



Memorandum

Date: 06.11.10 **RE:** Plans and Programs Committee
June 15, 2010

To: Plans and Programs Committee

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

Through: José Luis Moscovich – Executive Director *José Luis*

Subject: **ACTION** – Recommend Adoption of a Resolution Approving a Vehicle Registration Fee Expenditure Plan; Making Required Findings; Submitting to the Voters at the General Election Scheduled for November 2, 2010, an Ordinance Amending the San Francisco Business and Tax Regulations Code by Adding Article 23 to (1) Adopt a \$10 Increase in the Annual Vehicle Registration Fee for Each Motor Vehicle Registered in the City and County of San Francisco, to Fund Congestion and Pollution Mitigation Programs and Projects, (2) Authorize the Authority to Expend Fee Revenue Under the Expenditure Plan, (3) Authorize the Authority to Contract with the California Department of Motor Vehicles for Collection and Distribution of the Fee Revenue, and (4) Authorize the Authority to Take All Steps Necessary to Administer the Expenditure Plan and All Programs and Project Funded by the Fee Revenue; and Appropriating Up to \$400,000 in Prop K Funds, With Conditions, to Cover the Costs of Placing the Measure on the Ballot

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 to fund congestion and pollution mitigation programs and projects. 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 (RTP). 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 and targeting the November 2010 election. Attachment 2 includes the final draft Expenditure Plan, which was developed and refined based on input from numerous stakeholders over the past six months. The plan has broad support from various stakeholders, with the only outstanding policy consideration being whether or not to include Caltrain operations as an eligible project type. This issue is detailed in the memo below. We have worked with a consultant to complete the required benefit-relationship analysis (Attachment 3), confirmed consistency of the proposed projects and programs with the RTP (Attachment 4) and Countywide Transportation Plan, and sought legal guidance on the potential impact of the “Stop Hidden Taxes” ballot initiative on this measure. **We are seeking a recommendation to adopt a resolution approving a vehicle registration fee Expenditure Plan; making required findings; submitting to the voters at the general election scheduled for November 2, 2010, an ordinance amending the San Francisco Business and Tax Regulations Code by adding Article 23 to (1) adopt a \$10 increase in the annual vehicle registration fee for each motor vehicle registered in the City and County of San Francisco, to fund congestion and pollution mitigation programs and projects, (2) authorize the Authority to expend fee revenue under the Expenditure Plan, (3) authorize the Authority to contract with the California Department of Motor Vehicles for collection and distribution of the fee revenue, and (4) authorize the Authority to take all steps necessary to administer the Expenditure Plan and all programs and project funded by the fee revenue; and appropriating up to \$400,000 in Prop K funds, with conditions, to cover the costs of placing the measure on the ballot.**

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 October 2009, 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 ballot measure's resolution contain a finding of fact that 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 (RTP). 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 necessitated 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. The revised schedule shown in Attachment 1 would enable the Authority Board to act on June 29 to place a vehicle registration fee measure on the November 2010 ballot. The deadline for the Board to place a measure on the November 2010 ballot is July 30, 2010.

The purpose of this memorandum is to seek a recommendation to adopt a resolution approving a vehicle registration fee Expenditure Plan; making required findings; submitting to the voters at the general election scheduled for November 2, 2010, an ordinance amending the San Francisco Business and Tax Regulations Code by adding Article 23 to (1) adopt a \$10 increase in the annual vehicle registration fee for each motor vehicle registered in the City and County of San Francisco, to fund congestion and pollution mitigation programs and projects, (2) authorize the Authority to expend fee revenue under the Expenditure Plan, (3) authorize the Authority to contract with the California Department of Motor Vehicles for collection and distribution of the fee revenue, and (4) authorize the Authority to take all steps necessary to administer the Expenditure Plan and all programs and project funded by the fee revenue; and appropriating up to \$400,000 in Prop K funds, with conditions, to cover the costs of placing the measure on the ballot.

DISCUSSION

In the paragraphs below, we provide an overview of the final draft Expenditure Plan and the resolution approving the Expenditure Plan, making required findings, and placing the measure on the November 2, 2010 ballot. We have also summarized the stakeholder input received over the course of developing the Expenditure Plan, and provided new information on how a proposed constitutional amendment, “Stop Hidden Taxes,” expected to be on the November 2010 ballot, could impact the SB 83 vehicle registration fee measure.

Final Draft Expenditure Plan: Based upon the input received from various stakeholders, the polling results, the preliminary benefit-relationship analysis, and our experience with administering the sales tax program, in April we developed a first draft of an Expenditure Plan, and presented it on May 4 to the Citizens Advisory Committee (CAC) Subcommittee and stakeholder advisory panel, and based on their input presented a revised draft to the Plans and Programs Committee on May 11, to the Authority Board on May 18, to our Technical Working Group on May 20, and to the CAC on May 26 and June 9.

We modified the draft Expenditure Plan by adding administrative provisions such as the production of an annual report that summarizes revenues, expenditures and benefits realized by the program. We also revised language to reflect input from legal counsel, to make it consistent with the resolution (discussed below) and related documents. For instance, we changed the name of the Pedestrian Safety and Circulation category to Pedestrian Safety to better reflect the benefit-relationship analysis. The guiding principles, administrative policies and procedures, and descriptions of eligible projects and programs, described below, are not substantially different from materials that we presented to the Plans and Programs Committee in May.

- **Street Repair and Reconstruction** – 50% (approximately \$2.5 million annually). Projects funded in this category would provide a strong benefit to the motorists paying the fee, and since it includes the ability to add on complete streets elements, it will also benefit all modes, including bicyclists, pedestrians, and transit users. The San Francisco Bicycle Coalition’s research has indicated that street repair is a high priority for cyclists.
- **Pedestrian Safety** – 25% (approximately \$1.25 million annually). Projects funded in this category would help mitigate the impact that driving has on pedestrian safety. While these types of projects may be part of or coordinated with a street repair or reconstruction project, providing an independent category in the Expenditure Plan would allow the City to address critical pedestrian safety issues in a timely fashion, rather than having to wait for a particular location to be prioritized for pavement repair. Dedicating some funds specifically for pedestrian safety also is in recognition of the limited discretionary funding opportunities for these types of improvements.
- **Transit Reliability and Mobility Improvements** – 25% (approximately \$1.25 million annually). Similar to the pedestrian safety category, these projects could be incorporated into or coordinated with street repair projects, but the City would benefit from an independent fund source to support projects that can most effectively benefit transit, independent of the street resurfacing schedule. This category would also provide much-needed capital funds to leverage Prop K and other sources to support future implementation of the Municipal Transportation Agency’s (MTA’s) Transit Effectiveness Project rapid network.

The full text description for each of the three categories is contained in the attached final draft Expenditure Plan (Attachment 2). The SB 83 Expenditure Plan follows the organizational structure of

the Prop K Expenditure Plan, but is much shorter and more streamlined, primarily to reflect the much smaller revenue source (annually around \$5 million a year compared to \$70-\$80 million a year for Prop K). The draft Expenditure Plan also includes a few new sections to correspond to the requirements of SB 83 (e.g., the required the benefit-relationship finding), expands project sponsor eligibility to all public agencies rather than specifying a more narrow list of eligible sponsors by category, and streamlines the strategic planning process.

Resolution, Ordinance, and Required Findings: Attachment 3 includes the resolution and ordinance to place the measure on the November 2010 ballot and adopt findings as required by the SB 83 legislation. The Authority must make a finding of fact that the Expenditure Plan of projects and programs to be funded by the fee have a relationship or benefit to the persons who will be paying the fee (i.e., owners of vehicles that are registered in San Francisco). Attachment 4 includes this required benefit-relationship analysis report as prepared by the consultant, Cambridge Systematics, and has been discussed in prior presentations to the Plans and Programs Committee. As also required by the SB 83, we have made a finding that all of the proposed projects and programs in the Expenditure Plan are consistent with the Metropolitan Transportation Commission's latest RTP, also known as Transportation 2035. Detail supporting this finding is shown in Attachment 5. We have also concluded that all of the proposed projects and programs are consistent with and support the goals, objectives, and strategies addressed in the Countywide Transportation Plan.

Summary of Stakeholder Input: Over the course of developing the Expenditure Plan, two key policy considerations emerged. The CAC subcommittee raised the issue of whether or not to include pothole repair as an eligible expenditure in the street repair and reconstruction category since it would provide an immediate benefit to motorists. In response to the subcommittee's discussion, we sought information from the Department of Public Works (DPW) on this topic. DPW has indicated that it would prefer to invest SB 83 revenues into its capital street repair and reconstruction program, which extends the useful life of the asset and reduces the appearance of potholes, and is a more cost effective approach to maintenance of streets and roads. The stakeholder advisory panel did not support including pothole repair in the Expenditure Plan, recognizing the temporary nature of the investment (e.g., pothole repairs generally have a useful life of one year or less). We distributed information on this topic at the May CAC meeting and discussed it again at the June 9 CAC meeting. There now seems to be general agreement at the CAC that the Expenditure Plan should focus on street repair and reconstruction, rather than potholes.

The second policy consideration has been whether or not to commit a portion of the revenues to support transit operations, whether allowing this to happen only in times of fiscal emergencies or on an ongoing basis. Three members of the stakeholder advisory panel felt that San Francisco, San Mateo, and Santa Clara counties, members of the Peninsula Joint Powers Board which governs Caltrain, should commit all or part of their respective SB 83 revenues to support and preserve Caltrain service, given its current budget crisis. The proponents felt that supporting Caltrain was an important element in the effort to reduce automobile use in San Francisco. It was suggested that San Francisco's SB 83 funding contribution should be contingent on matching contributions from San Mateo and Santa Clara counties, consistent with the current formula for assigning Caltrain operating costs to each county, thereby creating an incentive for the other counties to secure and provide operating funds for Caltrain operations. The CAC subcommittee and other members of the stakeholder advisory panel felt that Caltrain's and the MTA's operations funding needs are too large to be a good fit for this small fund source. They also recognized that since the fee revenues will not likely be available until mid-2012, this would not be a solution for filling budget shortfalls during the current or next fiscal years.

We have vetted this issue with the CAC subcommittee and the stakeholder advisory panel, and the universal sentiment seems to be that finding a sustainable solution for transit operations is a critically important issue that needs to be resolved regardless of the SB 83 effort. Further, with respect to Caltrain, the subcommittee felt that there needs to be a regional solution given the governance structure and that San Francisco should take a leadership role in working with the Santa Clara and San Mateo CMAs to secure a stable, on-going source of revenue for Caltrain. While they recognize that SB 83 revenues would not resolve Caltrain's fiscal issues, some of the stakeholder advisory panel members still feel it would be important to open up the Transit Reliability and Mobility category to Caltrain operations to demonstrate San Francisco's commitment to addressing this issue.

Based upon conversations with the Santa Clara CMA staff and review of expenditure plan materials presented on June 3 to the Santa Clara Valley Transportation Authority (VTA) Board of Directors, Santa Clara's CMA staff had proposed to allow transit to be eligible to receive up to 15% of its SB 83 revenues for access and efficiency projects. Transit would have competed with four other programmatic categories for the same 15% share of the revenues, making transit unlikely to receive even 15% of the fee revenues. Within the transit category, Santa Clara CMA staff did not propose anything specifically for Caltrain transit operations. We received an update on June 4 that the VTA Board of Directors voted to remove the transit category from the Expenditure Plan in order to focus the plan more specifically on providing funds for local streets and roads since the county has recently passed other revenue measures to support transit. The San Mateo CMA is not as far along in its Expenditure Plan development process, but its staff is considering a proposal that would commit up to 30% of its revenues to transit, some of which could be used for transit operations, including Caltrain and SamTrans. The final draft Expenditure Plan for San Francisco currently does not include Caltrain operations as an eligible project type, based on the majority of stakeholder input received to date, but it certainly could be added by the Authority Board should it so choose.

