid potential harmful local service cuts. Our board recognizes the value and importance of funding Caltrain, and likewise, what is beyond question is San Mateo County's strong leadership in supporting Caltrain historically. Accordingly, I believe the current language from the bill authors in SB 63 represents a potential way to move forward with future discussions while protecting the service upon which both our counties rely.

To protect and increase service levels while maintaining our regional funding obligations, VTA continues to recommend an approach that maintains to the greatest extent possible each county Transportation Agency's traditional role in funding, programming, and oversight. I believe this represents another opportunity for a unified voice to protect our common interests.

To date, the VTA Board has had many robust discussions on SB 63, with a workshop to discuss available options for Santa Clara County, including joining the regional measure on August 1. Final action on opting-in is scheduled for August 7. For your reference, I have enclosed the VTA staff memo and referral response for the workshop, and will make myself available to any board members who would like to connect personally regarding our experiences. If interested, please feel free to reach out to me directly at sergiol@campbellca.gov or to staff at (408) 250-9567.

Finally, I wish to share a personal note. While the role of VTA Chair means I work on behalf of residents all throughout Santa Clara County, my perspective is shaped by my experience as a small city Mayor. It is because of this experience that I believe in the importance of ensuring all our residents see and feel the benefits of regional transportation funding. Our voice both as smaller cities, as well as county-wide, is stronger when we partner together to ensure there is regional equity in funding to support all transit riders and residents, regardless of the size of our respective jurisdictions.

VTA stands ready to keep the Boards of Directors informed as needed and, if so desired, is happy to discuss the workshop materials in advance of VTA Board action on August 7.

Sincerely,



Sergio Lopez
Chair, Santa Clara County Transportation Authority

Cc:

Santa Clara Valley Transportation Authority Board of Directors

Santa Clara Valley Transportation Authority CEO/General Manager Carolyn Gonot

Santa Clara Valley Transportation Authority Chief Government Affairs Officer Beverly Greene



Date: July 25, 2025
Current Meeting: August 1, 2025
Board Meeting: August 1, 2025

BOARD MEMORANDUM

TO: Santa Clara Valley Transportation Authority
Board of Directors

THROUGH: General Manager/CEO, Carolyn M. Gonot

FROM: Chief of Staff, Scott Haywood

SUBJECT: SB 63 Updates and Potential Options for VTA

FOR INFORMATION ONLY

EXECUTIVE SUMMARY:

- In April 2025 the VTA Board of Directors directed staff with evaluating options for addressing financial needs at VTA and our obligations to support regional transit services facing sustained budget shortfalls in the coming years.
- As part of this analysis, staff was asked to explore the potential for adding Santa Clara County to a new tax district and funding measure enabled by Senate Bill (SB) 63, introduced by Senators Scott Weiner and Jesse Arreguin on March 25.
- This memo reviews the major considerations with “opting in” to Senate Bill 63.
- The VTA Board will have the opportunity to take any formal action at the August 7, 2025, board meeting.

STRATEGIC PLAN/GOALS:

Board input and direction on Senate Bill 63 (SB 63) supports VTA’s core business lines, providing a highly integrated transportation network with a focus on faster, more frequent and reliable transit service, project delivery and regional leadership in transportation system management.

BACKGROUND:

For the past several legislative sessions, Senator Wiener has been exploring funding mechanisms to address the transit funding shortfalls that resulted from the pandemic. The VTA Board has been engaged during these efforts, however none of these efforts have produced consensus in the

region.

In March 2025, Senator Wiener and Senator Arreguín introduced SB 63 to pursue relief funding through a more narrowly defined structure and purpose than previous efforts. The new legislation includes the creation of a tax district encompassing the three core counties served by BART (Alameda, Contra Costa and San Francisco) and an option for Santa Clara and San Mateo Counties to opt-in to the tax district. The proposed funding mechanism was a sales tax for a limited number of years.

The VTA Board has been discussing the progress of the legislation at the past several board meetings. While no formal action has been taken, the Board has directed staff to closely monitor SB 63 and identify opportunities for increasing transit funding to Santa Clara County.

Additionally, the Board issued a referral to staff to provide further background for their deliberations. The responses to the referral are attached.

DISCUSSION:

On July 29, Senator Wiener's office released a draft expenditure plan based on a new 14-year sales tax. Revenue estimates are stated in 2031 dollars but will likely be listed as percentages in the final bill. For Santa Clara County, the expenditure plan is divided into the following components.

- Sales Tax Rate - .5%
- Annual Estimated Revenue - \$313 million*
- Annual Administration Fee - \$780,000
- Annual Contribution to MTC Transit Transformation Program - \$15.65 million
- Annual Caltrain Contribution - \$32.5 million
- Remaining Revenue to VTA** - \$264.07 million

*Estimate is slightly different than VTA's estimate due to different projected growth rates.

**Calculated based on a return to source from sales tax generated in Santa Clara County.

As the Board discusses the merits of opting into the measure, below are several items for consideration:

- If VTA does opt-in, staff will develop a detailed expenditure plan for the projected \$264 million in annual revenue. These funds will allow VTA to address its projected financial shortfalls and stave off any service reductions for the foreseeable future. Additionally, VTA will be able to begin implementing the Visionary Network to restore bus and light rail service and better connect communities through more frequent transit. The plan can also include a variety of much-needed capital projects to improve transit throughout the county while also addressing long-term business model changes to ensure VTA's fiscal sustainability. Ultimately, the VTA Board of Directors will have the final approval of the expenditure plan.
- As part of SB 63's expenditure plan, Santa Clara County is projected to contribute a

higher annual amount to Caltrain operations than previously discussed, approximately \$112 million more over 14 years. While this revised amount reflects updated assumptions about Caltrain's operating needs, VTA recognizes the importance of working with regional partners to seek equitable funding outcomes. Staff will continue to advocate for Santa Clara County's fair share of future discretionary funding opportunities, including state and federal transit capital programs, and will pursue opportunities to revisit and strengthen interagency agreements over time. However, these discussions will likely extend beyond the timeline for placing the measure on the ballot.

