

Resolution No. 2026-

Board of Directors, San Mateo County Transit District

State of California

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Adopting a Local Investment Plan for Potential “Return-to-Source” Revenues from Connect Bay Area Sales Tax Measure Authorized by Senate Bill 63

Whereas, on October 13, 2025, the Governor signed into law Senate Bill 63 (SB 63), also known as the “Connect Bay Area Act,” to authorize a new one-time, 14-year regional sales tax of ½ cent in San Mateo, Santa Clara, Alameda and Contra Costa Counties, and 1 cent in San Francisco, to fund otherwise-unmet operating and capital needs of the region’s public transit systems; and

Whereas, the Transportation Revenue Measure District formed by SB 63 opted not to place the authorized tax measure on the ballot through agency action, which resulted in a private signature gathering effort to place the measure on the ballot via a citizens initiative; and

Whereas, the signed petitions to place a “Connect Bay Area Measure” (Measure) have been submitted to the election officials in the five counties for examination; and

Whereas, if the election officials find that the submitted petitions meet the legal requirements, the Measure will appear on the ballot in all five counties on November 3, 2026; and

Whereas, if the Measure is approved by 50%+1 of the electorate, the 14-year sales tax will be enacted, with revenues distributed in accordance with the expenditure plan specified in SB 63, which for San Mateo County-generated taxes, includes funding primarily for Caltrain, BART and San Francisco Muni, as well as for the San Mateo County Transit District (District), the latter of which is referred to as “return-to-source” funding; and

Whereas, San Mateo County return-to-source funds could be used only for: public transit operations and capital investments; public transit components of larger capital projects, and targeted pavement repairs on local streets served by fixed-route transit (e.g., SamTrans buses); and

Whereas, the District desires to adopt a Local Investment Plan to guide expenditure of San Mateo County’s return-to-source funds that would be collected pursuant to the Measure, averaging approximately \$50 million per year for 14 years; and

Whereas, over the past several months, the District has engaged in extensive outreach to ensure the Local Investment Plan reflects a comprehensive understanding of the County’s

most pressing public transit needs, which outreach included, but was not limited to: presentations and meetings with over 30 city councils and other groups; three meetings each with city/county staff leaders convened as an “Agency Advisory Group” and other community leaders convened as a “Stakeholder Advisory Group;” a multilingual online and hard-copy survey resulting in over 1,800 responses; presentations and discussions at District Board of Directors (Board) meetings in February, May, and June, and engagement of an ad hoc advisory committee of the Board, consisting of Chair Chuang, Vice Chair Esser and Director Gee; and

Whereas, the ad hoc committee recommends the Board adopt this resolution to serve as the Local Investment Plan for the Connect Bay Area Measure Return-to-Source Funds for San Mateo County.

Now, Therefore, Be It Resolved that the Board of Directors of the San Mateo County Transit hereby approves this Local Investment Plan for utilization of “return-to-source” funds generated for use in San Mateo County by a potential Connect Bay Area regional public transportation sales tax measure authorized by Senate Bill 63, if such measure qualifies for and is approved at the November 2026 General Election, including a framework and associated percentages to guide local transit investments.

Be it Further Resolved that the San Mateo County Local Investment Plan (Plan) establishes the following funding framework for the San Mateo County Transit District’s administration of San Mateo County’s Connect Bay Area Measure return-to-source funds:

- *Protect (45%)*: Prevent cuts to existing public transit services
- *Enhance (30%)*: Improve the rider experience and promote traffic reduction through reliable, efficient service, better bus stops and last mile service solutions
- *Expand (20%)*: Expand affordable transit access for underserved communities, including the coast and vulnerable populations
- *Fix (5%)*: Repair and maintain aging transit infrastructure, including bus stops and potholes on bus routes.

Be It Further Resolved that the Board adopts the following guiding principles for how it would implement and update the framework and associated percentages over the life of the potential tax measure:

- The District will prioritize funding necessary to operate SamTrans service, consistent with the District’s adopted Service Policy Framework, last updated in December 2025.
- The funding categories and percentages set forth above are intended to be based on the life of the Measure (rather than on an annual basis).

- The funding percentages will be recalibrated approximately every three years during the term of the tax, taking into consideration current needs and conditions.
- The District will use Measure funding to prioritize early investments in near-term, deliverable and publicly visible projects.
- SamTrans will continue to be customer-focused and use best practices in transit planning. This means SamTrans will assess new pilots and new service based on ridership and performance results and eliminate underperforming service when necessary.

Be It Further Resolved that the Board commits the District to the following fiscal responsibility and accountability provisions for use of Measure return-to-source funds:

- The District will undergo a public and transparent process to prioritize cost containment, revenue generation, accountability and efficiency in operations with the goal of fiscal stability by the end of the 14-year term of the Measure;
- The District will provide regular, transparent updates on Connect Bay Area Measure revenues and funded projects;
- The District will develop a long-range financial plan to address its operating deficit and prepare for continued operations after expiration of the Measure.
- The District will consider different models of cost-saving and revenue-raising tactics, such as those contained within the existing SB 63 Financial Efficiency Review.

Be It Further Resolved that the Board hereby establishes the following key investment goals for Measure return-to-source revenues:

- The District will explore adding fixed-route service and/or pilots that improve neighborhood coverage, create stronger east-west connections, and serve the unique needs of coastal communities.
- The District will partner with cities and/or the County to develop and support new transit pilots, utilizing investments of in-kind (e.g. local marketing) and/or financial support.
- Investments will be implemented with consideration of geographically-distributed solutions.
- Service to transit dependent communities and equity priority areas make up the core of the SamTrans network, and service to those areas will remain a cornerstone of the SamTrans fixed-route network.
- SamTrans will continue fare programs that support access to the system through free

and reduced fares for seniors, low-income riders, students, and people with disabilities.

- Bus service will be coupled with clean, safe and accessible bus stops and transit priority infrastructure projects to make service faster, more reliable, and more efficient and cost effective to operate.

Regularly passed and adopted this 3rd day of June, 2026 by the following vote:

Ayes:

Noes:

Absent:

Chair, San Mateo County Transit District

Attest:

District Secretary