Proposed November 2010 "Stop Hidden Taxes" Ballot Initiative: A group led by the California Chamber of Commerce and the California Taxpayers' Association has submitted signatures to the California Secretary of State seeking to qualify an initiative constitutional amendment for the November 2, 2010 ballot. The "Stop Hidden Taxes" measure would for the first time define a tax in the Constitution and broaden the scope of the Constitution's limitations on the adoption of taxes to encompass many charges that current law treats as fees. If the measure qualifies for the ballot and the voters approve it in November, the SB 83 vehicle registration fee increase could be treated as a special tax, rather than a local fee, and require a two-thirds vote of the San Francisco electors for approval. SB 83 states that the vehicle registration fee increase requires only majority voter approval. It is unclear how the constitutional amendment, if approved, will affect existing local fees that fall within the new definition of a tax. However, the constitutional amendment will not be effective until the day after the November 2, 2010 election. The draft vehicle registration fee ordinance sets as the effective date the close of the polls in the City and County of San Francisco on the day of the election, with the intention of making the fee effective before the constitutional amendment. Therefore, even if the voters adopt both measures and the vehicle registration fee increase does not receive two-thirds approval from San Francisco's voters, the Authority will be able to argue that the fee is not subject to the new rules and does not require two-thirds approval. Attachment 6 is an analysis of the ballot initiative prepared by the Legislative Analyst's Office.

Prop K Appropriation and Strategic Plan Amendment: We are requesting an appropriation of up to \$400,000 in Prop K funds to cover the cost of placing the vehicle registration fee increase measure on the November 2010 ballot, including payments to the Department of Elections and payments for the printing of the portions of the ballot pamphlet relating to the fee. If the voters approve the vehicle

registration fee measure, the Authority may pay these costs from the proceeds of the fee. This appropriation requires concurrent amendment of the 2009 Prop K Strategic Plan to increase the amount of Proposition K funds available for the Authority's Prop K planning, programming and project delivery oversight efforts by up to \$400,000 in Fiscal Year 2009/10 (i.e., these funds would come off the top rather than from any specific Expenditure Plan line).

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

We are seeking a recommendation to adopt a resolution approving vehicle registration fee Expenditure Plan; making required findings; submitting to the voters at the general election scheduled for November 2, 2010, an ordinance amending the San Francisco Business and Tax Regulations Code by adding Article 23 to (1) adopt a \$10 increase in the annual vehicle registration fee for each motor vehicle registered in the City and County of San Francisco, to fund congestion and pollution mitigation programs and projects, (2) authorize the Authority to expend fee revenue under the Expenditure Plan, (3) authorize the Authority to contract with the California Department of Motor Vehicles for collection and distribution of the fee revenue, and (4) authorize the Authority to take all steps necessary to administer the Expenditure Plan and all programs and project funded by the fee revenue; and appropriating up to \$400,000 in Prop K funds, with conditions, to cover the costs of placing the measure on the ballot.

ALTERNATIVES

1. Recommend approval of the staff recommendation.
2. Recommend approval of the staff recommendation, with modifications.
3. Defer action, pending additional information or further staff analysis.

CAC POSITION

The CAC was briefed on this item at its June 9 meeting, and unanimously adopted a motion of support for the staff recommendation.

FINANCIAL IMPACTS

This action would have no impact on the Authority's Fiscal Year 2009/10 budget since the costs of placing the measure on the ballot would be incurred in Fiscal Year 2010/11. These costs are included in the Authority's proposed Fiscal Year 2010/11 Annual Budget.

If San Francisco voters approve the measure, we would contract with the DMV for collection and distribution of fee revenues. There would also be initial setup and programming costs estimated at an amount not to exceed \$125,000. This amount could be lower if similar fee measures pass in other Bay Area counties, allowing the initial setup costs to be distributed across multiple CMAs. It is not yet certain when the Authority would receive the first fee revenues from the DMV, but it may not be until Fiscal Year 2011/12. If the measure is approved, the Authority would amend the Fiscal Year 2010/11 Annual Budget to recognize expenditures associated with payment to the DMV for initial setup and programming costs and would include in future year budgets the revenues collected during the fiscal year (estimated at \$5 million annually) and associated expenditures.

RECOMMENDATION

Recommend adoption of a resolution approving a vehicle registration fee Expenditure Plan; making required findings; submitting to the voters at the general election scheduled for November 2, 2010, an ordinance amending the San Francisco Business and Tax Regulations Code by adding Article 23 to (1) adopt a \$10 increase in the annual vehicle registration fee for each motor vehicle registered in the City and County of San Francisco, to fund congestion and pollution mitigation programs and projects, (2) authorize the Authority to expend fee revenue under the Expenditure Plan, (3) authorize the Authority to contract with the California Department of Motor Vehicles for collection and distribution of the fee revenue, and (4) authorize the Authority to take all steps necessary to administer the Expenditure Plan and all programs and project funded by the fee revenue; and appropriating up to \$400,000 in Prop K funds, with conditions, to cover the costs of placing the measure on the ballot.

Attachments:

1. Schedule for Developing an Expenditure Plan and Placing a New Vehicle Registration Fee on November 2010 Ballot
2. SB 83 Additional Vehicle Registration Fee – Final Draft Expenditure Plan
3. Resolution XX-XX SB 83 Vehicle Registration Fee
4. SB 83 Vehicle Registration Fee Benefit-Relationship Analysis Final Report
5. Regional Transportation Plan Consistency Finding for Proposed SB 83 Vehicle Registration Fee Expenditure Plan
6. Legislative Analyst's Office Report on "Stop Hidden Taxes" Constitutional Initiative



Attachment 1
SB 83 Vehicle Registration Fee – Expenditure Plan Development
Revised Schedule (Updated 06.02.10)

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 Stakeholder Advisory Panel electronic review of materials Draft Expenditure Plan Projects and Programs to CAC
May 2010	<ul style="list-style-type: none"> Third CAC Subcommittee meeting Second Stakeholder Advisory Panel meeting Draft Expenditure Plan to PPC Draft Expenditure Plan to CAC
June 2010	<ul style="list-style-type: none"> Final draft Expenditure Plan and related materials to CAC (June 9) Final draft Expenditure Plan and related materials to PPC (June 15) Authority Board acts on Expenditure Plan and related materials to place measure on the November 2010 ballot (June 29)
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.

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

1. INTRODUCTION

A. SUMMARY

In late October, the Governor signed into law SB 83 (Hancock), which authorizes congestion management agencies (CMAs) to impose an annual vehicle registration fee increase 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.

This Expenditure Plan identifies transportation improvements to be funded from a new \$10 increase in the vehicle registration fee for vehicles registered in San Francisco. The projects and programs included in the Expenditure Plan are designed to be implemented over the next 30 years. This Expenditure Plan includes provisions for future updates to the Expenditure Plan beyond the initial 30-year period. The Expenditure Plan includes investments in three categories:

- Street Repair and Reconstruction
- Pedestrian Safety
- Transit Reliability and Mobility Improvements

B. DEVELOPMENT OF EXPENDITURE PLAN

This Expenditure Plan was developed through a multi-faceted stakeholder outreach process by the San Francisco County Transportation Authority (“Authority”) that included monthly discussions at the Authority’s Plans and Programs Committee and Citizens Advisory Committee (“CAC”) and reports to the Authority Board of Commissioners (“Board”). A subcommittee of the CAC and a stakeholder advisory panel provided more detailed input into the development of the Expenditure Plan, as did the Authority’s staff-level Technical Working Group and other stakeholders through direct contact with Authority staff. The roster of CAC and stakeholder advisory panel members is included in Attachment 1. The Board approved the Expenditure Plan on MONTH, DATE, 2020.

The Expenditure Plan is a list of transportation projects and programs that will be given priority for vehicle registration fee funding. As such, the Expenditure Plan shall be amended into the Capital Improvement Program of the Congestion Management Program, developed pursuant to section 65089 of the California Government Code. These projects and programs are intended to help implement the long-range vision for the development and improvement of San Francisco’s transportation system, as articulated in the San Francisco Long Range Countywide Transportation Plan.

The Countywide Transportation Plan is the City’s blueprint to guide the development of transportation funding priorities and policy. The major objectives of the Countywide Transportation Plan are to enhance mobility and access throughout the City, improve safety for all transportation system users, support the City’s economic development and the vitality of our neighborhoods, sustain environmental quality, and promote equity and efficiency in transportation investments. The Countywide Transportation Plan is a living document, updated on a regular basis to identify and address changing needs and regional trends, and align them with available funding.

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

C. GUIDING PRINCIPLES

The following principles were used to help guide development of the Expenditure Plan:

- All programs and projects must provide a documentable benefit or relationship to those paying the fee.
- Don't spread the limited revenues too thin or too thick: limit the Expenditure Plan to a very small number of programmatic categories, and within the categories focus on smaller, high-impact projects that will provide tangible benefits in the short-term.
- Stretch limited revenues as far as possible by complementing or enhancing projects that receive Prop K and other funds (e.g. support leveraging of revenues)
- Fill gaps in fund eligibility by supporting projects that are ineligible, have very limited eligibility, or compete poorly to receive Prop K or other discretionary funds.
- Provide a fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods.
- Ensure accountability and transparency in programming and delivery.

D. STRUCTURE

The Expenditure Plan is organized into seven sections. Section 1: Introduction provides background on the Expenditure Plan's purpose and how it was developed. Section 2: General Provisions provides further context on the Expenditure Plans' policies and administration. Section 3: Plan Summary contains detailed descriptions of the three programmatic categories included in the Expenditure Plan, and the types of items that are eligible for funding under each of them. Section 4: Benefit-Relationship Finding addresses the requirement in SB83 that there be a finding of benefit or relationship between the projects and programs in the Expenditure Plan and those persons paying the fee. Section 5: Consistency with Regional Transportation Plan addressed the requirement in SB83 that the projects and programs in the Expenditure Plan are consistent with the regional transportation plan. Section 6: Implementation Provisions describes the process for prioritizing and allocating funds following adoption of the Expenditure Plan. Section 7: Update Process describes the mechanisms for developing updates to the Expenditure Plan beyond the initial 30-year period.

2. GENERAL PROVISIONS

A. Vehicle Registration Fee Revenues

The Expenditure Plan is fiscally constrained to the total funding expected to be available if the voters approve the \$10 vehicle registration fee increase.

Total revenues are estimated over the next 30-year period at approximately \$150.0 million (escalated dollars or year of expenditure (YOE) dollars), or approximately \$5.0 million annually.

B. Administration by the San Francisco County Transportation Authority

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

The Authority, which currently serves as the Congestion Management Agency for the City and County of San Francisco, shall allocate, administer and oversee the expenditure of the vehicle registration fee revenues.

C. Annual Report

The Authority shall draft a public annual report that summarizes revenues collected; expenditures by programmatic category, including distribution of funds within each program and costs related to bonding, if applicable; administrative costs; and accomplishments and benefits realized by the program.