- The Caltrain allocation in the expenditure plan is a compromise/recommendation among the members of the JPB Ad Hoc Governance Committee, which had discussed multiple options for a formula to allocate member agency responsibility for Caltrain's operating deficit. Attempting to keep SB63 viable, recognizing differences between VTA and SamTrans, and understanding financial considerations for SFMTA, the Ad Hoc Committee agreed to put the rationale for their respective formula positions to the side and compromise on an allocation that had an even split between VTA and SamTrans. In addition, the Ad Hoc Committee agreed that this decision would not establish a precedent for future discussions concerning the JPA.
- Should the regional measure succeed, VTA will explore further refinements to the Caltrain governance structure and foundational agreements, including the Joint Powers Agreement, which was last revised in 1996. With additional investment in Caltrain by VTA to cover ongoing operating deficits, staff recommends consideration of an updated governance arrangement to better reflect member agency contributions and set the railroad up for financial and operational success in the long-term. With state and local partners, VTA staff will also look for regional support on repurposed state cap-and-trade funds that advance, if not complete, important joint benefit projects along the Caltrain corridor including the BART Silicon Valley station and other improvements at Diridon Station, grade separation and crossing safety upgrades, new track and electrification between San Jose Tamien station and Gilroy, and the San Francisco Portal project.
- As described in the board referral, the most impactful element of MTC's Transit Transformation Program for Santa Clara County is Transit Signal Priority (TSP). The current expenditure plan has a limited amount of funds available for TSP projects. This amount should be increased within the program.
- While VTA can ultimately put a local measure on the ballot, based on the most recent polling, staff does not see a viable path for doing so in 2026. If the board opts not to join in SB 63 staff will continue to conduct polling and analyze the results for future opportunities. Staff would also note that SB 63 is intended to be placed on the ballot as a citizen's initiative which requires a majority vote only. A local VTA measure will require a 2/3 majority for passage.

Next steps:

Following the Board workshop discussion, VTA staff will provide a recommendation for the Board's consideration at the next regular meeting of the Board at the August 7, 2025, meeting.

Prepared By: Aaron Quigley, Senior Policy Analyst
Memo No. 9779

Responses to Board Referral Regarding SB 63

At the June 27 VTA Board of Directors (Board) meeting, VTA staff was directed to prepare and present the following referral, prior to the Board's decision whether to opt into Senate Bill (SB) 63, to inform Board deliberation on regional transportation funding needs and commitments:

1. **Provide estimates of annual revenue generated under various potential sales tax rates (e.g., ½ cent, ¼ cent, ⅛ cent) and durations, including scenarios that reflect different levels of return to source under consideration for SB 63.**

The chart below presents estimates for annual and total revenue in FY28 dollars – these amounts may differ slightly from figures developed/produced by other agencies/groups:

Rates	Projected Annual revenue at 100%	Projected Annual Revenue at 94%*	Projected Annual Revenue at 89%**
1/2	\$288 Million	\$270.7 Million	\$256.3 Million
1/4	\$144 Million	\$135.4 Million	\$128.2 Million
1/8	\$72 Million	\$67.7 Million	\$64.1 Million

Rates	Projected Total revenue at 100%	Projected Total Revenue at 94%*	Projected Total Revenue at 89%**
1/2	\$3.3 Billion – 10 yr \$5.4 Billion – 15 yr	\$3.1 Billion – 10 yr \$5.0 Billion – 15 yr	\$2.9 Billion – 10 yr \$4.8 Billion – 15 yr
1/4	\$1.7 Billion – 10 yr \$2.7 Billion – 15 yr	\$1.6 Billion – 10 yr \$2.5 Billion – 15 yr	\$1.5 Billion – 10 yr \$2.4 Billion – 15 yr
1/8	\$825 Million – 10 yr \$1.4 Billion – 15 yr	\$776 Million – 10 yr \$1.3 Billion – 15 yr	\$735 Million – 10 yr \$1.2 Billion – 15 yr

* 5% for Transit Transformation, 1% administrative fee,

** 10% for Transit Transformation, 1% administrative fee

Figure I. Estimates for Annual and Total Regional Measure Revenues in Santa Clara County

A more detailed projection table of sales tax revenues and totals based on different sales tax rates, durations, and regional overhead rates is incorporated are attached.

2. Summarize VTA's priorities as they pertain to:

a. Transit Transformation efforts (the 5% or 10% shown above as contribution from all participants), including MTC's current position

VTA's top priority for the Transit Transformation funding category is Transit Signal Priority (TSP) projects on our light rail system and bus service on arterials. This is the most impactful Transit Transformation investment in Santa Clara County. TSP will produce time savings and result in faster service for current and future VTA customers, while providing much needed signal upgrades for cities.

The second most important Transit Transformation investment is improvements in transit service for people with disabilities. Today, VTA Access paratransit has over 11,600 clients, some of whom make critical trips across county lines for life-preserving services like dialysis.

VTA staff will continue to monitor other Transit Transformation initiatives, such as funding for Clipper START and free transfer programs, and the Regional Mapping and Wayfinding Project. While both initiatives may enhance customer experience, both are expensive and focused on transit riders who cross county lines. In Santa Clara County, over 90 percent of transit trips start and end within the county, making the return on investment for regional fare and wayfinding projects much smaller.

b. Funding needed to implement programmatic elements of the Visionary Network plan including scenarios that restore passenger service to VTA's highest historic service levels

Implementation of the Visionary Network will put VTA in a prime position to improve the quality of life and expand economic opportunity in Santa Clara County.

The Visionary Network outlines VTA's boldest service plan in decades: a phased roadmap to restore service to historical levels and expand frequent, all-day transit across Santa Clara County. Each phase adds more bus and light rail service where rider demand and market growth call for it most.

Full implementation of the Visionary Network would grow transit service by 80% over today's levels, bringing VTA on par with peer agencies and carry up to 20 million more riders annually. The service plan includes eight service phases and lays out the resources required to unlock them:

Phases 1–3: Restore

Phases 1–3 represent a transformative early investment that, once completed, will restore VTA's service levels to levels we operated in 2001 but with far greater reach, equity, and frequency:

- **Phases 1–2** expand 15-minute weekend service across the Frequent and Local Networks, capitalizing on record-high weekend ridership.
- **Phase 3** increases weekday frequency to 10 minutes on VTA's core Frequent Network, restoring VTA's highest historic service levels for the first time in over 20 years.

Phases 4–5: Connect

Phases 4 and 5 extend the benefits of all-day, frequent service deeper into VTA's network by expanding weekday span and frequency on both the Frequent and Local networks. These phases expand service hours and greatly improve connectivity to regional services such as BART and Caltrain as well as the VTA Frequent Network.

