



Memorandum

Date: 04.23.10 **RE:** Citizens Advisory Committee
April 28, 2010

To: Citizens Advisory Committee

From: Anna LaForte – Deputy Director for Policy and Programming *all*
Maria Lombardo – Chief Deputy Director for Policy and Programming *mel*

Subject: **INFORMATION** – Status Report on the Development of a Draft Expenditure Plan for the Imposition of an Additional Vehicle Registration Fee of Up to \$10 in San Francisco Pursuant to the Requirements in SB 83

Summary

In late October, the Governor signed into law SB 83 (Hancock), which authorizes congestion management agencies (CMAs) to impose an annual fee of up to \$10 on motor vehicles registered within their respective counties. The funds would have to be used for programs and projects having a relationship to or benefiting the people paying the fee, and they would have to be consistent with the Regional Transportation Plan. In December 2009, the Authority approved Resolution 10-27, authorizing the Executive Director to initiate the development of an Expenditure Plan for a new vehicle registration fee consistent with the requirements of SB 83. Placing the measure on the November 2010 ballot would necessitate a tight timeline for developing and approving an Expenditure Plan and the required benefit-relationship finding. We recently received confirmation from the City Attorney's Office that the Authority Board can place the measure directly on the ballot, enabling us to push the potential date of adoption by the Authority Board from May to June (see Attachment 1). Since our March report to the CAC, we have held a second meeting of the CAC subcommittee, sought further input from the stakeholder advisory panel, and continued our coordination and information sharing efforts with other Bay Area CMAs that are also targeting the November 2010 election. At the April CAC meeting, we will review the results of a poll conducted in mid-March that showed 66% of likely San Francisco voters would support the measure, as well as describe the preliminary benefit-relationship analysis of the list of potential projects and programs which indicates that all the potential project and programs under consideration for inclusion in the Expenditure Plan could meet the benefit-relationship test per the SB 83 requirement. Attachment 4 shows the draft staff proposal for projects and programs to be included in the Expenditure Plan, having taken into account input from various stakeholders, the polling results, the benefit-relationship analysis, and our experience with administering the sales tax program. Interested parties may access current information and updates on the potential vehicle registration fee and the development of the Expenditure Plan, including opportunities for public input, on the Authority's web site at www.sfcta.org/sb83. **We are seeking input and guidance from the CAC. This is an information item.**

BACKGROUND

On December 15, 2009, the Authority Board approved Resolution 10-37, authorizing the Executive Director to initiate the development of an Expenditure Plan pursuant to the requirements in SB 83 so that the Authority Board is able to place the measure on the November 2010 ballot, should it so choose.

SB 83 was authored by Senator Loni Hancock, a Bay Area legislator, and was one of several initiatives considered by the Legislature during the past session intended to mitigate congestion, reduce air quality impacts from mobile sources, and to generate new revenues that can help with these tasks. The bill authorizes congestion management agencies (CMAs) throughout the state to place a measure on the ballot to impose an additional annual fee of up to \$10 on motor vehicles registered within their respective counties. In late October, Governor Schwarzenegger signed SB 83 into law, allowing the Authority, as CMA for San Francisco, to take up the question of whether or not to pursue such a

measure. This is the first authorization provided by the state in many years that would generate additional transportation revenues at the local level.

The Authority Board could place the vehicle registration fee on the ballot by a simple majority vote, which would also approve the specific Expenditure Plan, to put before the voters, for the revenues collected. SB 83 requires that the fees collected be used only to pay for programs and projects bearing a relationship or benefit to the owners of motor vehicles paying the fee and be consistent with the Regional Transportation Plan. It also requires that the Authority Board make a specified finding of fact (also known as a benefit-relationship finding) in that regard. The guidance in SB 83 is broad regarding what types of projects are eligible, but could include bicycle and pedestrian projects, local streets and roads projects, transit projects, traffic signal coordination, and roadway operational improvements. Imposition of the fee would be subject to a simple majority vote of the San Francisco electorate.

