

SAN FRANCISCO TRANSPORTATION 2045 TASK FORCE REPORT



JANUARY 2018



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Contents

Letter from the Co-Chairs, p. 1

Executive Summary, p. 2

1. Introduction, p. 6

2. Transportation System Needs Assessment, p. 18

3. Potential Revenue Sources for Transportation, p. 34

4. Task Force Recommendations and Input, p. 42

Appendix A, Revenue Source Details, p. 54

Appendix B, Revenue Source Considerations Detailed
Definitions, p. 60

Appendix C, Revenue Source Preference Task Force Survey
Results, p. 64

Appendix D, Final Task Force Survey Results, p. 66

Appendix E, SFCTA Transportation Funding Voter Opinion
Survey Results, p. 68

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Letter from the Co-Chairs

Our transportation system, which includes our bus and light rail vehicles, our subways and iconic cable cars, our roads, pedestrian signals, sidewalks and bike lanes, is what makes living in our city possible and enjoyable. It is the backbone of our local economy and all of us who live, work or visit San Francisco rely upon it as part of our daily life. Yet similar to other transportation systems across the country, ours faces significant funding shortfalls in the years and decades to come, particularly as our city grows. It is our imperative today to identify and advance solutions to these shortfalls if we are to have hope for a continued vibrant and sustainable city into the future.

In June 2017, the San Francisco Transportation 2045 Task Force was convened to articulate our transportation system needs over the coming decades and to pair those needs with revenue sources. The Task Force's work built off the City's previous transportation planning and funding efforts (including the Transportation Task Force 2030 process, The San Francisco Transportation Plan, Plan Bay Area, and Propositions J and K previously on the November 2016 ballot) and incorporates progress made in the intervening years while acknowledging the emerging transportation new challenges we face as a city.

It is with some measure of urgency that we present this report on the critical funding needs of San Francisco's transportation systems from now through the year 2045. Throughout the Task Force process, nearly 60 representatives of the city's neighborhoods, businesses, civic organizations, advocacy groups and agency staff came together to grapple with difficult questions. This report updates and builds on previous analysis, with a list of potential funding sources presented in the context of a particularly tenuous federal landscape for infrastructure funding. Task Force members have outlined both investments and revenue priorities through an equity lens, and tasked city leaders to take action today to secure the \$100 million annual contribution to our overall transportation need.

While this process often highlighted the differences of opinion between Task Force members, the unifying theme was a recognition that without additional investments to create a safer, more efficient, and more affordable transportation system, the city's future will be bleak. This report should be used by both the Board of Supervisors and the Mayor to advise our collaborative work to identify local revenue sources and corresponding expenditure plans for our transportation system.

-Sunny Angulo and Andres Power

Executive Summary

San Francisco Mayor Edwin M. Lee and the Board of Supervisors created the Transportation 2045 (T2045) Task Force in early 2017, to jointly explore the potential for a new transportation revenue measures from now through the year 2045. Meeting over the course of seven months, and building on the work of San Francisco’s transportation agencies, the T2045 Task Force developed a menu of options that could help close the transportation funding gap. Task Force members were selected to represent a broad range of organizations and agencies, to provide their perspectives on San Francisco’ transportation system’s needs.

The city’s transportation system is multi-modal, multi-operator, complex—and crucial to the livability and affordability of San Francisco. The city has seen a boom in population, employment and tourism since 2010, and by 2040, San Francisco is expected to add an additional 73,400 housing units and 275,000 new jobs. As the city continues to grow, both in population and employment, the transportation system struggles to keep up with an increasing demand for mobility and accessibility.

The T2045 Task Force was presented with a \$22 billion funding gap for San Francisco’s transportation system through 2045. That figure is based on citywide and regional transportation planning efforts, and encompasses everything from roadway maintenance needs and unfunded bicycle projects, to Muni service and facility challenges and funding gaps for large regional projects like Caltrain’s Downtown Extension.



Meeting #1, June 2017, T2045 Task Force

Chapter 2: Transportation System Needs Assessment, elaborates on the projects and programs that need funding. Task Force members each had a varied set of priorities, but overall recognized that these investments are crucial to every aspect of life in San Francisco.

Identifying funding for transportation projects can be challenging, and typically draws on multiple sources to meet the city’s goals. Many of these sources are controlled at regional, state and federal levels, each of which can be uncertain. Grants

often involve highly competitive application processes, and federal funding has been increasingly uncertain in the current political climate. Local revenue sources can provide reliable funding to get projects started, to increase

competitiveness for other funding sources, and to provide more opportunities for local decision-making.

The T2045 Task Force reviewed a list of nearly 30 locally-controlled revenue sources that could help San Francisco better meet its transportation funding needs.

Chapter 3: Potential Revenue Sources for Transportation, provides details on each source, and presents various factors to consider when debating between sources to pursue. The diverse voices on the Task Force were brought together to reflect the broader community's perspectives, and in doing so, brought to light disparate views about how transportation projects should be funded.

This report's recommendations reflect both the agreements about the need for additional funding for a wide range of transportation investments, and the passionate discussions on potential sources for those revenues. The group successfully narrowed down this long list to four that were most promising for a 2018 ballot, without reaching a consensus on a single source.