- **Phase 4** expands weekday hours on VTA's core Frequent Network, ensuring consistent early morning and late evening service from 4:00 a.m. to 1:00 a.m., a key step toward meeting the needs of shift workers and late-night riders.
- **Phase 5** brings 20- to 30-minute weekday service to every Local route in the system, paired with longer weekday hours. This phase ensures that weekday coverage routes meet a consistent baseline of service, providing better access to more neighborhoods and a greater variety of trips.

Phases 6–8: Expand

Phases 6 through 8 transform VTA into a truly seven-day-a-week, late-night network including a foundational network of 24-hour service, meeting the needs of riders who travel during evenings, weekends, and overnight hours. Expansion means a high-quality, high-frequency transit network that is the foundation of vibrant neighborhoods and thriving downtowns.

- **Phases 6–7** extend weekend hours on all routes, aligning with weekday service and improving access for workers, weekend travelers, and families.
- **Phase 8** launches overnight “Owl” service on core Frequent Network corridors, providing mobility during the early-morning hours when transit service is typically unavailable. This final phase supports a 24-hour economy and enhances access to jobs and essential services around the clock.

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As stated earlier, implementation of the Visionary Network will put VTA in a prime position to improve quality of life and expand economic opportunity in Santa Clara County. This is achievable but will require significant investment.

The chart below summarizes the service hours and additional operating funds needed per phase:

Phase	Additional Service Hours	Additional Operating Funds (in FY24\$)
<i>Restore</i>		
Wknd Freq Network	75,000	\$13 Million
Wknd Local Bus Freq	57,000	\$8.1 Million
Wkday Freq Network	506,000	\$85.4 Million
<i>Enhance</i>		
Wkday Freq Net Span	69,000	\$9.9 Million
Wkday Local Bus Freq/Span	279,000	\$39.7 Million
<i>Expand</i>		
Wknd Freq Network – Span	44,000	\$6.3 Million
Wkend Local Bus – Span	39,000	\$5.6 Million
Owl Network	52,000	\$7.5 Million

Figure II. Visionary Network Operating Costs and Additional Service Hours by Phase

Fully funding Phases 1 through 3 would restore VTA service to levels not seen since 2001 (our highest historic service level), but with significantly greater frequency, reach, and equity. While Santa Clara County's population has grown by more than 20% since 2001, transit service levels have declined. This plan begins to reverse that trend.

Phases 3 and 5 will require additional capital investments such as new buses, supporting infrastructure, and double-tracking key light rail segments at an estimated cost of \$284.5 million. These are minimum capital needs, and VTA will develop a capital strategy in tandem with any emerging operating funding to ensure we are ready to deliver when the time comes.

3. **Present a preliminary menu of alternative revenue-generating options, in the event VTA chooses not to opt into SB 63, that could sustain and enhance VTA service levels and fulfill regional transit obligations. Include preliminary findings on the feasibility, opportunities, and challenges of each alternative.**

Question is combined with question #4 below.

4. **Provide an analysis of the financial implications to VTA and shared regional transit systems such as Caltrain if no new revenue source is secured by 2028.**

Historically, VTA has had a great deal of success placing sales taxes on the ballot. Since 1984, Santa Clara County voters have repeatedly voted to tax themselves for meaningful transportation improvements. A voter-approved sales tax has the highest likelihood for success and would generate the greatest amount of new revenue.

VTA can place a local measure on the ballot any time there is a county-wide election or call for a special election. If the board elects to move forward with a local measure, staff recommends VTA develop a robust outreach process to work with the community and stakeholders to develop an expenditure plan.

The expenditure plan may include funding for transit operations and transportation capital projects – including non-transit projects such as bicycle, pedestrian and roadway projects. A key element of a local measure would be extensive polling to determine which types of projects matter most to voters, the type and amount of tax, and timing.

Generally, it is most advantageous to place a measure on the ballot during a presidential election when turnout is highest (2028, 2032, or 2036). Based on recent polling, a VTA-only measure does not appear feasible in 2026.

It is critical to VTA that 2000 Measure A be extended prior to the sunset date of 2036. Extending 2000 Measure A will ensure that VTA can maintain current service levels and provide additional funding for transportation projects and services.

Under the immediate scenario where VTA does not opt in to SB63, the alternative would be the revenue mechanisms listed below. Option 1 being a simple renewal of 2000 Measure A, which could be bonded against prior to 2036 (likely for capital needs but not operating); and Option 2 involving an additive measure that would bring in additional revenue between the start of revenue collection post-2028 and the expiration of 2000 Measure A in 2036. The year, tax rate and duration of any alternative revenue mechanism may be modified depending on future polling results.

Should the regional measure fail, it is important to note that Caltrain operations must be funded from some Santa Clara County source. Caltrain operations should not be funded from VTA Transit funds, nor should 2000 Measure A funds be repurposed for commuter rail operations so close to the expiration of that measure.

One potential option of note is a formal process VTA could follow to repurpose up to approximately \$300 million in the 2016 Measure B Caltrain Corridor Capacity category to fund Caltrain operations in the event that there are no new revenue sources. This would, however, require foregoing other Caltrain capital and South County operations investments.

	Option 1	Option 2
Year	2028	2028
Revenue Source	Renewal of 1/2 cent 2000 Measure A	New 1/2 cent sales tax measure on top of 2000 Measure A (allowing Measure A to sunset in 2036)
Duration	30 years	30 years
Annual Revenue Amount	\$369 million beginning in FY37	\$608M/yr - FY30-36; \$369M/yr - FY37 for next 24 years
Notes	Extension of 2000 Measure A, no change in sales tax rate. Can be bonded against before 2036.	New sales tax measure, temporary increase in sales tax rate until 2000 Measure A expires in 2036.

Figure III. Potential Alternative Revenue Mechanisms for Santa Clara County.