Placing a vehicle registration fee on the November 2010 ballot entails a tight timeline for developing and approving an Expenditure Plan and the required benefit-relationship finding. This timeline and the relatively small amount of funds available (e.g. about \$5 million annually compared to over \$70 million annually for the Prop K half-cent sales tax) call for a very focused and streamlined approach to development of the Expenditure Plan. We recently received confirmation from the City Attorney's Office that the Authority Board can place the measure directly on the ballot, allowing us to extend the potential date of adoption by the Authority Board from May to June. The revised schedule shown in Attachment 1 would enable the Authority Board to place a vehicle registration fee measure on the November 2010 ballot. It shows key dates and indicates activities and deliverables on a monthly basis. The schedule assumes monthly updates to the Plans and Programs Committee and Citizens Advisory Committee (CAC), and the establishment of a stakeholder advisory panel and subcommittee of the CAC to inform the process.

The purpose of this memorandum is to provide an update on the development of an Expenditure Plan for an additional vehicle registration fee in San Francisco and seek input and guidance from the CAC.

DISCUSSION

Over the last month, we have held a second meeting of the CAC subcommittee, sought additional input from the stakeholder advisory panel, continued to meet and coordinate with other Bay Area CMAs that are also considering pursuing a similar fee, received polling results that indicated public support for the proposed measure, received a preliminary benefit-relationship analysis on the potential list of projects and programs previously under discussion, and continued to refine the potential Expenditure Plan categories. In the paragraphs below, we provide an update on SB 83 activities since our March report to the CAC.

Polling Results Show Significant Support for Measure in San Francisco: In February we contracted with EMC Research, Inc for polling services to gauge San Francisco voters' level of interest in a vehicle registration fee ballot measure, and how such a measure would fare on what we expect to be a crowded November ballot. The results, summarized in Attachment 2, predict strong support in San Francisco for the proposed \$10 vehicle registration fee. Even when considering the vehicle registration fee alongside three other revenue measures (to simulate a crowded ballot), 66% of the 534 likely voters surveyed said they would vote for the measure. Furthermore, messages read in support of and in opposition to the measure did not significantly change the level of support for the fee. Respondents supported using revenues for local street repair, pedestrian safety improvements, transit reliability, and programs that encourage people to get around without driving.

Preliminary Benefit-Relationship Analysis Supports Draft List of Possible Projects and Programs: The preliminary benefit-relationship analysis, prepared by Cambridge Systematics and summarized in Attachment 3, provides an initial assessment of the draft list of projects and programs to be considered for inclusion in the Expenditure Plan, and identified their relationship or benefit to those paying the fee, as required by SB 83. Cambridge Systematics' initial findings indicate that all projects and programs we submitted for consideration either directly benefited motorists or mitigated a negative impact of driving, and are therefore eligible for inclusion in the Expenditure Plan. The final benefit-relationship analysis will be completed alongside the draft and final Expenditure Plan, culminating with a finding to be considered by the Authority Board in June 2010.

Summary of Feedback from Stakeholders: On March 22 we convened the first meeting of the stakeholder advisory panel, and on April 12 we convened the second meeting of the CAC SB 83 subcommittee. Both committees discussed and generally supported the draft guiding principles, proposed administrative policies, and the preliminary list of potential projects and programs, with a focus on providing feedback to guide further development of the Expenditure Plan.

Key themes that came up during the discussions included:

- Desire to deliver projects quickly, in particular at the beginning of the measure, to demonstrate that the fee revenues are having an immediate impact. Following on this, there seems to be support building for potentially limited funding to just the final design and/or construction phases.
- Broad support for including street repair and pedestrian safety projects in the Expenditure Plan.
- Interest in funding projects that are difficult to fund with Prop K and other fund sources (e.g. pedestrian lighting).
- Support for funding lower cost projects given continued recognition that \$5 million annually is a relatively small amount of revenue and therefore it would not be appropriate to use it for large capital projects or for ongoing support for transit operations given the magnitude of the need.
- Mixed support for focus on “complete street”-type projects. General support for encouraging and allowing complete street-type features (e.g. landscaping, bulbouts) to be incorporated into projects, but concern that fully loading projects with these features would cause them to be too expensive to be a good fit for this small revenue source.
- Support for expanding project sponsor eligibility to encourage competition. Both the CAC subcommittee and stakeholder advisory panel were interested in opening up eligibility to all public agencies. Some CAC subcommittee members expressed an interest in also allowing non-profits to apply, but this raised accountability concerns with some stakeholder advisory panel members. A likely approach would be consistent with current Prop K policy that allows public agency sponsors who are the direct grant recipients to work with non-profits, as appropriate.