D. Use of Proceeds

The Authority shall use the proceeds of the fee solely for the projects and programs and purposes set forth in the Expenditure Plan. The Authority shall not provide funds in advance, but shall reimburse a sponsor for eligible expenditures incurred on approved projects and programs. Pursuant to California Government Code section 65089.20, not more than five percent of the fee proceeds shall be used for administrative costs associated with the programs and projects, including the amendment of the Expenditure Plan.

Pursuant to California Vehicle Code section 9250.4, the Authority may pay the initial setup and programming costs identified by the California Department of Motor Vehicles to collect the fee from the fee proceeds. Any direct contract payment from the Authority to the Department of Motor Vehicles shall be repaid, with no restriction on the funds, to the Authority as part of the initial fee revenue available for distribution. These setup and programming costs shall not be counted against the five percent administrative cost limit specified in California Government Code section 65089.20(d) and this Expenditure Plan.

The costs of placing the measure authorizing the vehicle registration fee increase on the ballot, including payments to the San Francisco Department of Elections and payments for the printing of the portions of the ballot pamphlet relating to the fee increase measure, up to a maximum of \$400,000 advanced by the Authority, shall be paid from the proceeds of this fee, and shall not be counted towards the 5% limit on administrative costs. In its discretion, the Authority may amortize these costs over a period of years.

E. Restriction of Funds

Vehicle registration fee revenues shall be spent on capital projects rather than to fund operations and maintenance of existing transportation services, unless otherwise explicitly specified in the Expenditure Plan. Vehicle registration fee revenues generated pursuant to this plan shall be subject to the following restrictions:

i. No Substitution

Vehicle registration fee revenues shall be used to supplement and under no circumstance replace existing revenues used for transportation purposes. Proceeds from the sale or liquidation of capital assets funded with vehicle registration fee revenues shall be returned to the Authority (in proportion to the contribution of vehicle registration fee revenues to the total original cost of the asset), for re-allocation to eligible expenses within the categories from which funds were expended for the original investment.

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

ii. No Expenditures Outside San Francisco

No vehicle registration fee revenues shall be spent outside the limits of the City and County of San Francisco, except for projects that demonstrate there will be a quantifiable benefit to the City and County's transportation program from the expenditure of funds beyond the City and County line. Should transportation projects or services contemplated in the plan require the participation of multiple counties for any phase of project development or implementation, the Authority shall work cooperatively with the affected county or counties to ensure successful project implementation.

F. Environmental Review

The proposed vehicle registration fee increase and the Expenditure Plan do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) because they simply create a government funding mechanism that does not involve a commitment to any specific project, which may result in a potentially significant physical impact on the environment.

Environmental reporting, review and approval procedures as provided for under the National Environmental Policy Act (NEPA), and/or CEQA, and other applicable laws shall be carried out as a prerequisite to the implementation of any project to be funded partially or entirely with vehicle registration fee revenues.

G. Eligible Recipients of Funds

Only public agencies are eligible to receive allocations of vehicle registration fee revenues.

H. Option to Bond

The Authority may issue bonds or collaborate with other entities to issue bonds to expedite delivery of projects and programs under this Expenditure Plan. Any bonds will be paid with the proceeds of the fee and the costs associated with bonding will be borne only by the programs in the Expenditure Plan utilizing the bond proceeds.

I. Severability of Expenditure Plan Projects and Programs

All projects and programs included in the Expenditure Plan and included in the related Benefit-Relationship Finding are discrete and severable. If any individual project or program is deemed ineligible to receive vehicle registration fee revenues, the Authority may reallocate the revenues for that project or program to eligible projects and programs according to the Expenditure Plan category distribution formula.

3. PLAN SUMMARY

This Expenditure Plan identifies eligible expenditures for three programmatic categories. Programmatic categories are set up to address allocation of funds to multi-year programs for a given purpose, such as the maintenance of local streets and roads, for which not all specific project locations can be anticipated or identified at the time of adoption of the Expenditure Plan. Over the life of the Expenditure Plan, the percentage allocation of vehicle registration fee revenues to each category is as follows: Street Repair and Reconstruction – 50%, Pedestrian Safety– 25%, and Transit Reliability and Mobility Improvements – 25%.

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

A. STREET REPAIR AND RECONSTRUCTION

Repair and reconstruction 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 and transit networks and to projects that include complete streets elements such as curb ramps, bicycle infrastructure, pedestrian improvements, and traffic calming. Includes design and construction. Total Revenues: \$75 million.

B. PEDESTRIAN SAFETY

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. Total Revenues: \$37.5 million.

C. TRANSIT RELIABILITY AND MOBILITY IMPROVEMENTS

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. Total Revenues: \$37.5 million.

4. BENEFIT-RELATIONSHIP FINDING

SB 83 requires that the ballot measure resolution shall contain a finding of fact that the projects and programs to be funded by the fee increase have a relationship or benefit to the persons who will be paying the fee. This finding specifically considered the benefit each Expenditure Plan category would provide to vehicle owners, or how projects in the category would mitigate an impact caused by the vehicle owners. The following is a summary of the benefits and relationships of the projects and programs to be funded by the fee and the persons who will be paying the fee for each Expenditure Plan category.

- Street Repair and Reconstruction: Street pavement deteriorates over time due to vehicle use, and vehicle owners benefit directly from better-maintained streets through reduced maintenance costs and enhanced driving experience. Vehicle use is also a significant cause of pedestrian and bicyclist injuries. Complete streets elements incorporated into street repair and reconstruction projects improve safety, mitigating vehicles' impact on pedestrians and cyclists.
- Pedestrian Safety: Vehicle use is a significant cause of pedestrian injuries, and projects that improve pedestrian safety mitigate that impact.
- Transit Reliability and Mobility Improvements: Congestion caused by private vehicle use impedes transit speed and reliability throughout San Francisco. Measures to improve transit reliability and mobility mitigate the impact of that congestion.

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(June 3, 2010)

5. CONSISTENCY WITH REGIONAL TRANSPORTATION PLAN

SB83 requires that the ballot measure resolution shall contain a finding of fact that the projects and programs to be funded by the fee increase are consistent with the regional transportation plan (RTP) adopted pursuant to Section 65080. The Authority has found that these projects and programs are consistent with the Metropolitan Transportation Commission's RTP (also known as *Transportation 2035 Plan*).

6. IMPLEMENTATION PROVISIONS

Prior to allocation of any vehicle registration fee funds, the Authority shall prepare, in close consultation with all other affected planning and implementation agencies, a Strategic Plan for the use of the vehicle registration fee revenues, for review and adoption by the Authority Board. The Strategic Plan shall include a detailed 5-year prioritized program of projects to be funded from each of the Expenditure Plan categories. The program goals shall be consistent with the Countywide Transportation Plan and with the City's General Plan.

The Strategic Plan's 5-year prioritized program of projects shall, at a minimum, address the following factors:

- A. Project readiness, including schedule for completion of environmental and design phases; well-documented preliminary cost estimates, and documented community support as appropriate. Priority shall be given to projects that can implement the funded phase(s) within twelve months of allocation.
- B. Compatibility with existing and planned land uses, and with adopted standards for urban design and for the provision of pedestrian amenities; and supportiveness of planned growth in transit-friendly housing, employment and services.
- C. A prioritization mechanism to rank projects within each category, addressing, for each proposed project:
 - Relative level of need or urgency
 - Cost Effectiveness
 - Number of beneficiaries (e.g. modes of travel that would benefit)
 - Level of community support
 - Leveraging of other funds
 - A fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods.
- D. Funding plan, including sources other than the vehicle registration fee.

The Authority shall conduct appropriate public outreach to ensure an inclusive planning process for the development of the Strategic Plan, as well as general plan referral or referral to any City Department or Commission if required.

The Authority and project sponsors shall also identify appropriate performance measures, milestone targets, and a timeline for achieving them, to ensure that progress is made in meeting the goals and

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(June 3, 2010)

objectives of the program. These performance measures shall be consistent with the Authority's Congestion Management Program requirements.

As part of the Strategic Plan development process, the Authority shall adopt, issue, and update detailed guidelines for the development of programs of projects, as well as for the development of project scopes, schedules and budgets.

7. EXPENDITURE PLAN UPDATE PROCESS

The Authority Board may adopt an updated Expenditure Plan anytime after 15 years from the initial receipt of vehicle registration fee revenues.

DRAFT

Attachment 2
DRAFT SB 83 Additional Vehicle Registration Fee Expenditure Plan
(June 3, 2010)

Attachment 1
SB 83 Citizens Advisory Subcommittee and Stakeholder Advisory Panel Rosters

Citizens Advisory Committee

Jul Lynn Parsons, Chair*
Peter Tannen, Vice Chair*
Brian Larkin
Jacqueline Sachs*
Wendy Tran
Michael Ma
Chris Jones
Robert Switzer*
Glenn Davis
Fran Martin
Rosie West

* Denotes member of the CAC SB 83 Subcommittee

Stakeholder Advisory Panel

Jean Fraser
Gillian Gillett
Jim Haas
John Holtzclaw
Jim Lazarus
Gabriel Metcalf
Andy Thornley



RESOLUTION APPROVING A VEHICLE REGISTRATION FEE EXPENDITURE PLAN (“EXPENDITURE PLAN”), MAKING REQUIRED FINDINGS, SUBMITTING TO THE VOTERS AT THE GENERAL ELECTION SCHEDULED FOR NOVEMBER 2, 2010, AN ORDINANCE AMENDING THE SAN FRANCISCO BUSINESS AND TAX REGULATIONS CODE BY ADDING ARTICLE 23 TO (1) ADOPT A \$10 INCREASE IN THE ANNUAL VEHICLE REGISTRATION FEE FOR EACH MOTOR VEHICLE REGISTERED IN THE CITY AND COUNTY OF SAN FRANCISCO, TO FUND CONGESTION AND POLLUTION MITIGATION PROGRAMS AND PROJECTS, (2) AUTHORIZE THE SAN FRANCISCO COUNTY TRANSPORTATION AUTHORITY (“AUTHORITY”) TO EXPEND FEE REVENUE UNDER THE EXPENDITURE PLAN, (3) AUTHORIZE THE AUTHORITY TO CONTRACT WITH THE CALIFORNIA DEPARTMENT OF MOTOR VEHICLES FOR COLLECTION AND DISTRIBUTION OF THE FEE REVENUE, AND (4) AUTHORIZE THE AUTHORITY TO TAKE ALL STEPS NECESSARY TO ADMINISTER THE EXPENDITURE PLAN AND ALL PROGRAMS AND PROJECTS FUNDED BY THE FEE REVENUE; AND APPROPRIATING UP TO \$400,000 IN PROPOSITION K FUNDS TO COVER THE COSTS OF PLACING THE MEASURE ON THE BALLOT.