While VTA could consider alternative taxes, such as gross receipts and parcel taxes, these have historically been less popular with the electorate. In addition, these types of taxes would be unlikely to produce the amount of revenue needed for VTA and Caltrain's projected shortfalls, capital projects, and service expansion. Beyond these taxes, other revenue options to be considered include:

- Collecting more express lane revenue by advancing more express lanes through a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. While this option would produce new revenue for transit, it would not be available in the near term as VTA would need to first build out the express lane network.
- Continue to implement transit-oriented development projects – including the River Oaks campus. This option could produce new revenue but will not be avail-

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able in the near term as these projects still need to be developed and funded. Additionally, seeking legislative relief to allow VTA to create a Real Estate Special Purpose Entity could allow VTA to share more upside revenue potential with transit-oriented community development

- Seek legislation to expand the Vehicle Registration Fee (VRF) to increase the current maximum of \$10 per vehicle and allow transit to be eligible for VRF funding. VTA currently collects approximately \$15 million annually in VRF funds. Therefore, any change in legislation would require a significant increase in the VRF for VTA to collect revenue similar to a sales tax.
- Seek legislation for other transit-centric user fees related to Transportation Network Companies, Rental Car Companies or Hotels

Without securing a new revenue source by 2028, VTA and shared regional systems like Caltrain face significant financial risk. VTA's board recently adopted a deficit FY2026 and FY2027 biennial budget and the forecast shows projected annual deficits ranging from \$93 million to \$141 million, with a looming fiscal cliff around FY2030. Appendix B attempts to show the impact on VTA under the two options shown above along with our participation in SB63.

Absent new funding, the agency will face severe constraints on its ability to grow operations, invest in capital projects, or sustain existing service levels. This could result in deep cuts to both labor and transit services, undermining regional mobility goals and placing added strain on interconnected systems like Caltrain.

5. Outline a timeline and strategy for future voter polling, regardless of whether the VTA Board ultimately chooses to opt into SB 63.

Should VTA elect to opt-in to SB 63, VTA will likely not conduct any new polling. During this period, there will likely be a number of polls conducted by the region and VTA will work with our partners as opportunities arise.

Should a regional measure not prove successful, VTA will begin polling a minimum of once a year beginning in 2027. The poll questions will gauge voter interest in a local revenue measure and transportation in general. Based on the results, VTA will conduct follow-up polling to determine a potential timeline for placing a potential measure on the ballot. The poll questions will focus on several factors, including but not limited to the type of tax; duration of a tax; when VTA should place the measure on the ballot; and types of projects and programs voters would approve.

As part of this effort, VTA will also be polling to determine the optimal time to request voters renew 2000 Measure A and 2008 Measure B.

8/6/2025

Board Referral - Regional Measure Discussion

Appendix A1 - 5% Transit Transformation

Dollars are stated in ,000's

1/2 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 287,964	\$ 296,603	\$ 305,501	\$ 314,666	\$ 324,106	\$ 333,829	\$ 343,844	\$ 354,159	\$ 364,784	\$ 375,728	\$ 387,000	\$ 398,610	\$ 410,568	\$ 422,885	\$ 435,571	\$ 3,301,185	\$ 5,355,818
Transit Transformation (5%)	14,398	14,830	15,275	15,733	16,205	16,691	17,192	17,708	18,239	18,786	19,350	19,930	20,528	21,144	21,779	165,059	267,791
Administrative Fees (1%)	2,880	2,966	3,055	3,147	3,241	3,338	3,438	3,542	3,648	3,757	3,870	3,986	4,106	4,229	4,356	33,012	53,558
Return to Source	270,686	278,807	287,171	295,786	304,660	313,799	323,213	332,910	342,897	353,184	363,780	374,693	385,934	397,512	409,437	3,103,113	5,034,469
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ 152,861	\$ 135,037	\$ 140,634	\$ 150,059	\$ 158,119	\$ 158,520	\$ 159,271	\$ 160,778	\$ 169,849	\$ 179,193	\$ 188,817	\$ 198,729	\$ 208,939	\$ 219,455	\$ 230,287	\$ 1,564,322	\$ 2,610,549

1/4 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 143,982	\$ 148,301	\$ 152,751	\$ 157,333	\$ 162,053	\$ 166,915	\$ 171,922	\$ 177,080	\$ 182,392	\$ 187,864	\$ 193,500	\$ 199,305	\$ 205,284	\$ 211,442	\$ 217,786	\$ 1,650,592	\$ 2,677,909
Transit Transformation (5%)	7,199	7,415	7,638	7,867	8,103	8,346	8,596	8,854	9,120	9,393	9,675	9,965	10,264	10,572	10,889	82,530	133,895
Administrative Fees (1%)	1,440	1,483	1,528	1,573	1,621	1,669	1,719	1,771	1,824	1,879	1,935	1,993	2,053	2,114	2,178	16,506	26,779
Return to Source	135,343	139,403	143,585	147,893	152,330	156,900	161,607	166,455	171,449	176,592	181,890	187,346	192,967	198,756	204,719	1,551,557	2,517,234
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ 17,518	\$ (4,366)	\$ (2,951)	\$ 2,166	\$ 5,789	\$ 1,621	\$ (2,336)	\$ (5,677)	\$ (1,599)	\$ 2,601	\$ 6,927	\$ 11,383	\$ 15,972	\$ 20,699	\$ 25,568	\$ 12,765	\$ 93,315

1/8 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 71,991	\$ 74,151	\$ 76,375	\$ 78,667	\$ 81,027	\$ 83,457	\$ 85,961	\$ 88,540	\$ 91,196	\$ 93,932	\$ 96,750	\$ 99,652	\$ 102,642	\$ 105,721	\$ 108,893	\$ 825,296	\$ 1,338,954
Transit Transformation (5%)	3,600	3,708	3,819	3,933	4,051	4,173	4,298	4,427	4,560	4,697	4,837	4,983	5,132	5,286	5,445	41,265	66,948
Administrative Fees (1%)	720	742	764	787	810	835	860	885	912	939	967	997	1,026	1,057	1,089	8,253	13,390
Return to Source	67,672	69,702	71,793	73,947	76,165	78,450	80,803	83,227	85,724	88,296	90,945	93,673	96,483	99,378	102,359	775,778	1,258,617
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ (50,154)	\$ (74,068)	\$ (74,744)	\$ (71,780)	\$ (70,376)	\$ (76,829)	\$ (83,139)	\$ (88,904)	\$ (87,323)	\$ (85,695)	\$ (84,018)	\$ (82,290)	\$ (80,511)	\$ (78,678)	\$ (76,791)	\$ (763,013)	\$ (1,165,302)

8/6/2025

Board Referral - Regional Measure Discussion
Appendix A2 - 10% Transit Transformation
Dollars are stated in ,000's