At our Technical Working Group meetings, we have heard general support for the Expenditure Plan, with specific interest from the Municipal Transportation Agency (MTA) in using funds to support smaller, harder to fund programs such as its pedestrian program and SFgo. During public comment, Peter Straus, former MUNI Manager of Service Planning, has suggested that the Expenditure Plan be written to allow all or up to a certain portion of the revenues to be made available to help with MTA budget emergencies, citing the budget deficits facing the MTA in the immediate future. Our research to date indicates that if approved, new fee revenues would not be available until early 2012 at the

earliest, rendering them unable to help resolve the current MTA budget crisis. Also, the revenue generation potential of the vehicle registration fee is so small that such a diversion could significantly limit the ability to fund other Expenditure Plan projects and programs. We will follow-up with the CAC Subcommittee and the stakeholder advisory panel on this comment.

Draft Proposal for Expenditure Plan Projects and Programs: Based upon the input received from various stakeholders, the polling results, the benefit-relationship analysis, and our experience with administering the sales tax program, we have begun refining the draft list of projects and programs by proposing to narrow the Expenditure Plan into three categories each receiving over time the indicated percentage of revenues generated:

- Street reconstruction and repair – 50% (approximately \$2.5 million annually)
- Pedestrian circulation and safety – 25% (approximately \$1.25 million annually)
- Transit reliability and mobility improvements – 25% (approximately \$1.25 million annually)

The draft text of these three Expenditure Plan categories and the types of projects and programs that could be funded in each one is shown in Attachment 4. We are continuing to seek input on the draft, and are working to develop the full text of the Expenditure Plan based on the schedule shown in Attachment 1. We will present a draft Expenditure Plan to the CAC subcommittee in the next few weeks, and will present a final draft Expenditure Plan to the CAC for approval at its May 26 meeting.

Interested parties may access current information and updates on the potential vehicle registration fee and the development of the Expenditure Plan, including opportunities for public input, on the Authority's website at www.sfcta.org/sb83.

We are seeking input and guidance from the CAC. This is an information item.

ALTERNATIVES

Not applicable – This is an information item.

FINANCIAL IMPACTS

Not applicable – This is an information item.

RECOMMENDATION

Not applicable – This is an information item.

Attachments:

1. Revised Schedule for Developing an Expenditure Plan and Placing a New Vehicle Registration Fee on November 2010 Ballot
2. Memorandum – Executive Summary of Survey Findings for San Francisco Vehicle Registration Fee
3. Preliminary Findings on Benefit-Relationship Analysis
4. Draft Proposal for Expenditure Plan Projects and Programs



SB 83 Vehicle Registration Fee – Expenditure Plan Development Revised Schedule (Updated 04.22.10)

The revised schedule shown below would enable the San Francisco County Transportation Authority (Authority) Board to place a vehicle registration fee measure pursuant to the requirements in SB 83 (Hancock) on the November 2010 ballot. It shows key dates and indicates activities and deliverables on a monthly basis. The schedule assumes nearly monthly updates to the Plans and Programs Committee (PPC) and Citizens Advisory Committee (CAC), and the establishment of a stakeholder advisory panel and subcommittee of the CAC to inform the process.

December 15, 2009	<ul style="list-style-type: none"> • Authority Board approves process to develop Expenditure Plan.
January 2010	<ul style="list-style-type: none"> • Establish subcommittee of the CAC • Report on revenue projections to CAC
February 2010	<ul style="list-style-type: none"> • Report on revenue projections to PPC • Establish Stakeholder Advisory Panel • Draft Expenditure Plan structure to CAC
March 2010	<ul style="list-style-type: none"> • First CAC Subcommittee meeting • First Stakeholder Advisory Panel meeting • Draft Expenditure Plan structure to PPC
April 2010	<ul style="list-style-type: none"> • Second CAC Subcommittee meeting • Second Stakeholder Advisory Panel round of input • Draft Proposal for Expenditure Plan Projects and Programs to CAC
May 2010	<ul style="list-style-type: none"> • Third CAC Subcommittee meeting • Third Stakeholder Advisory Panel meeting • Draft Expenditure Plan to PPC • Final Expenditure Plan and final benefit/relationship analysis to CAC
June 2010	<ul style="list-style-type: none"> • Final Expenditure Plan and final benefit/relationship analysis to PPC • Authority Board acts on Expenditure Plan and benefit/relationship analysis to place measure on the November 2010 ballot
July 30, 2010	<ul style="list-style-type: none"> • Deadline for the Authority to place measure on November 2010 ballot
November 2, 2010	<ul style="list-style-type: none"> • San Francisco voters consider measure

Meeting notices and materials are available on the Authority's website at www.sfcta.org/sb83.