WHEREAS, In October 2009, the Governor signed into law Senate Bill 83 (Hancock) (“SB83”), which authorizes a countywide transportation planning agency to place a ballot measure before the voters of the county to authorize an annual fee increase of up to \$10 on each motor vehicle registered within that county, to fund transportation-related projects and programs that have a relationship or benefit to the persons paying the fee and that mitigate motor vehicle congestion and pollution in the county; and

WHEREAS, SB83 defines a countywide transportation planning agency to include a congestion management agency (“CMA”). The San Francisco County Transportation Authority (“Authority”) is the CMA for the City and County of San Francisco; and



WHEREAS, Under SB83, to place a vehicle registration fee measure before the voters, the Authority Board of Commissioners (“Board”) must adopt a ballot measure resolution by majority vote, and make specific findings; and

WHEREAS, SB83 requires the Board to adopt an expenditure plan allocating the proceeds from the vehicle registration fee increase, if adopted by the voters, to transportation-related projects and programs that have a relationship or benefit to the persons paying the fee. The projects and programs may include those that (1) provide matching funds for funding made available for transportation projects and programs from state general obligation bonds, (2) create or sustain congestion mitigation projects and programs such as improved transit services through the use of technology and bicycle and pedestrian improvements, local street and road rehabilitation, and improved signal coordination and traveler information systems; and (3) create or sustain pollution mitigation projects and programs; and

WHEREAS, Under SB83, the Authority may not use more than 5 percent of the fee revenues for administrative costs associated with the funded projects and programs; and

WHEREAS, If the voters adopt the vehicle registration fee increase, the California Department of Motor Vehicles (“DMV”) will collect the fee upon the registration or renewal of a motor vehicle registered in San Francisco, except for vehicles that are expressly exempted under the Vehicle Code from paying registration fees. The Authority would pay the DMV’s initial setup and programming costs through a direct contract with the DMV, and could use the fee revenue to cover those costs. The setup and programming costs would not count against the 5 percent limit on using fee proceeds for administrative costs; and

WHEREAS, If approved by the voters, the fee increase would apply to any original vehicle registration and renewal registration occurring on or after six months following adoption of the measure by the voters; and

WHEREAS, In December 2009, by its Resolution No. 10-27, the Authority Board approved a schedule and process to develop an expenditure plan consistent with the requirements of SB83 for proceeds generated from a maximum \$10 increase in the annual vehicle registration fee for vehicles registered in San Francisco, in anticipation of submitting a ballot measure adopting up to a maximum \$10 increase in the annual vehicle registration fee to the San Francisco voters in the November 2010 general election; and



WHEREAS, The timeline set by the Board and the relatively small amount of funds anticipated from the fee increase (about \$5 million annually) called for a very focused and streamlined approach to developing the expenditure plan; and

WHEREAS, The Authority's process included monthly updates to the Board's Plans and Programs Committee and Citizens Advisory Committee (CAC) at noticed public meetings, and establishing a stakeholder advisory panel and a sub-committee of the CAC to provide input, as well as regular communications with the Authority's Technical Working Group; and

WHEREAS, Incorporating input from the Plans and Programs Committee, the CAC and its sub-committee, the stakeholder advisory panel, Technical Working Group, and others, the Authority developed a set of guiding principles to inform development of the expenditure plan, that among other considerations reflected the relatively small revenue generation potential of the fee increase, as well as the intent and requirements of SB83; and

WHEREAS, The guiding principles for preparing the expenditure plan included limiting the expenditure plan to a very small number of programmatic categories, and within those categories focusing on smaller, high-impact projects that will provide tangible benefits in the short-term; stretching limited revenues as far as possible by complimenting or enhancing projects that receive Proposition K and other funds; providing a fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods; and ensuring accountability and transparency in programming and delivery; and

WHEREAS, Based on the guiding principles and input from the various stakeholders, Authority staff developed a "SB83 Additional Vehicle Registration Fee Expenditure Plan" ("Expenditure Plan") that includes three programmatic categories and sets the percentage of fee revenues the Authority would expend on each category, as follows: Street Repair and Reconstruction (50% of fee revenue), Pedestrian Safety (25% of fee revenue), and Transit Reliability and Mobility Improvements (25% of fee revenue). The Expenditure Plan also permits the Authority to use up to 5 percent of the fee revenue to administer projects and programs funded by the fee, and to use fee revenues to reimburse it for costs incurred through a contract with the DMV for setup and programming to collect and distribute the fee. A copy of the Expenditure Plan is attached hereto and incorporated by reference as if fully set forth herein; and

WHEREAS, The Expenditure Plan directs proceeds from the vehicle registration fee increase



toward transportation projects and programs that leverage and/or complement the Proposition K program, helping to achieve the leveraging assumptions in the Expenditure Plan; and

WHEREAS, A majority of the stakeholder advisory panel support approval of the Expenditure Plan as presented; and

WHEREAS, At its June 9, 2010 meeting, the Citizens Advisory Committee approved a motion of support to recommend adoption of the Expenditure Plan; and

WHEREAS, At its June 15, 2010 meeting, the Plans and Programs Committee approved a motion of support to recommend adoption of the Expenditure Plan; and

WHEREAS, The Authority retained a consultant that analyzed the Expenditure Plan and found that the programs and projects in the Expenditure Plan had a relationship or benefit to the persons paying the fee. For example: Street Repair and Reconstruction - San Francisco's registered vehicle owners benefit directly from better-maintained streets through reduced vehicle maintenance costs and enhanced driving experience; Pedestrian Safety- Vehicle use is a significant cause of pedestrian injuries and fatalities, and projects that improve pedestrian safety mitigate that impact; Transit Reliability and Mobility Improvements - Congestion caused by private vehicle use impedes transit speed and reliability throughout San Francisco, and measures to improve transit reliability and mobility mitigate the impact of that congestion. A copy of the consultant's "SB83 Vehicle Registration Fee Benefit-Relationship Analysis" report, dated June 2, 2010, is incorporated by reference as if fully set forth herein. Based on the consultant's analysis and findings, the Authority has determined and finds that the projects and programs to be funded by the annual \$10 fee increase have a relationship or benefit to the persons who will be paying the fee; and

WHEREAS, The Authority evaluated the projects and programs in the Expenditure Plan and has determined and finds that they are consistent with the regional transportation plan ("RTP") (also known as *Transportation 2035*), most directly supporting RTP objectives as follows: Street Repair and Reconstruction - Saves consumers repair costs due to poor road conditions; Pedestrian Safety - Reduces injuries and fatalities for all modes; and Transit Reliability and Mobility Improvements - Creates new and safer ways to get around within San Francisco communities by fostering walking and biking and connecting communities to transit. The analysis regarding the Expenditure Plan's consistency with the RTP is included in the memorandum prepared by Authority staff that accompanies this Resolution, dated MONTH, DAY, 2010, and is incorporated by reference as if fully



set forth herein; and

WHEREAS, The Authority has also reviewed the proposed projects and programs and has determined and finds that they are consistent with the Countywide Transportation Plan; and

WHEREAS, Consistent with adopted Authority policy for the programming of funds for transportation projects, if it adopts the Expenditure Plan, the Board needs to amend the Capital Improvement Program of the Congestion Management Program to incorporate the Expenditure Plan projects and programs; and

WHEREAS, The proposed vehicle registration fee increase and the Expenditure Plan do not constitute a "project" as defined by the California Environmental Quality Act because they simply create a government funding mechanism that does not involve a commitment to any specific project, which may result in a potentially significant physical impact on the environment; and

WHEREAS, The costs of placing the measure authorizing imposition of the annual \$10 vehicle registration fee increase on the ballot, including payments to the San Francisco Department of Elections and payments for the printing of the portions of the ballot pamphlet relating to the fee is estimated at an amount not to exceed \$400,000. If the voters approve the vehicle registration fee increase measure, the Authority may pay these costs from the proceeds of the fee. Those costs shall not be counted towards the 5 percent limit on administrative costs, and at its discretion, the Authority may amortize those costs over a period of years and

WHEREAS, Appropriation of Proposition K funds to pay for the cost of placing the vehicle registration fee increase measure on the ballot requires concurrent amendment of the 2009 Prop K Strategic Plan to increase the amount of Proposition K funds available for the Authority's Prop K planning, programming and project delivery oversight efforts by \$400,000 in Fiscal Year 2009/10 (i.e., these funds would come off the top rather than from any specific Expenditure Plan line); now therefore be it

RESOLVED, The Authority hereby approves and adopts the Expenditure Plan, and directs the Executive Director to submit the Expenditure Plan to the San Francisco Department of Elections to include as part of the legal text for this measure published in the voter information pamphlet; and be it further

RESOLVED, That the election on this measure shall be held and conducted according to the



laws governing elections on local ballot measures in the City and County of San Francisco, as set forth in the Charter of the City and the San Francisco Municipal Elections Code; and be it further

RESOLVED, The Authority hereby finds, as described above and in the consultant's "SB83 Vehicle Registration Fee Benefit-Relationship Analysis" report, dated June 2, 2010, that the projects and programs to be funded by the \$10 vehicle registration fee increase have a relationship or benefit to the persons who will be paying the fee; and be it further

RESOLVED, The Authority hereby finds, as described above and in the memorandum prepared by Authority staff dated MONTH, DATE, 2010, that the projects and programs to be funded by the fee increase are consistent with the RTP; and be it further

RESOLVED, The Authority finds that the projects and programs to be funded by the fee are consistent with the Countywide Transportation Plan; and be it further

RESOLVED, That the Capital Improvement Program of the Congestion Management Program is hereby amended to incorporate the Expenditure Plan; and be it further

RESOLVED, That the Authority hereby amends the Prop K Strategic Plan and appropriates \$400,000 in Proposition K sales tax funds to cover the costs of placing the measure authorizing adoption of a \$10 increase in the annual vehicle registration fee on the ballot, including payments to the San Francisco Department of Elections and payments for the printing of the portions of the ballot pamphlet relating to the fee, and be it further

RESOLVED, That the Authority may use the proceeds of the vehicle registration fee increase, if adopted by the voters, to pay for the costs incurred in placing the measure on the ballot, and those costs shall not be counted towards the 5 percent limit on administrative costs under the SB83 and the Expenditure Plan. In its discretion, the Authority may amortize these costs over a period of years; and be it further

RESOLVED, The Authority hereby submits an ordinance amending the San Francisco Business and Tax Regulations Code by adding Article 23 to adopt a \$10 increase in the annual vehicle registration fee for vehicles registered in the City and County of San Francisco, to the electorate at the general election on November 2, 2010, as follows:

Note: Additions *are single-underline italics Times New Roman;*

Deletions are ~~*strike-through italics Times New Roman.*~~



Be it ordained by the People of the City and County of San Francisco:

Section 1. The San Francisco Business and Tax Regulations Code is hereby amended by adding Article 23, as follows:

SECTION 2301. TITLE.

This ordinance shall be known as the "Vehicle Registration Fee Ordinance."

SECTION 2302. DEFINITIONS.

For the purpose of this Vehicle Registration Fee Ordinance, the following words shall have the meanings set forth below.

- (a) *"Authority." The San Francisco County Transportation Authority.*
- (b) *"Board." The Authority Board of Commissioners.*
- (c) *"Expenditure Plan." The "SB83 Additional Vehicle Registration Fee Expenditure Plan," approved by the Board on June 29, 2010, to set the transportation projects and programs funded over the next 30 years with the revenues of the fee increase, as well as other allowable costs on which the Authority may spend the proceeds of the \$10 vehicle registration fee increase authorized by Section 2305. The Expenditure Plan specifies eligibility and other conditions and criteria under which the proceeds of the fee increase are available, and provides for the adoption of future Expenditure Plan updates.*

SECTION 2303. PURPOSE.

The City and County of San Francisco has very significant unfunded transportation needs and this \$10 vehicle registration fee increase would provide a stable source of funding to meet some of those needs. The fee is expected to generate approximately \$5 million annually that the Authority would use to fund projects and programs under the Expenditure Plan that mitigate congestion and pollution caused by motor vehicles in San Francisco. These projects and programs could include repairing local streets and roads, improving Muni's reliability, pedestrian safety improvements, smart traffic signal technology to prioritize transit and manage traffic incidents, and programs that encourage people to travel more sustainable, e.g. via transit, bicycle, carpool or on foot. All of the projects and programs must have a relationship or benefit to the persons paying the fee. The Expenditure Plan contains guiding principles intended to, among other objectives, focus on funding smaller, high-impact projects that will quickly provide tangible benefits; provide a fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods; and ensure



accountability and transparency in programming and delivery.