1/2 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 287,964	\$ 296,603	\$ 305,501	\$ 314,666	\$ 324,106	\$ 333,829	\$ 343,844	\$ 354,159	\$ 364,784	\$ 375,728	\$ 387,000	\$ 398,610	\$ 410,568	\$ 422,895	\$ 435,571	\$ 3,301,185	\$ 5,355,818
Transit Transformation (10%)	28,796	29,660	30,550	31,467	32,411	33,383	34,384	35,416	36,478	37,573	38,700	39,861	41,057	42,288	43,557	330,118	535,582
Administrative Fees (1%)	2,880	2,966	3,055	3,147	3,241	3,338	3,438	3,542	3,648	3,757	3,870	3,986	4,106	4,229	4,356	33,012	53,558
Return to Source	256,288	263,977	271,896	280,053	288,454	297,108	306,021	315,202	324,658	334,398	344,430	354,762	365,405	376,368	387,659	2,938,054	4,766,678
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ 138,463	\$ 120,207	\$ 125,359	\$ 134,326	\$ 141,914	\$ 141,829	\$ 142,079	\$ 143,070	\$ 151,610	\$ 160,407	\$ 169,467	\$ 178,799	\$ 188,411	\$ 198,311	\$ 208,508	\$ 1,399,263	\$ 2,342,759

1/4 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 143,982	\$ 148,301	\$ 152,751	\$ 157,333	\$ 162,053	\$ 166,915	\$ 171,922	\$ 177,080	\$ 182,392	\$ 187,864	\$ 193,500	\$ 199,305	\$ 205,284	\$ 211,442	\$ 217,786	\$ 1,650,592	\$ 2,677,909
Transit Transformation (10%)	14,398	14,830	15,275	15,733	16,205	16,691	17,192	17,708	18,239	18,786	19,350	19,930	20,528	21,144	21,779	165,059	267,791
Administrative Fees (1%)	1,440	1,483	1,528	1,573	1,621	1,669	1,719	1,771	1,824	1,879	1,935	1,993	2,053	2,114	2,178	16,506	26,779
Return to Source	128,144	131,988	135,948	140,026	144,227	148,554	153,011	157,601	162,329	167,199	172,215	177,381	182,703	188,184	193,829	1,469,027	2,383,339
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ 10,319	\$ (11,782)	\$ (10,589)	\$ (5,701)	\$ (2,314)	\$ (6,725)	\$ (10,932)	\$ (14,531)	\$ (10,719)	\$ (6,792)	\$ (2,748)	\$ 1,418	\$ 5,708	\$ 10,127	\$ 14,679	\$ (69,764)	\$ (40,580)

1/8 Cent Scenario	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36	FY37	FY38	FY39	FY40	FY41	FY42	10YR Total	15YR Total
Sales Tax Revenue	\$ 71,991	\$ 74,151	\$ 76,375	\$ 78,667	\$ 81,027	\$ 83,457	\$ 85,961	\$ 88,540	\$ 91,196	\$ 93,932	\$ 96,750	\$ 99,652	\$ 102,642	\$ 105,721	\$ 108,893	\$ 825,296	\$ 1,338,954
Transit Transformation (10%)	7,199	7,415	7,638	7,867	8,103	8,346	8,596	8,854	9,120	9,393	9,675	9,965	10,264	10,572	10,889	82,530	133,895
Administrative Fees (1%)	720	742	764	787	810	835	860	885	912	939	967	997	1,026	1,057	1,089	8,253	13,390
Return to Source	64,072	65,994	67,974	70,013	72,114	74,277	76,505	78,800	81,164	83,599	86,107	88,691	91,351	94,092	96,915	734,514	1,191,669
Caltrain Contribution (based on "Option F" estimates)	(24,825)	(25,570)	(26,337)	(27,127)	(27,941)	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)	(33,363)	(34,364)	(35,395)	(36,456)	(37,550)	(284,591)	(461,719)
VTA Projected Deficits	(93,000)	(118,200)	(120,200)	(118,600)	(118,600)	(126,500)	(134,300)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(141,600)	(1,254,200)	(1,962,200)
Available for VTA Needs	\$ (53,753)	\$ (77,776)	\$ (78,563)	\$ (75,714)	\$ (74,427)	\$ (81,002)	\$ (87,437)	\$ (93,331)	\$ (91,883)	\$ (90,392)	\$ (88,855)	\$ (87,273)	\$ (85,643)	\$ (83,965)	\$ (82,235)	\$ (804,278)	\$ (1,232,250)

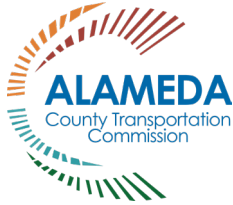
8/6/2025

Board Referral - Regional Measure Discussion

Appendix B - Impact of Measure Scenarios - 10 Year Horizon

Dollars are stated in millions

		Join SB63	SCC 2000A (Additive)	SCC 2000A (Renew)
First year of revenue		FY2028	FY2030	FY2037
Description		Separate regional measure	Incremental 1/2 cent measure - 2000A lapses March 2036	Renew Measure A - no incremental revenue
Term		14 years	6/24 years	30 years
Impact on 2000 Measure A		None - 2000A would still need renewal	Positive - 2000A is effectively renewed	Positive - this renews 2000A
Financial Implications				
Current projected deficit - reported		\$ (986.70)	\$ (986.70)	\$ (986.70)
New sales tax measure - total net revenue - 10 year period		2,426.20	1,841.10	-
Caltrain contribution FY27		(23.50)	(23.50)	(23.50)
Reprioritize Caltrain Corridor FY27		-	23.50	23.50
Caltrain contribution FY28-FY35		(263.90)	(215.20)	(215.20)
Reprioritize Caltrain Corridor FY28-FY35		-	49.10	215.20
Utilize operating reserve		39.40	145.90	224.50
Restore operating reserve		(50.00)	(160.00)	-
Maintain operating reserve		(45.90)	-	-
Cost/Revenue mitigation efforts (undefined)		-	81.20	762.20
Cumulative net operating balance		\$ 1,095.60	\$ 755.40	\$ -
Beginning operating reserve		226.10	226.10	226.10
Ending operating reserve		282.50	240.10	1.50



August 4, 2025

Senator Scott Wiener
1021 O Street, Suite 8620
Sacramento, CA 95814

Senator Jesse Arreguín
1021 O Street, Suite 6710
Sacramento, CA 95814

Dear Senators Wiener and Arreguín,

Thank you for your continued leadership on Senate Bill (SB) 63 and your commitment to engaging with stakeholders to work through the complex and important issues in this legislation. Significant progress has been made this summer, and we appreciate the measured and inclusive approach you have taken to understanding the perspectives of the involved counties and transit agencies and incorporating many of our priorities in the proposed amendments to the bill.