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MEMORANDUM

TO: Amber Crabbe
FROM: Alex Evans & Sara LaBatt
DATE: April 8, 2010
RE: Executive Summary of Survey Findings
San Francisco VRF Survey

EMC Research recently conducted a telephone survey of San Francisco likely voters on issues related to a potential ballot measure to implement a vehicle registration fee as allowed by California Senate Bill 83. Outlined below is a brief summary of the key findings from the survey.

- **Voters see a need for funding for San Francisco's transportation network.** Half of the voters (51%) believe there is a great need for additional funding for transportation planning and street and road improvement programs in San Francisco, and another 32% say there is some need, for a total of 83%.
- **The measure comfortably clears the fifty percent plus one threshold.** When respondents are initially read a ballot question for implementing a vehicle registration fee, a total of 66% say they would vote yes (34% definitely, 30% probably, 2% lean), while 31% are in the "no" camp (18% definitely, 12% probably, 1% lean).
- **A twenty year expenditure plan review and update does not move the vote.** Support is comfortably above fifty percent without mention of how often the plan would be updated and by whom, indicating that voters are comfortable enough with the measure to not need it. More than half of San Francisco voters (62%) say a twenty year update and approval by SFCTA would either make them less likely to vote for the measure or it would have no effect on their vote.
- **There is support for programs that impact all parts of SF's transportation network.** Seven out of ten San Francisco voters place a high priority for funding from the fee on improving MUNI's reliability (69% high priority; 44% very high), while 66% place a high priority on repairing local streets and roads (38% very high). Fifty-nine percent believe programs that encourage people to get around without driving cars should be a high

priority (39% very high), and 57% say pedestrian safety improvements are a high priority (32% very high).

- **Support for the measure is remarkably stable.** Messages in support of and in opposition to the measure essentially have no effect on the vote, with 69% voting yes after positive messages, and 67% voting yes after negative messages. The opposition also remains stable, at 28% after positives and 29% after negatives. None of the negative messages tested compel more than 38% to be more likely to oppose the measure.
- **In today's economic climate, one-third of San Francisco voters are tax-hostile.** By all measures tested on the poll, it appears that about one-third of San Francisco voters are currently inclined to vote against any revenue measure on the ballot. This was consistent across general tax questions, as well as their votes on the VRF and other measures tested in the poll.

Methodology

A total of 534 interviews were completed among registered voters in San Francisco. The overall margin of error for this study is +/- 4.3 percentage points.



SB 83 Additional Vehicle Registration Fee – Expenditure Plan Preliminary Findings on Benefit-Relationship Analysis (Updated 04.07.10)

INTRODUCTION

The following is a summary of the preliminary findings from the benefit-relationship analysis of potential Expenditure Plan projects and programs that is being prepared for the Authority by Cambridge Systematics. We have not vetted this preliminary analysis with legal counsel, and it is in preliminary draft form. The analysis is based upon a list of potential projects and programs that could be included in the Authority's proposed draft Expenditure Plan, similar to what was reviewed by the Plans and Programs Committee at its March meeting. We are continuing to work with Cambridge Systematics to refine the project list to reflect the draft Expenditure Plan as it is finalized. However, we do not expect the basic approach to the analysis to change.

SUMMARY OF PRELIMINARY BENEFIT-RELATIONSHIP ANALYSIS

The purpose of the preliminary analysis was to determine (1) whether the identified projects and programs may be funded with an increased vehicle registration fee pursuant to the requirements of *California Government Code* Section 65089.20 (SB 83), and (2) what technical approach should be used to justify the finding of benefit or relationship between the projects and programs and those paying the vehicle registration fee.