SECTION 2304. EFFECTIVE DATE.

The Vehicle Registration Fee Ordinance shall be effective at the close of the polls in the City and County of San Francisco on the day of the election scheduled for November 2, 2010.

SECTION 2305. INCREASE OF \$10 IN THE ANNUAL MOTOR VEHICLE REGISTRATION FEE. Beginning six months after the Effective Date, the motor vehicle registration fee for all motor vehicles registered in the City and County of San Francisco is increased by \$10 each year, for each original vehicle registration and each vehicle registration renewal.

SECTION 2306. RESPONSIBILITIES AND POWERS OF THE AUTHORITY.

The Authority shall have all of the powers set forth in California Government Code Section 65089.20, all of the powers set forth in the Expenditure Plan, and all powers incidental or necessary to imposing and collecting the fee increase authorized under Section 2305, administering the fee proceeds, the Expenditure Plan, and the projects and programs under that Expenditure Plan, and delivering the transportation improvements in the Expenditure Plan.

SECTION 2307. CONTRACT WITH DEPARTMENT OF MOTOR VEHICLES.

Consistent with California Vehicle Code Section 9250.4, the Authority shall request and contract with the California Department of Motor Vehicles for the Department of Motor Vehicles to collect and distribute to the Authority the fee imposed under Section 2305, upon the original registration or renewal of registration of all motor vehicles registered in the City and County of San Francisco.

SECTION 2308. USE OF PROCEEDS.

(a) The Authority shall use the proceeds of the fees under Section 2305 solely for the projects, programs and purposes set forth in the Expenditure Plan. Pursuant to California Government Code section 65089.20 and as specified in the Expenditure Plan, the Authority shall use not more than five percent of the fee proceeds for administrative costs associated with the programs and projects, including amending the Expenditure Plan.

SECTION 2309. SEVERABILITY.

If any of the provisions of this ordinance or the application of those provisions to persons or circumstances shall be held invalid, the remainder of those sections or the application of those provisions to persons or circumstances other



than those to which it is held invalid shall not be affected thereby.

Attachment: SB83 Additional Vehicle Registration Fee Expenditure Plan



The foregoing Resolution was passed and adopted by the San Francisco County Transportation Authority at a regularly scheduled meeting thereof, this 29th day of June, 2010 by the following vote:

Ayes:

Nays

Absent:

Chairperson Date

ATTEST: _____
Executive Director Date

SB 83 Vehicle Registration Fee Benefit- Relationship Analysis

final report

prepared for

San Francisco County Transportation Authority

prepared by

Cambridge Systematics, Inc. and Urban Economics

final report

Vehicle Registration Fee Benefit Relationship Analysis

prepared for

San Francisco County Transportation Authority

prepared by

Cambridge Systematics, Inc.
555 12th Street, Suite 1600
Oakland, CA 94607

Urban Economics
1135 Clarendon Crescent
Oakland, CA 94911

date

June 2nd, 2010

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1.0 Introduction

The report contains three sections: an introduction; a benefit-relationship analysis of the categories proposed for inclusion in San Francisco's SB 83 Vehicle Registration Fee Expenditure Plan, including street repair and reconstruction, pedestrian safety, and transit reliability and mobility improvements; and a conclusion, including the benefit-relationship finding.

This introduction is composed of three subsections that summarize implementation procedures, development and organization of the Expenditure Plan, and the methodology for the benefit-relationship analysis.

1.1 PURPOSE

Under the requirements of *California Government Code* Section 65089.20 (SB 83), a simple majority of a county's voters may approve a measure to increase the vehicle registration fee (VRF) on vehicles registered within the county. To place the measure on the ballot, the San Francisco County Transportation Authority (Authority) must make a finding of fact that the Expenditure Plan of projects and programs to be funded by the fee have a relationship or benefit to the persons who will be paying the fee (i.e., owners of vehicles, both residents and businesses, that are registered in San Francisco). The purpose of this report is to provide that finding of fact.

The Authority must also find that the projects and programs are consistent with the Metropolitan Transportation Commission's Regional Transportation Plan, a finding that is not included in this report.

1.2 DEVELOPMENT AND ORGANIZATION OF THE EXPENDITURE PLAN

The proposed Expenditure Plan was developed through an extensive stakeholder outreach process that included monthly discussions at the Authority's Plans and Programs Committee and Citizens Advisory Committee (CAC) and reports to the Authority's Board of Commissioners. A subcommittee of the CAC and a stakeholder advisory panel provided more detailed input into the development of the Expenditure Plan, as did the Authority's staff-level Technical Working Group and other stakeholders.

This study's primary objective is to document the relationship or benefit of the projects and programs identified in the Expenditure Plan to the vehicle owners registered in San Francisco who would pay the fee if it is placed on the ballot by the Authority Board and approved by a majority of San Francisco voters. To document the benefit or relationship, the consultant team and Authority project

staff grouped the proposed Expenditure Plan projects and programs into three categories:

- Street repair and reconstruction,
- Pedestrian safety, and
- Transit reliability and mobility improvements.

1.3 METHODOLOGY FOR BENEFIT-RELATIONSHIP ANALYSIS

All of the projects and programs within each of the three categories listed above are justified for inclusion in the Expenditure Plan based on the benefit-relationship analysis documented by this report and thus may be funded with revenues from the SB 83-authorized VRF. The term “benefit-relationship analysis” is based on the language of SB 83 that:

...the projects and programs to be funded by the fee increase have a **benefit or relationship** to the persons who will be paying the fee (emphasis added).¹

For the purposes of this report, which analyzes the Expenditure Plan proposal for a VRF in San Francisco, the benefit-relationship analysis documents a reasonable relationship between (1) an activity and (2) the use of fees paid in association with that activity. For the purposes of this analysis the “activity” is the ownership of private vehicles in San Francisco, and the fees raised are through an increase in the VRF.

The benefit-relationship analysis takes one of two alternative analytical approaches for each of the three categories listed in Section 1.2. The alternative analytical approach selected for each category is that one that most clearly documents the reasonable relationship. Each of these two alternative approaches responds to two questions, as summarized in Table 1.1 below.

Table 1.1 Benefit-Relationship Analysis Alternatives

	Part 1	Part 2
<u>Alternative 1</u> Benefit 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?
<u>Alternative 2</u> Impact Analysis	Does the activity generate a negative impact ?	If so, are fee revenues used to mitigate that impact?

¹ California Government Code section 65089.02(a).

Thus, projects and programs in an Expenditure Plan category that use Alternative 1 provide a **benefit** to meet a **need** of private motor vehicles in San Francisco. Expenditure Plan categories analyzed using Alternative 2 **mitigate** a negative **impact** caused by those vehicles.

In the section that follows, the benefit-relationship analysis is applied to each of the three proposed Expenditure Plan categories identified above. For each category, the included project and programs are described, and the benefit-relationship analysis is detailed using either Alternative 1 or 2 as described above. The benefit-relationship analysis for each category includes citations for research that identifies and justifies the findings.

The analytical approach taken by this report is based on our experience documenting findings to support adoption of fees by local agencies in California. The findings and rationale set forth here are not necessarily the only legally defensible approach to document the findings required by SB 83.

2.0 Benefit-Relationship Analysis

This section contains the benefit-relationship analysis for each of the three proposed Expenditure Plan categories. Each subsection contains the proposed Expenditure Plan description of the category, the project types included in the category, and the analysis itself.

2.1 STREET REPAIR AND RECONSTRUCTION

Proposed Expenditure Plan Language

Repair and reconstruction 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 and transit networks and to projects that include complete streets elements such as curb ramps, bicycle infrastructure, pedestrian improvements, and traffic calming.

Project Types Included in Benefit-Relationship Analysis

Street Repair and Resurfacing

The benefit-relationship analysis for this category includes two project types:

- Street resurfacing; and
- Spot improvements (e.g., intersection repaving).

Complete Streets Elements

Complete streets elements, such as curb ramps, bicycle infrastructure (e.g. bike lanes, sharrows and parking), street trees, pedestrian improvements, and traffic calming are also proposed for inclusion in this Expenditure Plan category. However, the benefit-relationship analysis used to evaluate complete streets elements is more consistent with that used for the Pedestrian Safety and Circulation category. The analysis for these elements is included in, and referenced, in Section 2.2.

Benefit-Relationship Analysis

The benefit-relationship analysis for this category relies primarily on the approach presented as Alternative 1 in Table 1.1: the **need** that vehicle owners have for well-maintained streets and the **benefits** received from street repair and reconstruction. Projects funded under this category (aside from the complete streets elements which will be analyzed in later sections) primarily benefit motorists by improving street conditions.

Need

Improved street maintenance is a justifiable use of SB 83 funds because the need for pavement repair and reconstruction is associated with vehicle use. Street pavement deteriorates over time primarily due to wear and tear from heavy vehicles and exacerbated by excavation for utilities and inadequate preventative maintenance.² A Pavement Condition Index (PCI) measures the quality of pavement on a street segment. The PCI is a scale of 0 to 100 with 0 indicating a failed street requiring complete reconstruction of the base and asphalt, and 100 indicating new pavement. No maintenance is needed on streets with a score of 85 or above; such streets are considered acceptable through ordinance of the board of Supervisors. The lower the PCI score, the more costly road repair becomes.³

The need for additional street maintenance funding is indicated by the historical trend of the PCI of streets in San Francisco, and the projection of inadequate future funds for street maintenance. The average PCI of city streets has steadily declined from a level of about 75 in 1989 to 64 in 2008, the most recent data available.⁴ Furthermore, future funding is projected to lag significantly behind maintenance needs, increasing the backlog of repairs.⁵

Benefit

San Francisco's registered vehicle owners benefit directly from better-maintained streets through reduced vehicle maintenance costs and enhanced driving experience. In the case of severely deteriorated streets, vehicle owners may experience decreased travel speeds because of poor street conditions, and would benefit from travel speed increases once street conditions are improved.

² Boile, M. N., 2001, *Infrastructure Costs Attributable to Commercial Vehicles*, Federal Highway Administration, Publication Number FHWA-NJ-2001-030. <http://cait.rutgers.edu/files/FHWA-NJ-2001-030.pdf>

³ Source: San Francisco Department of Public Works, Safe Streets and Road Repair Bond, 2009, page 11 [http://www.sfdpw.org/ftp/uploadedfiles/sfdpw/director/\\$368-%20Safe%20Streets%20and%20Road%20Repair%20Bond%20Report.pdf](http://www.sfdpw.org/ftp/uploadedfiles/sfdpw/director/$368-%20Safe%20Streets%20and%20Road%20Repair%20Bond%20Report.pdf).

⁴ Ibid, p. 9.

⁵ City and County of San Francisco, *Capital Plan Fiscal Years 2010-2019*, April 7, 2009, pp. 56-62. http://www.sfgov.org/site/cpp_index.asp?id=39210.

Benefit-Relationship Finding

Projects and programs in this category have a relationship or benefit to registered vehicle owners in San Francisco and are therefore eligible to receive vehicle registration fee revenues as required by the SB 83 governing legislation.