In July, the Alameda County Transportation Commission and the Contra Costa Transportation Authority joined the San Francisco County Transportation Authority in affirming support positions on SB 63. While there are still ongoing discussions regarding the regional measure's full geography, accountability provisions, and governance framework, our agencies felt it was important to demonstrate support for transit and to continue to work together to address the remaining elements. We are committed to working in partnership to advance a regional measure. As such, below are joint comments for your consideration.

We appreciate the continued emphasis on accountability - something voters have consistently identified as critical to supporting a revenue measure - and want to acknowledge our San Mateo colleagues for elevating the importance of counties having a

strong role and voice in ensuring tax dollars are spent responsibly. Transit is essential to life in the Bay Area, connecting people across county lines to jobs, school, services, and each other. A consistent, cross-jurisdictional accountability framework that includes each of the measure's participating counties in its oversight structure is essential to ensure fairness and efficient administration of transit services and the regional measure across operators.

We support the proposal your offices developed related to accountability. Among other features proposed by the Authors and outlined at the July 30, 2025, San Mateo County Transportation Authority Board meeting (slide 14 of staff presentation) was the creation of a Regional Measure Accountability Committee consisting of two MTC commissioners from each of the participating counties. This committee structure would ensure all participating counties are jointly engaged in supporting accountability and give all counties equal representation and responsibility in governance of the regional measure. The Committee will be responsible for assessing and adjudicating petitions from participating counties, including recommending corrective actions and any decisions to withhold funds subject to approval by the Metropolitan Transportation Commission, unless rejected by 2/3 supermajority of its voting members. We believe it is important to have a single venue to hold operators accountable and adjudicate claims as opposed to having multiple oversight bodies, ensuring fair and focused attention, and reducing complexity and confusion for voters.

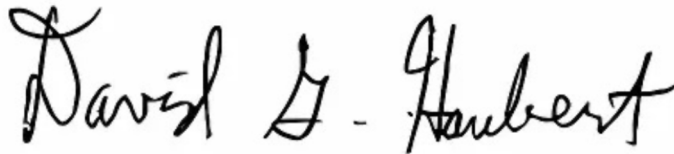
As we ask voters to support increased taxes to fund transit service, it is critical that transit agencies are fully committed to delivering high-quality services and system performance. We are supportive of accountability policies and commitments with a focus on the elements included in your proposal, such as service levels, station and facility performance, and safety and security. We are concerned with any proposal that would treat individual counties or transit agencies differently in terms of performance and service obligations, and agree that any service reductions or fare charges that are unavoidable must be equitable and proportional. We favor a regional approach to overseeing this measure, as proposed by the Authors.

Alameda, Contra Costa and San Francisco counties are currently the only counties included in the measure. It is important that our residents and transit riders, who would generate the majority of the measure's revenues, are not disadvantaged by any proposed changes to the legislation, for which our agencies currently have support positions.

Given the fast-paced nature of current developments, we felt it was important to convey these considerations. Our understanding is that additional financial efficiency and

implementation framework information will be available shortly. We look forward to continuing to work with you and our partner agencies to advance this important legislation.

Respectfully,



David Haubert
Chair
Alameda County Transportation Commission



Aaron Meadows
Chair
Contra Costa Transportation Authority



Myrna Melgar
Chair
San Francisco County Transportation Authority

cc:

Jeff Gee, Chair, SamTrans Board of Directors
Carlos Romero, Chair, San Mateo County Transportation Authority Board of Directors
Adam Rak, Chair, City/County Association of Governments of San Mateo County Board of Directors
Andy Fremier, Executive Director Metropolitan Transportation Commission
Alix Bockelman, Chief Deputy Executive Director Metropolitan Transportation Commission



*Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City •
Half Moon Bay • Hillsborough • Menlo Park • Millbrae • Pacifica • Portola Valley • Redwood City
• San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside*

August 1, 2025

Jeff Gee, Chair
SamTrans
1250 San Carlos Ave.
San Carlos, CA, 94070

RE: SB 63 (Weiner) Opt In Recommendation for SamTrans

Dear Chair Gee:

The City/County Association of Governments of San Mateo County (C/CAG) Board of Directors met on July 30, 2025 to discuss whether or not to recommend that the County opt-in to SB 63, the Regional Transportation Measure.

The C/CAG Board of Directors approved (18 ayes, 2 noes, and 1 abstention) the following motion:

To recommend opting in to SB 63 at a ½ cent, with a term of 14 years, based on the "SMCTD Alternative" Expenditure Plan attached for reference, with the following conditions:

1. Accountability for the full term of the measure (presented at meeting and based on Memo from Assemblymember Papan, which is attached for reference).
 - a) Creation of a 5-member Regional Measure Oversight Committee (ROC).
 - b) One Member each: SamTrans Board, SMCTA Board, C/CAG Board, County Board of Supervisors, San Mateo County Controller.
 - c) Regional Sales Tax for BART and MUNI shall be subject to performance based release contingent on compliance with oversight terms established by the ROC and identified in binding Interagency Agreements with BART and MUNI.
 - d) If performance obligations are not met, the ROC can withhold any or all funds.

- e) No disproportionate service cuts in San Mateo County by funded agencies, no additional surcharges or fees on San Mateo County riders.
 - f) Enforceable stations operations standards related to cleanliness, lighting, and public safety.
 - g) Work with local governments to facilitate commercial development and shared use at transit stations.
2. That SamTrans prepares:
- a) An expenditure plan for the return to source funding that looks at service and micromobility improvements; and
 - b) an outreach plan that obtains feedback from the Cities and public about the expenditure plan.

#

Before the motion, there was considerable discussion from both C/CAG Board Members and C/CAG Legislative Committee members about the need for quality and efficient transit throughout San Mateo County; strong accountability measures necessary to garner support of the electorate; and the expectation that the measure will improve and transform transit, and that transit operators are taking proactive steps towards sustainability to ensure that similar emergency measures are not required when the regional measure expires.