The consultants evaluated the benefit and relationship according to three categories, within which they could apply the same analytical approach. The categories were based on the preliminary project list we provided to the consultant and include

1. **Street Maintenance** (including street resurfacing, curb ramps, and pothole-filling);
2. **Pedestrian Safety** (including intersection reconfiguration, shortening of crossing distances and minimizing conflicts with other modes, including many pedestrian improvements listed under Mobility); and
3. **Mobility Improvements** (including complete streets projects, transit station improvements, connectivity improvements, sidewalk widening, sidewalk bulbouts, trees, lighting, landscaping, repair or upgrade of pedestrian walkways, traffic signal and equipment, pedestrian countdown signals, real-time information systems, parking management, transportation demand management, transit operations, transit signal priority, small transit upgrades and expansion).

The benefit and relationship analysis has two parts that, taken together, are referred to as the “dual test.” The first part of the dual test relates to what impact or need is reasonably related to the activity. In this case the “activity” is ownership of private vehicles in San Francisco. The second part relates to what specific revenues associated with the activity, in this case SB 83 fees, will either fund mitigations reasonably related to the impact, or benefits reasonably related to the need. Thus, each part of the dual test has two alternative interpretations as shown in Figure 1 below.

Figure 1: Dual Test

	Part 1	Part 2
Impact or Need Analysis	Does the activity generate a negative impact?	If so, are the fee revenues used to mitigate that impact?
Benefit and Relationship Analysis	Does the activity cause the need for a public service or facility?	If so, are fee revenues used for the service or facility that benefits the activity?

Cambridge Systematics’ initial findings indicate that all projects we submitted for consideration meet one or both elements of the dual test, and are therefore eligible for inclusion in an SB 83 vehicle registration fee Expenditure Plan.

Specifically, for each category, the consultants made the following preliminary analysis:

Street Maintenance

- Impact-Need: Streets deteriorate from vehicle use, and additional funds are needed to adequately maintain them.
- Benefit-Relationship: Vehicle owners benefit from maintained streets through reduced vehicle maintenance costs, improved safety, enhanced driving experience, and travel time savings.

Pedestrian Safety

- Impact-Need: Vehicle operation causes pedestrian injuries and fatalities.
- Benefit-Relationship: Projects that improve pedestrian safety reduce those injuries and fatalities.

Mobility Improvements

- Impact-Need: Congestion caused by motorists constrains mobility.
- Benefit-Relationship: Capacity to relieve congestion by expanding roadway network is severely constrained, so a feasible alternative is to enhance capacity of existing transportation systems (most directly vehicle and transit capacity, but also including bicycle and pedestrian infrastructure).

Attachment 4
SB 83 Additional Vehicle Registration Fee for San Francisco
Draft Proposal for Expenditure Plan Projects and Programs

Listed below are draft descriptions of the categories proposed for the SB 83 vehicle registration fee Expenditure Plan. The proposed total funding corresponds to the revenue projections we received in February, which indicates that approximately \$5 million will be available annually for programming to projects or a total of \$150 million over the 30-year life of the Expenditure Plan.

	50% of revenues
1. Street Reconstruction and Repair	Approximately \$2.5 M per year
	Approximately \$75 M over 30 years

Reconstruction and repair of city streets to prevent deterioration of the roadway system, based on an industry-standard pavement management system designed to inform cost effective roadway maintenance. Priority given to streets located on San Francisco's bicycle network. Priority given to projects that include complete streets elements such as curb ramps, bicycle infrastructure, pedestrian improvements, and traffic calming. Includes design and construction.

	25% of revenues
2. Pedestrian Circulation and Safety	Approximately \$1.25 M per year
	Approximately \$37 M over 30 years

Improvements to the safety and usability of city streets for pedestrians. Priority given to projects that shorten crossing distances, minimize conflicts with other modes, and reduce pedestrian hazards. May include crosswalk improvements, sidewalk widening and bulbouts, sidewalk repair, repair or upgrade of stairways connecting to transit stops, pedestrian countdown signals, pedestrian lighting, and traffic calming. Includes design and construction.

	50% of revenues
3. Transit Reliability and Mobility Improvements	Approximately \$1.25 M per year
	Approximately \$37 M over 30 years

Improvements that promote transportation system connectivity, reliability, and accessibility. Priority given to projects on corridors with high transit ridership and those that support proposed rapid transit. May include transit station and stop improvements, transit stop consolidation and relocation, transit signal priority, traffic signal upgrades, travel information improvements, wayfinding signs, innovative parking management pilots and projects, and transportation demand management. Includes design and construction.