Additional Considerations

The Alternative 2 approach (**impact** and **mitigation**) has some application to the benefits-relationship analysis for this Expenditure Plan category. Private vehicles, particularly heavy trucks, degrade the condition of streets' pavement. By mitigating those negative impacts, street reconstruction and repair promotes the use of alternative transportation modes (transit, bicycles, and pedestrians) that also rely on the street network. Examples include:

- **Improved comfort for bicyclists and disabled users.** The San Francisco Bicycle Coalition has cited poor pavement condition as a major concern for bicyclist comfort and mobility.⁶ Poor pavement condition can also make it more difficult for wheelchair users to cross the roadway. Any improvements to the quality of pavement conditions, therefore, will help to mitigate the impacts of vehicles on bicyclists and disabled users.
- **Improved speeds for transit users.** Smoother pavement can allow transit vehicles to travel at higher speeds, improving mobility for transit users.

See Sections 2.2 and 2.3 for a full explanation of these benefit-relationship analyses.

⁶ The Coalition has initiated a campaign to address pavement quality issues: <http://www.sfbike.org/?goodroads>.

2.2 PEDESTRIAN SAFETY

Proposed Expenditure Plan Language

Improvements to the safety 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.

Project Types Included in Benefit-Relationship Analysis

Pedestrian projects

The objective of the projects and programs in this category is to improve the safety of pedestrian modes of transportation. It includes the following project types that may be funded with SB 83 revenues:

- Curb ramps;
- Intersection reconfiguration or other improvements to shorten crossing distances and minimize conflicts with other modes;
- Sidewalk repair;
- Pedestrian countdown signals;
- Sidewalk widening;
- Sidewalk bulbouts;
- Medians;
- Traffic calming;
- Pedestrian lighting; and
- Repair or upgrade of pedestrian walkways and stairways.

Complete streets elements

As mentioned in Section 2.1 the benefit-relationship analysis for complete streets elements is most consistent with the analysis used here for the Pedestrian Safety Expenditure Plan category. Many of the pedestrian safety project types funded by this category could also be included as complete streets elements in the Street Repair and Reconstruction category (see Section 2.1). Other complete streets elements whose benefit-relationship analysis is consistent with the analysis provided for this category include:

- Bicycle infrastructure (e.g., bike lanes, sharrows);
- Street trees; and
- Landscaping;

The finding of fact for complete streets elements is put forth in this analysis (Pedestrian Safety), but the projects costs would be funded from the Street Repair and Reconstruction or Pedestrian Safety category of the Expenditure Plan.

Benefit-Relationship Analysis

The benefit-relationship analysis for this category relies primarily on the approach presented as Alternative 2 in Table 1.1: the **impact** that vehicle owners have on pedestrian and bicycle safety and the **mitigation** provided by safety improvements. Pedestrian safety improvements, as well as improvements that increase the safety of bicyclists, are a justifiable use of SB 83 revenues because of the negative impact of private vehicle use on these more vulnerable modes.

Impact

Vehicle use is a significant cause of pedestrian and bicyclist injuries and fatalities. The negative impact of vehicular traffic in San Francisco on pedestrian safety is documented in research conducted by the San Francisco Department of Public Health (DPH). DPH, with assistance from the School of Public Health at the University of California at Berkeley, recently built and tested an area-level model of vehicle-pedestrian injury collisions.⁷ The model analyzed cross-sectional data at the census tract level for the entire City and County of San Francisco. The final model identified nine independent variables that affected pedestrian injuries, of which traffic volume had by far the greatest effect.⁸

Mitigation

A variety of capital improvements have been shown to improve pedestrian and bicycle safety and mitigate the impact of vehicle use on pedestrians and bicyclists, such as signalized intersections with countdown signals for pedestrians, bulbouts that reduce street crossing times, and bicycle lanes and sharrows.

More specific research on the mitigations achieved by each project type included in this analysis is provided below.

Pedestrian projects:

- **Curb ramps.** Curb ramps provide access to the street for disabled users and for the mobility impaired. If disabled or mobility impaired users are forced to ride or walk over a high curb into contact with vehicle traffic, a safety risk would result. Curb ramps must be installed at all intersections and midblock

⁷ Bhatia, R., E. H. Humphreys, E. Setob, J. Weintrauba, and M. Wier, 2009, An area-level model of vehicle-pedestrian injury collisions with implications for land use and transportation planning, *Accident Analysis and Prevention* 41, pp. 137-145.

⁸ Ibid., p. 142.

locations where pedestrian crossings exist, as mandated by Federal legislation.⁹

- **Intersection reconfiguration or other improvements.** A variety of types of intersection reconfigurations and safety countermeasures can improve pedestrian safety; for example, installation of raised medians and refuge islands or exclusive pedestrian signal phasing are proven to reduce pedestrian injuries and fatalities.¹⁰
- **Sidewalk repair.** The presence of sidewalks is well documented to improve pedestrian safety.¹¹ Sidewalks must be repaired or they will degrade over time.
- **Pedestrian countdown signals.** Pedestrian countdown signals have been associated with a 52-percent reduction in pedestrian injury collisions at pilot study locations in San Francisco.¹²
- **Sidewalk widening.** Narrow sidewalks could force pedestrians into the roadway to navigate obstacles, increasing the potential for conflict between pedestrians and vehicles. The Institute of Traffic Engineers recommends a minimum sidewalk width of five feet with wider sidewalks near schools, at transit stops, in downtown areas, or anywhere high concentrations of pedestrians exist.
- **Sidewalk bulbouts.** These shorten crossing distances for pedestrians, reducing pedestrian exposure to conflicts with vehicles, and reduce vehicular speeds.¹³ There is a direct positive relationship between vehicle speeds and the likelihood of pedestrian injury and fatality in a collision.¹⁴
- **Traffic calming** lowers vehicle speeds and thus reduces the incidence and severity of pedestrian-vehicle crashes, injuries, and fatalities.^{15,16} There is a

⁹ Pedestrian and Bicycle Information Center, Curb Ramps, retrieved April 14, 2010 from walkinginfo.org at <http://www.walkinginfo.org/engineering/roadway-ramps.cfm>.

¹⁰ National Cooperative Highway Research Program Research Report 500, Volume 10: A Guide to Reducing Collisions Involving Pedestrians.

¹¹ Ibid.

¹² FHWA Office of Safety, 2008, *Pedestrian Safety – Report to Congress*, page 13.

¹³ National Cooperative Highway Research Program Research Report 500, Volume 10: A Guide to Reducing Collisions Involving Pedestrians, page V-55.

¹⁴ Leaf, W., and D. Preusser, 1999, *Literature Review on Vehicle Travel Speeds and Pedestrian Injuries*, Washington D.C.: U.S. Department of Transportation – National Highway Traffic Safety Administration.
<http://www.nhtsa.gov/people/injury/research/pub/hs809012.html>

¹⁵ Zein, S R, Geddes, E, Hemsing, S, Johnson, M. 1997. *Safety Benefits of Traffic Calming*. Transportation Research Board: Transportation Research Record 1578.
<http://pubsindex.trb.org/view.aspx?id=578171>

direct positive relationship between vehicle speeds and the likelihood of pedestrian injury and fatality in a collision.¹⁷

- **Pedestrian lighting.** Improved lighting and crosswalk illumination increases the visibility between motor vehicles and pedestrians; this has been shown to reduce nighttime pedestrian-vehicle crashes.¹⁸
- **Repair or upgrade of pedestrian walkways and stairways.** Off-road pedestrian walkways and stairways reduce pedestrian exposure to conflict with vehicles. These must be maintained or their degradation may motivate pedestrians to detour into roadways.

Complete streets projects:

- **Bicycle infrastructure.** These facilities reduce conflicts between bicyclists and vehicles and therefore help to mitigate the negative impacts of vehicles on bicyclists. On-road marked bike lanes may reduce injury rates, collision frequency or crash rates compared to unmodified roadways.¹⁹ A study of international cities showed that bicycling is safer in those cities with higher investment in these modes.²⁰ One study of sharrows (shared pavement markings) in San Francisco indicated that the markings increased the distance of cyclists from parked cars as well as the distance between cyclists and passing vehicles.²¹ Improved bicycle infrastructure is also a benefit to vehicle drivers as it has been shown to result in more predictable bicycle

¹⁶ National Cooperative Highway Research Program Research Report 500, Volume 10: A Guide to Reducing Collisions Involving Pedestrians, page V-51.

¹⁷ Leaf, W., and D. Preusser, 1999, *Literature Review on Vehicle Travel Speeds and Pedestrian Injuries*, Washington D.C.: U.S. Department of Transportation – National Highway Traffic Safety Administration.
<http://www.nhtsa.gov/people/injury/research/pub/hs809012.html>

¹⁸ National Cooperative Highway Research Program Research Report 500, Volume 10: A Guide to Reducing Collisions Involving Pedestrians.

¹⁹ Conor CO Reynolds, M Anne Harris, Kay Teschke, Peter A Cripton and Meghan Winters. The impact of transportation infrastructure on bicycling injuries and crashes: a review of the literature. *Environmental Health* 2009, 8:47.
<http://www.ehjournal.net/content/8/1/47>

²⁰ Pucher, John, Jennifer Dill, and Susan Handy, “Infrastructure, Programs and Policies to Increase Bicycling: An International Review,” *Preventive Medicine*, 48 (2), February 2010. http://policy.rutgers.edu/faculty/pucher/Pucher_Dill_Handy10.pdf

²¹ Alta Planning + Design. San Francisco’s Shared Lane Pavement Markings: Improving Bicycle Safety. Final Report Prepared for San Francisco Department of Parking & Traffic, February 2004.
http://www.sfmta.com/cms/uploadedfiles/dpt/bike/Bike_Plan/Shared%20Lane%20Marking%20Full%20Report-052404.pdf

riding behavior and reduction in illegal behaviors such as wrong-way riding.²²

- **Street trees** are an effective component of traffic calming measures that reduce vehicle speeds.²³ They also provide a buffer between vehicles and pedestrians. These two characteristics reduce vehicle conflict with pedestrians, improving pedestrian safety.²⁴
- **Landscaping** has been shown to calm traffic by creating a visual narrowing of the roadway, which can reduce vehicle speeds and pedestrian-vehicle conflicts.²⁵
- **Medians** provide a refuge area for crossing pedestrians and have been shown to reduce pedestrian exposure to vehicle traffic and therefore reduce pedestrian injuries and fatalities.²⁶

Benefit-Relationship Finding

Projects and programs in this category have a relationship or benefit to registered vehicle owners in San Francisco and are therefore eligible to receive vehicle registration fee revenues, as required by the SB 83 governing legislation.

Additional Considerations

The projects and programs included in this category may also provide benefits to vehicle owners and/or additional mitigation of their impacts. Examples include:

- **Benefit of prolonged pavement quality.** Street trees included in pedestrian improvement projects can contribute to the maintenance of pavement quality, which is a benefit to vehicle drivers. Well-shaded streets require resurfacing less often since they are less exposed to deterioration from the sun, so investing in increased shading would prolong good pavement conditions.²⁷

²² National Cooperative Highway Research Program Research Report 500, Volume 18: A Guide to Reducing Collisions Involving Bicyclists.

²³ Burden, D., 2001, "Building Communities With Transportation," Distinguished Lecture Presentation, January 8, 2001, Washington: Transportation Research Board.

²⁴ FHWA Office of Safety (n.d.), Traffic Calming, retrieved April 14, 2010, from FHWA Safety Program: http://safety.fhwa.dot.gov/speedmgt/traffic_calm.cfm.