Please contact Sean Charpentier, C/CAG Executive Director, at scharpentier@smcgov.org if you have any questions.

Sincerely,



Adam Rak, Chair
City/County Association of Governments of San Mateo County

Enclosures:
SMCTD Alternative Expenditure Plan
Proposal for Local Oversight and Equity in Regional Transit Funding, Asm. Papan

cc:
SamTrans Board
SMCTA Board
Caltrain Board
SFMTA
BART
Assemblymember Papan
Assembly Member Berman
Assemblymember Stefani
State Senator Becker
State Senator Weiner
Andy Fremier, MTC

SMCTD Alternative: SB 63 Expenditure Plan

SMC Attributions by Agency

Recipient Agency	% of SMC ½ cent sales tax	Est. Annual San Mateo County Boardings	Today's dollars (FY 26) \$120M	FY 31 \$135M**
Caltrain*	24.07%	2.3M	\$28.89M	\$32.50M
BART	26.64%	3M+	\$31.97M	\$35.97M
Muni	5.1%	2.2M	\$6.10M	\$6.86M
SMCTD	38.95%	10M	\$46.74M	\$52.58M
MTC Transit Transformation	5.00%	N/A	\$6.00M	\$6.75M
Administration	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



18



Protecting San Mateo County's Interest in Senate Bill 63 – Proposal for Local Oversight and Equity in Regional Transit Funding

Background

Senate Bill 63 proposes a **½-cent regional sales tax** to support public transit throughout the Bay Area, taxing five of the nine Bay Area Counties including Contra Costa, Alameda, San Francisco, San Mateo and Santa Clara counties with revenues to be distributed among several major transit operators.

While this regional approach to transit funding is contemplated to facilitate systemwide financial stability, it presents unique equity and governance challenges for San Mateo County.

Under the bill as drafted, San Mateo County would contribute substantial tax revenue to transit agencies based outside its jurisdiction—particularly the Bay Area Rapid Transit District (BART) and the San Francisco Municipal Railway (MUNI). San Mateo County lacks any representation, service parity, or operational oversight of these systems, nor does San Mateo County or locally governed transit agencies maintain any contractual service agreements or arrangements with either BART or MUNI that provide any such oversight or operational influence.

Both BART and MUNI provide limited service within the county as does the San Mateo County Transit District (SamTrans) provide limited service to both San Francisco and Santa Clara counties. These informal and traditional arrangements are both common and mutually beneficial between local jurisdictions and overlapping or adjacent transit services. Such overlapping services have never had any formal alignment or contractual basis however nor has funding ever been demanded or expected as part of these overlapping or connected services.

Under SB 63, San Mateo County residents will be taxed to directly subsidize such services, to the mutual benefit of riders from adjacent jurisdictions and the communities therein, yet SB 63 offers no reciprocal investment in San Mateo County transit services from those adjacent jurisdictions nor offers any accountability measures to protect the interests of both riders and taxpayers in San Mateo County.

The Need for San Mateo County Oversight in a Regional Framework

Regional investment must reflect both shared responsibility in maintaining a robust regional transit network as well as operational influence. Requiring San Mateo County taxpayers to

fund services directed by agencies beyond their democratic control—without any meaningful voice in operational decisions—sets a novel and perhaps detrimental precedent for regional collaboration.

In no other Bay Area transportation finance measure has a county been asked to contribute so substantially to out-of-county agencies without representation or reciprocal investment. Under prior bridge toll measures such as RM3, for example, revenue flows were determined and managed with defined return-to-source formulas or allocations governed by the Metropolitan Transportation Commission (MTC) with county input.

San Mateo County's Unique Position

San Mateo County is served by a constellation of regional systems (BART, Caltrain, MUNI, and SamTrans), yet has operational control only over SamTrans and shares control over Caltrain through the Peninsula Corridor Joint Powers Board.

Without safeguards, SB 63 would institutionalize a flow of tax revenue to external agencies with no binding agreement or oversight tool to deliver equitable service or improvements in return and to guarantee that such subsidies are expended on the operational and service needs of riders emanating from San Mateo County.

To safeguard local interests while still supporting the regional vision of SB 63, this memo outlines proposed amendments to ensure San Mateo County's contributions yield fair returns in service, limited oversight, and infrastructure investment.

Proposed Amendments: Oversight, Equity, and Accountability for San Mateo County

1. Creation of a San Mateo County Regional Measure Oversight Committee (ROC)

The **San Mateo County Regional Measure Oversight Committee (ROC)** shall provide governance, oversight, and enforcement of performance standards for transit services funded by the regional sales tax within San Mateo County. The ROC shall have authority over all funds allocated to BART and MUNI that are attributable to San Mateo County taxpayers.

ROC Membership

The ROC shall consist of the following five voting members:

- 1. Elected Member of the San Mateo County Transit District (SamTrans) Board**
(Excluding any member of the San Mateo County Board of Supervisors).

2. **Member of the City/County Association of Governments Board (C/CAG) of San Mateo County**
(Excluding any member of the San Mateo County Board of Supervisors).
 3. **Member of the San Mateo County Transportation Authority Board (SMCTA)**
(Excluding any member of the San Mateo County Board of Supervisors).
 4. **Member of the San Mateo County Board of Supervisors**
 5. **San Mateo County Controller**
-

2. Revenue Flow for San Mateo County (SMC)

- Regional sales tax revenue collected within San Mateo County and designated for **BART or MUNI** shall be subject to **performance-based release** as determined by the ROC.
 - No fixed portion of these funds shall be automatically transferred; instead, the **entirety** of San Mateo County's contributions to BART and MUNI shall be **conditionally disbursed** based on compliance with oversight terms established by the ROC.
-

3. ROC Responsibilities and Enforcement Authority

The ROC shall be responsible for negotiating, adopting, and enforcing binding **Interagency Agreements** with BART and MUNI that govern service and funding obligations related to San Mateo County. These agreements shall include provisions for:

- Minimum **service levels** within San Mateo County (including station coverage, headways, and span of service).
- **Station maintenance** standards, including cleanliness, lighting, safety, and amenities.
- **Fare structure coordination** across BART, MUNI, SamTrans, and Caltrain to ensure equity and accessibility.
- **Schedule integration** to optimize transfers between agencies serving San Mateo County riders.
- **Enforceable benchmarks** to achieve medium to long term sustainability.

Enforcement Mechanisms

If BART or MUNI fails to meet the performance obligations established in the Interagency Agreements, the ROC shall have the authority to:

- Issue formal notices of noncompliance, with defined timelines to cure deficiencies.
 - **Withhold any or all funds** otherwise designated for the noncompliant agency, without limitation, until full compliance is achieved.
 - Redirect unspent or withheld funds to **SamTrans projects** that benefit San Mateo County riders, upon conclusion of the regional measure's collection period.
-

4. Equitable Service Provisions

Because ridership and farebox recovery depend on timely, consistent, and coordinated service, the legislation must include enforceable **regional equity standards**:

- **No Disproportionate Service Cuts:** Any reductions by BART or Caltrain must be proportional across counties. San Mateo County shall not bear a greater share of cuts relative to other service areas.
 - **MUNI Service Protections:** If MUNI receives funds for service in or out of San Mateo County, any cuts to San Mateo County routes must be no more severe than cuts elsewhere in the system during the lifespan of the tax.
 - **Schedule Coordination Mandate:** All participating agencies must coordinate timetables for transfers and connections, particularly at intermodal hubs, to optimize systemwide utility and ridership.
-

5. Fare Equity and Surcharge Prohibition

- **No Additional Surcharges:** SB 63 must prohibit BART or any other operator from imposing additional charges on San Mateo County riders based on county origin or ridership volume. Fare structures must be equitable and regionally consistent.
-

6. Enforceable Station Operations Standards

All BART and MUNI stations within San Mateo County must meet minimum enforceable standards for:

- Cleanliness

- Lighting and visibility
- Public safety

Failure to meet these standards will trigger:

- Financial penalties to the operator, OR
 - Reimbursement costs for corrective actions undertaken by SamTrans or local jurisdictions.
-

7. Commercial Development and Shared Use at Transit Stations

To enhance the passenger experience and generate sustainable station revenue, operators shall:

- **Collaborate with local governments** to permit retail and commercial activities in station common areas.
 - **Facilitate shared parking arrangements** at intermodal stations to allow access by nearby commercial tenants and other transit operators.
 - **Engage local economic development agencies** in long-term station area planning.
-

8. Sunset and Scope of the ROC

- The SamTrans ROC's authority shall apply only to SB 63's 2026 sales tax measure.
- The ROC shall sunset upon full expenditure of the measure's proceeds, unless extended by a future statute.



Item #9.d.4.ii.

8/6/2025
BOARD OF DIRECTORS 2025

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APRIL CHAN
EXECUTIVE DIRECTOR

August 5, 2025

Jeff Gee, Chair
San Mateo County Transit District (SamTrans)
1250 San Carlos Avenue
San Carlos, CA 94070

Dear Honorable Chair Gee and Members of the Board of Directors,

On behalf of the San Mateo County Transportation Authority (TA), I write to express our support for the San Mateo County Transit District (District) opting into Senate Bill (SB) 63.

At its July 30, 2025 meeting, the TA Board voted to support opting in to SB 63 at the ½ cent level using 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 S.F. Muni's allocation of SB 63 tax revenues for accountability purposes.

We also encourage the District Board to continue reviewing any additional proposed amendments to the bill and assess how they might impact accountability and oversight. Finally, we encourage the District Board to advocate for the strongest possible protections for the San Mateo County taxpayers.

Public transit remains a vital lifeline for our communities, helping hundreds of thousands of people across San Mateo County and the Bay Area get to work, reach essential services, and stay connected. Its value extends beyond mobility and directly contributes to cleaner air and reduced congestion.

SB 63 represents a timely and necessary step to help address the pressing operational needs of Caltrain, BART, and Muni. Without additional revenue, these systems may be forced to make significant service reductions that would negatively impact riders who depend on them most.

I believe it is important to avoid jeopardizing our participation in the regional measure as a successful SB 63 tax including San Mateo County also would facilitate improvement of SamTrans services and protect implementation of the projects included in the TA's existing Measure A.

We appreciate the District Board's consideration of this important issue and encourage a decision to opt into SB 63 at the ½ cent level.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Carlos Romero', is written over a circular blue stamp.

Carlos Romero, Chair
San Mateo County Transportation Authority

SAN MATEO COUNTY TRANSPORTATION AUTHORITY

1250 San Carlos Avenue
San Carlos, CA 94070 (650) 508-6200
377



August 5, 2025

Jeff Gee, Chair
San Mateo County Transit District (SamTrans)
1250 San Carlos Avenue
San Carlos, CA 94070

Dear Honorable Chair Gee, Vice Chair Chuang, and Members of the Board of Directors,

Our organizations represent members ranging from one-person consulting firms to the largest employers and tax-generating companies in San Mateo County. We have been tracking the concept of a *Regional Transportation Sales Tax Measure* to address upcoming operational deficits at our most important transit agencies for over two years.

While neither of our organizations have taken a formal position on *SB 63* due to the ongoing “draft” nature of the legislation, the concept of a sales-tax based solution for a time-limited duration to create critical funding to stave off drastic cuts to service on Caltrain, VTA, BART, Muni, and at other key transit agencies is essential.

Our members rely on these transit agencies to move employees and their families every day and we all understand that transit-dependent residents of our county have no other option.

While we cannot take a position on *SB 63*, a potential signature gathering effort, or future ballot measure question without undertaking a formal endorsement process, both SAMCEDA and Chamber San Mateo County encourage the SamTrans Board of Directors to adopt the SMCTA and C/CAG recommendations of opting in to the *Regional Transportation Measure* at the ½ cent sales tax rate in order to move the deliberations on to our Sacramento delegation members where final details and agreements related to accountability will be finalized as part of the legislative process.

Nothing about this process should prevent San Mateo County from participating in the *Regional Transportation Measure*.

Thank you,

A handwritten signature in blue ink, appearing to read "R. S. Foust".

Rosanne Foust
President & CEO
SAMCEDA

A handwritten signature in blue ink, appearing to read "Amy Buckmaster".

Amy Buckmaster
President & CEO
Chamber San Mateo County

CC:

SMCTA Board
Caltrain Board
C/CAG Board
State Senator Becker
State Senator Weiner
Assembly Member Papan
Assembly Member Berman

Assembly Member Stefani
San Mateo County Board of Supervisors
Mike Callagy, County of San Mateo
Commissioner Gina Papan, MTC
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