²⁵ Pedestrian and Bicycle Information Center, Landscaping, retrieved April 14, 2010 from [walkinginfo.org](http://www.walkinginfo.org/engineering/calming-landscaping.cfm) at <http://www.walkinginfo.org/engineering/calming-landscaping.cfm>.

²⁶ National Cooperative Highway Research Program Research Report 500, Volume 10: A Guide to Reducing Collisions Involving Pedestrians.

²⁷ McPherson, G., Muchnick, J. 2005. Effects of Street Tree Shade on Asphalt Concrete Pavement Performance. *Journal of Arboriculture* 31(6): November 2005.

Footnote continued

- **Mitigation of congestion, greenhouse gas emissions and air quality impacts.** The provision of a safe and pleasant pedestrian and bicycling environment may help encourage individuals to make additional trips by foot or by walking to transit instead of by automobile, thereby reducing the negative air quality, congestion, and greenhouse gas effects associated with vehicle trips. Neighborhoods with suitable street environments are associated with higher rates of walking, bicycling, and transit use and lower rates of driving.²⁸ The provision of additional bicycle facilities is associated with increased bicycle usage.²⁹ Furthermore, street trees included in pedestrian improvement projects sequester or absorb carbon dioxide and other air pollutants produced by vehicles.³⁰
- **Mitigation of water quality impacts.** If properly designed and maintained, landscaping and street trees included in new pedestrian improvement projects can reduce stormwater runoff from streets and improve water quality.³¹

2.3 TRANSIT RELIABILITY AND MOBILITY IMPROVEMENTS

Proposed Expenditure Plan Language

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,

<http://www.fs.fed.us/psw/programs/cufr/products/cufr639mcperson-JOA-pavingsshade.pdf>

²⁸ Robert Cervero and Carolyn Radisch (1995), *Travel Choices in Pedestrian Versus Automobile Oriented Neighborhoods*, UC Transportation Center, UCTC 281. <http://www.uctc.net/research/papers/281.pdf>

²⁹ Pucher, John, Jennifer Dill, and Susan Handy, "Infrastructure, Programs and Policies to Increase Bicycling: An International Review," *Preventive Medicine*, 48 (2), February 2010. http://policy.rutgers.edu/faculty/pucher/Pucher_Dill_Handy10.pdf

³⁰ McPherson, E. G., J. R. Simpson, P. J. Peper, Q. Xiao, 1999, *Tree Guidelines for San Joaquin Valley Communities*, published by the USDA Forest Service's Western Center for Urban Forest Research and Education, March. http://www.fs.fed.us/psw/programs/cufr/products/2/cufr_48.pdf

³¹ U.S. Environmental Protection Agency, *Stormwater Management Techniques*. http://www.epa.gov/oaintrnt/stormwater/stormwater_techniques.htm

innovative parking management pilots and projects, and transportation demand management.

Project Types Included in Benefit-Relationship Analysis

This category includes projects and programs that improve transit service, specifically its reliability, accessibility, speed, and convenience, including:

- Transit station or stop improvements;
- Transit connectivity improvements (e.g., improve access to regional transit stations);
- Small-scale transit expansion;
- Bus bulbouts;
- Transit stop consolidation and relocation;
- Transit lanes
- Transit signal priority, and signal timing projects (e.g., traffic signal and controller upgrades and SFgo, a program to monitor and control signals from a central command center);
- Real-time travel information systems;
- Wayfinding signs;
- Fare payment upgrades;
- Parking management pilots and projects; and
- Transportation demand management.

These projects and programs directly support the City's Transit First Policy.³²

Benefit-Relationship Analysis

The benefit-relationship analysis for this category relies primarily on the approach presented as Alternative 2 in Table 1.1: the **impact** that vehicle owners have on transit system performance and the **mitigation** provided by transit reliability and mobility improvements. The transit reliability and mobility improvements included in this Expenditure Plan category mitigate the negative impacts on transit travel times caused by vehicle congestion.

Impact

Congestion caused by private vehicular traffic is a major constraint on transit speed and reliability throughout San Francisco. A recent MUNI performance analysis revealed ongoing declines in transit vehicle speeds and cited increased

³²City and County of San Francisco 1996 Charter, Section 8A.115(a)(2).

vehicular congestion as a major factor behind the decline.³³ The Authority is in the process of quantifying the effect of additional automobile trips on transit system performance; preliminary findings support a positive correlation between increased vehicle trips and longer average travel time per transit trip.³⁴ The Authority's 2004 Countywide Transportation Plan also showed a positive correlation between transit travel times and increased vehicle volumes.³⁵

Mitigation

The City's ability to mitigate vehicle congestion and its impact on transit by increasing the vehicle capacity of the transportation network is severely constrained by economic, environmental, and policy factors. For example, widening the transportation right-of-way in San Francisco, as in other urban environments, is an extremely expensive and high-impact option because of the current use and value of adjacent private property. The City's Transit First policy also prioritizes transit investments over road expansion. Furthermore, research suggests that additional roadway capacity may be quickly congested by induced demand from motorists that were previous traveling outside the peak period or following a more circuitous route.³⁶

The most feasible strategies for mitigating the negative impact of vehicle use on transit system performance are to directly improve transit speed and reliability through system enhancements, and to reduce vehicle trips (and the resulting congestion) through parking and transportation demand management activities.

Improvements included in the expenditure plan have the following benefits:

- **Transit lanes and signal priority, transit stop improvements, bus bulbouts, fare payment upgrades, and transit stop consolidation and relocation** can improve performance by reducing passenger loading and unloading time, improving travel speeds, and improving reliability. An feasibility study of the proposed Van Ness Bus Rapid Transit service, which would include

³³ San Francisco Municipal Transportation Agency, San Francisco Transit Effectiveness Project Report, Chapter 6, page 6-8.
http://www.sfmta.com/cms/mtep/documents/MuniTEPBinder_06.pdf

³⁴San Francisco County Transportation Authority Analysis conducted for the San Francisco Nexus Studies, unpublished.

³⁵San Francisco County Transportation Authority, San Francisco Countywide Transportation Plan, 2004, Chapter 3 Part B, System Performance.
<http://www.sfcta.org/content/view/13/30/>

³⁶ Generated Traffic and Induced Travel Implications for Transport Planning, 19 March 2010. Todd Litman. Victoria Transport Policy Institute.
<http://www.vtpi.org/gentraf.pdf>

many of these enhancements, suggests travel time reductions of up to 30 percent.³⁷

- **Real-time traveler information and wayfinding signs** can also support improved transit system performance by reducing the amount of time travelers spend waiting for transit or navigating to their destination.
- **Small-scale transit expansion and improved transit system connectivity** can improve transit ridership and encourage mode shift out of private vehicles, thereby reducing congestion. National research has shown that every one percent increase in transit service (in vehicle miles or operating hours) results in an average 0.5 percent increase in transit ridership³⁸. Transit system performance improvements can also improve ridership; for example, preliminary analysis of alternatives for the proposed Van Ness Bus Rapid transit service shows ridership gains of up to 23 percent.³⁹
- **Parking management strategies** reduce congestion by reducing the amount of time vehicles spend circulating and looking for parking and by discouraging vehicle trips. Studies have found that between 8 and 74 percent of traffic in congested downtowns is attributable to drivers searching for parking.⁴⁰ Parking management strategies have been shown to reduce vehicle trips by between 10 and 30 percent.⁴¹
- **Travel demand management strategies** such as worksite encouragement and incentive programs have been shown to reduce vehicle trips at participating work sites by between 10-30 percent.⁴²

The Authority is currently analyzing how a combination of these improvements would impact transit system performance. Preliminary analysis of a package of projects that includes transit network improvements, parking management,

³⁷ San Francisco Transportation Authority, October 2007 Presentation at the Van Ness Avenue Bus Rapid Transit (BRT) EIR/EIS Scoping Meeting, page 10. <http://www.sfcta.org/images/stories/Planning/VanNessAvenueBusRapidTransit/vnbrt%20scoping%20presentation%202010-04-07.pdf>

³⁸ Victoria Transportation Policy Institute. Public Transportation Improvements. <http://www.vtpi.org/tdm/tdm47.htm>

³⁹ San Francisco County Transportation Authority, October 2007 Presentation at the Van Ness Avenue Bus Rapid Transit (BRT) EIR/EIS Scoping Meeting, page 10. <http://www.sfcta.org/images/stories/Planning/VanNessAvenueBusRapidTransit/vnbrt%20scoping%20presentation%202010-04-07.pdf>

⁴⁰ Shoup, D. 2006. Transport Policy 13(2006) 479-496. <http://shoup.bol.ucla.edu/Cruising.pdf>

⁴¹ Victoria Transportation Policy Institute. Online TDM Encyclopedia, Parking Management Strategies. <http://www.vtpi.org/tdm/tdm28.htm>

⁴² Victoria Transportation Policy Institute. Online TDM Encyclopedia, Transportation Management Programs. <http://www.vtpi.org/tdm/tdm42.htm>

transit signal priority, and related strategies showed improvement in average transit travel time per trip and a decrease in overall vehicle trips.⁴³

Benefit-Relationship Finding

Projects and programs in this category have a relationship or benefit to registered vehicle owners in San Francisco and are therefore eligible to receive vehicle registration fee revenues, as required by the SB 83 governing legislation.

Additional Considerations

The projects and programs included in this category may mitigate additional impacts of vehicle owners beyond their impact on transit system performance. For instance, reductions in vehicle trips that relieve congestion and mitigate drivers' impact on transit travel time may result in additional greenhouse gas emission reductions and air quality improvements.

⁴³ San Francisco County Transportation Authority Analysis conducted for the San Francisco Nexus Studies, unpublished.

3.0 Conclusion and Benefit-Relationship Finding

Based upon the benefit-relationship analysis, as described in Section 2.0 and documented in the research citations, we have found that all the categories and specific projects and programs included in the proposed Expenditure Plan have a relationship or benefit to registered vehicles owners in San Francisco and are therefore eligible to receive vehicle registration fee revenues, as required by the SB 83 governing legislation. The footnote citations provide the specific research that supports the project types within each of the three categories; copies of the referenced research studies are also included in a compact disc provided with this report.

Attachment 5

Regional Transportation Plan Consistency Finding for Proposed SB 83 Vehicle Registration Fee Expenditure Plan

We find the projects and programs contained within the draft Expenditure Plan to be consistent with the Metropolitan Transportation Commission's Regional Transportation Plan (RTP), known as *Transportation 2035*. The chart below indicates, for each proposed Expenditure Plan category and the types of projects eligible for funding under those categories, the corresponding RTP ID number and project name.

The draft Expenditure Plan is consistent with the RTP objectives, most directly supporting:

- Reduce injuries and fatalities for all modes
- Reduce long-term transportation repair costs through timely replacement of assets
- Save consumers repair costs due to poor road conditions
- Increase the number of on-time trips
- Improve connections between transit systems
- Improve information on travel conditions and options
- Make cost-effective use of new technologies
- Create new and safer ways to get around within communities by fostering walking and biking and connecting communities to transit
- Achieve additional reductions in motor vehicle emissions through effective transportation control measures
- Promote non-motorized travel to reduce auto trips

Expenditure Plan Category	Expenditure Plan Project Type	RTP ID #	RTP Project Name
Street Repair and Reconstruction	Street Repair and Reconstruction	230696	Local streets and roads maintenance
		230585	Improve the functionality, safe and attractiveness of local streets and arterials in San Francisco
	Complete Streets Projects	230585	Improve the functionality, safe and attractiveness of local streets and arterials in San Francisco
	Curb Ramps	22984	Construct new/reconstruct existing wheelchair curb ramps
	Bicycle Infrastructure	22462	Implement bicycling programs, including construction and rehabilitation of bicycle lanes and paths; improve signage and crossings; and implement a public awareness campaign
	Pedestrian Improvements	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Traffic Calming	21503	Implement a traffic calming program aimed at reducing auto traffic speeds and improving pedestrian and bicyclist safety throughout San Francisco

Attachment 5

Regional Transportation Plan Consistency Finding for Proposed SB 83 Vehicle Registration Fee Expenditure Plan

Expenditure Plan Category	Expenditure Plan Project Type	RTP ID #	RTP Project Name
Pedestrian Safety	Crosswalk and Crossing Improvements (e.g. median islands)	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Sidewalk Widening	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Bulbouts	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Sidewalk Repair	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Stairway Repair or Upgrade	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Pedestrian Countdown Signals	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Pedestrian Lighting	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Intersection Improvements	21502	Implement pedestrian projects, including sidewalk repair, crossing signal, signage improvements, and an educational campaign
	Traffic Calming	21503	Implement a traffic calming program aimed at reducing auto traffic speeds and improving pedestrian and bicyclist safety throughout San Francisco

Attachment 5

Regional Transportation Plan Consistency Finding for Proposed SB 83 Vehicle Registration Fee Expenditure Plan

Expenditure Plan Category	Expenditure Plan Project Type	RTP ID #	RTP Project Name
Transit Reliability and Mobility Improvements	Transit Station and Stop Improvements	22982	Enhance transit programs in San Francisco that promote system connectivity and accessibility, close service gaps and expand transit service
		230594	Improve San Francisco BART stations to enhance passenger safety, accessibility and capacity, improve signage and provide real time transit information
	Transit Stop Consolidation and Relocation	22982	Enhance transit programs in San Francisco that promote system connectivity and accessibility, close service gaps and expand transit service
	Transit Signal Priority	21504	Improve roadways throughout San Francisco by installing new traffic signs and signals, providing new transit lane markings, installing new parking meters and relocating a traffic maintenance shop
	Traffic Signal Upgrades	98593	Fund the Integrated Transportation Management System (SFgo)
		21504	Improve roadways throughout San Francisco by installing new traffic signs and signals, providing new transit lane markings, installing new parking meters and relocating a traffic maintenance shop
	Transit Preferential Streets Improvements (e.g. transit-only lanes)	21504	Improve roadways throughout San Francisco by installing new traffic signs and signals, providing new transit lane markings, installing new parking meters and relocating a traffic maintenance shop
		22420	Implement Bus Rapid Transit (BRT) and Transit Preferential Streets (TPS) programs throughout San Francisco
	Travel Information Improvements	21504	Improve roadways throughout San Francisco by installing new traffic signs and signals, providing new transit lane markings, installing new parking meters and relocating a traffic maintenance shop
	Wayfinding Signs	21504	Improve roadways throughout San Francisco by installing new traffic signs and signals, providing new transit lane markings, installing new parking meters and relocating a traffic maintenance shop
	Innovative Parking Management Pilots and Projects	21535	Implement Travel Demand Management (TDM) program, including transit route planning, bicycle and pedestrian planning and transit-oriented development studies and planning
	Transportation Demand Management	21535	Implement Travel Demand Management (TDM) program, including transit route planning, bicycle and pedestrian planning and transit-oriented development studies and planning

January 6, 2010

Hon. Edmund G. Brown Jr.
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Krystal Paris
Initiative Coordinator

Dear Attorney General Brown:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional initiative relating to state and local approval requirements for taxes, fees, and penalties (A.G. File No. 09-0093).

BACKGROUND

Taxes

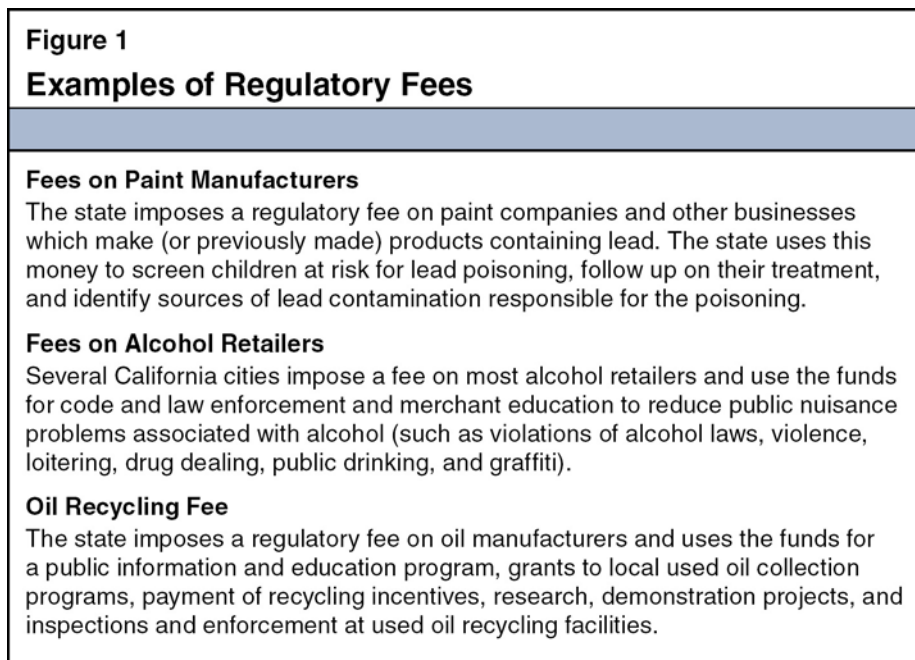
State Taxes. The State Constitution requires a two-thirds vote of each house of the Legislature for measures that result in increases in revenues from imposing new state taxes or changing existing state taxes. This has been interpreted to allow measures that do not result in a net increase in state taxes to be adopted by majority vote. For example, a measure that results in higher taxes for some taxpayers but an equal (or larger) reduction in taxes levied on other taxpayers would not result in an aggregate increase in taxes. Under current practice, this type of measure could be passed by a majority vote.

Local Taxes. Local governments may impose or increase taxes (other than ad valorem property taxes) subject to the approval of their local voters. If the local government proposes to use the tax proceeds for general purposes (a “general tax”), the tax requires approval by a majority of local voters. If the tax proceeds are earmarked for a specific purpose (a “special tax”), the voter approval threshold is two-thirds. In some cases, local governments place nonbinding “companion measures” on the same ballot with proposed general tax increases. These advisory measures express voter intent regarding the expenditure of funds raised by general taxes. The Constitution currently does not specify the vote requirement for the Legislature to pass a law that has the result of increasing local tax revenues.

Fees, Assessments, Fines, and Other Charges

Current law generally gives state and local governments significant discretion in establishing fees, assessments, fines, penalties, and other charges. Governments may impose these charges for many reasons, including to offset their costs to provide specific services and benefits (“user fees”), regulate a particular activity (“regulatory fees”), penalize certain behaviors (“penalties”), and finance property or business improvements (“assessments”).

In some cases—such as many user fees, admission fees, and assessments—the charge is closely linked to the cost of providing a particular service to an individual beneficiary. In other cases—particularly regulatory fees (including environmental mitigation)—the charge may be based on the costs of government oversight of a group or industry, or on the social or environmental costs associated with particular activities. Figure 1 provides some examples of state and local fees imposed for broad regulatory purposes.



Imposing Fees, Assessments, and Charges. The state generally may impose fees, assessments, and charges by a majority vote of the Legislature, provided these charges do not exceed government’s related costs. (State charges in excess of costs are considered “taxes” and are subject to the Constitution’s approval requirements for taxes.) With three exceptions, local governments generally have similar authority to impose fees, assessments, and charges. Specifically, state law requires local governments to obtain the approval of business owners before imposing assessments to finance improvements in business districts. In addition, the Constitution requires local governments to

receive approval from property owners or voters before imposing (1) property owner assessments or (2) fees as an incident of property ownership (“property-related fees”), other than fees for water, sewer, and refuse collection services.

State and Local Requirements Regarding Fines and Penalties. State and local governments have significant discretion to set fines and penalties for violations of state laws and local ordinances and to discourage certain behavior. The Constitution generally does not restrict how state and local governments spend the funds raised from fines and penalties. State and local governments may impose most fines and penalties with a majority vote of the governing body.

PROPOSAL

This measure amends the Constitution to broaden the definitions of a state tax and local special tax, thereby requiring more revenue measures to be approved by a two-thirds vote of the Legislature or local voters.

Definition of Taxes. The measure broadens the definition of a state tax or a local special tax to include a wide range of charges that government currently may impose by a majority vote of its governing entity. Specifically, the measure provides that all state and local charges are taxes, *except*:

- User charges, based on government’s reasonable costs, for specific services or benefits that government provides directly and exclusively to the fee payer.
- Regulatory charges limited to a government’s reasonable administrative costs for issuing licenses and permits and undertaking investigations, inspections, audits, enforcement, and adjudication.
- Charges for the use of or entrance to state or local government property.
- Fines and penalties imposed by government “as a result of a violation of a law.”
- Local charges imposed as a condition of property development, property owner assessments, and property-related fees.

The measure also specifies that any change in a state statute that results in *any* taxpayer paying a higher tax requires a two-thirds vote of the Legislature. (This would include statutes that reallocate tax burdens without yielding a net increase in revenues and those affecting only local taxes.)

The measure's changes would have the effect of increasing the number of revenue measures classified as taxes and subject to (1) the two-thirds vote requirement of the Legislature in the case of a state measure, or (2) a vote of the governing body and approval by two-thirds of the local electorate in the case of a local levy.

Effective Date for State Provisions. This measure specifies that any state tax enacted after January 1, 2010 that is inconsistent with this initiative's provisions would become inoperative 12 months after the effective date of this initiative unless the tax is reenacted into law in compliance with this initiative's requirements.

Burden of Proof. In any legal challenge, the measure specifies that government bears the burden of proving that the charge is not a tax and that the amount raised is consistent with the measure's provisions.

FISCAL EFFECTS

By expanding the scope of what is considered a tax, the measure would make it more difficult for state and local governments to enact a broad range of measures that generate revenues. The extent of this change is not clear, but it would appear to include many state and local environmental regulatory fees, such as the fees summarized in Figure 1. Future increases or changes to these charges would be subject to the approval requirement for taxes.

The measure also would increase the vote requirement for some state tax legislation that the Legislature currently may enact by majority vote. For example, some tax bills are revenue neutral in aggregate, but result in offsetting state tax increases and decreases on different taxpayers. In addition, some state legislation increases *local* tax revenues, but not state revenues. This measure would require that these bills be adopted by two-thirds of the Legislature.

The overall revenue impact of these changes would depend on future actions of the Legislature, local governing boards, and local voters. To the extent that these increased voting requirements resulted in a failure to pass charges that would have been approved under a majority vote, the measure would result in lower revenues and spending than would have occurred otherwise. Given the potential scope of levies that would be subject to the higher approval thresholds, the effect of the measure's provisions probably would be major.

Summary

The measure would have the following impacts on state and local governments:

- Potentially major decrease in state and local revenues and spending, depending upon future actions of the Legislature, local governing bodies, and local voters.

Sincerely,

Mac Taylor
Legislative Analyst

Ana J. Matosantos
Director of Finance