Chapter 4: Task Force Recommendations provides valuable insight into the perspectives of many different groups.

The final recommendations present the proceedings of the Task Force, and are intended to provide policy-makers with insight into various viewpoints, as they grapple with these very same questions.

RECOMMENDATION #1: BASE THE EXPENDITURE PLAN ON THE NOVEMBER 2016 PROPOSITION J'S SIX INVESTMENT CATEGORIES

These investment categories were broadly supported by Task Force members.

1. Transit Service and Affordability
2. Muni Fleet, Facilities and Infrastructure
3. Transit Optimization and Expansion
4. Regional Transit and Smart Systems Management
5. Vision Zero, Safer and Complete Streets
6. Street Resurfacing



Meeting #4, September 2017, T2045 Task Force

RECOMMENDATION #2: SEEK A PACKAGE OF LOCAL REVENUES SOURCES, AND CONTINUE TO ADVOCATE FOR ADDITIONAL FEDERAL, STATE AND REGIONAL FUNDS, TO SUPPORT SAN FRANCISCO'S TRANSPORTATION PRIORITIES

Task Force members recognized the needs of the city's transportation system far exceed what existing revenue sources can meet. Further, they recognized that while local revenue sources are tremendously important, they alone cannot close the funding gap. Using local revenue sources to leverage as much as possible in non-local funds is an essential part of the solution. This is also an important strategy to keep San Francisco competitive with other counties and regions that have passed multiple local revenue measures, both within California and nationwide.

RECOMMENDATION #3: TOP 2018 REVENUE SOURCES

Four potential revenue sources for 2018 received a significantly higher number of votes from Task Force members than the other potential sources, though none has a clear majority of support at this time. These four sources are:

- Sales Tax, estimated annual revenue \$50-\$150 million
- Gross Receipts: Commercial Property Rent Tax Increase, estimated annual revenue \$13-\$100 million
- Vehicle License Fee (VLF) - San Francisco (SB 1492), estimated annual revenue \$12-\$73 million
- Gross Receipts: Platform/Gig Economy Tax, estimated annual revenue \$8-\$30 million

RECOMMENDATION #4: CONTINUE RESEARCH, DEVELOPMENT, AND, AS APPROPRIATE, SEEK STATE LEGISLATION FOR CONGESTION PRICING AND TRANSPORTATION NETWORK COMPANY FEES

Congestion Pricing is a system that uses fees to control roadway demand, and uses revenues to fund a package of transportation improvements. Transportation Network Company Fees would charge per-trip or per-vehicle fees on companies that use online-enabled platforms to connect passengers with drivers using personal, non-commercial vehicles for trips, such as Uber and Lyft. Many Task Force members support these revenue sources for San Francisco, though the city would require state authorization before they could be implemented locally. There would also need to be further research and development to better understand how to structure and administer these revenue sources to meet the city's goals.

RECOMMENDATION #5: SUPPORT A GENERAL OBLIGATION BOND IN 2024 FOR TRANSPORTATION

This was a recommendation of the T2030 Task Force in 2013. It is included in the City's Capital Plan, and received overwhelming support from T2045 Task Force members.

This report and these recommendations will be submitted to the Mayor's office, the Board of Supervisors, the San Francisco County Transportation Authority Board, and the San Francisco Municipal Transportation Agency Board. This will memorialize the contributions of the Task Force. Further, as the conversation about local revenues for transportation in San Francisco continues, this report will continue to serve as a resource to help provide an understanding of the trade-offs between different sources and different transportation investments, with the hopes of enabling a higher level of investment in our city's transportation systems.



Meeting #3, August 2017, T2045 Task Force



1. Introduction

San Francisco has been booming since 2010, with tremendous residential and employment growth. A total of 63,600 housing units are in the development pipeline. Between 2010 and 2014, San Francisco gained 120,000 new jobs, and tourism is at record-breaking highs. This boom is projected to continue, and by 2040, San Francisco is forecasted to add an additional 73,400 housing units to accommodate the city's growing population, and 275,000 jobs, many of which will be in new office space, maintaining San Francisco's position as the major jobs center of the region.

All of this growth is putting tremendous strain on the city's transportation systems, as more trips are being made across all modes.¹ From the recently adopted San Francisco Transportation Plan 2040:



- Transit ridership has grown on all of San Francisco's operators. Muni, already the Bay Area's largest transit provider, has seen an increase in ridership of nearly 50,000 average weekday riders from 2010-2016. BART, Caltrain and WETA have seen double digit growth percentages in that same time period. Transit passengers are regularly experiencing crowded conditions – sometimes having to watch overcrowded trains and buses pass them by during peak periods on key routes.

- In 2014, San Francisco was among one of the first cities in the U.S. to adopt a Vision Zero policy with the goal of ending traffic deaths by 2024 through engineering, enforcement and education projects and programs.
- More people are walking and biking now, with car ownership levels staying relatively constant. Over 30% of trips in San Francisco are made by walking and biking, and over 26,000 new commuters in San Francisco are walking and biking to work.
- San Francisco's roads and freeways are more congested, and have gotten more congested at a faster pace than the rest of the Bay Area.



Between 2013 and 2015, average auto travel speeds on key arterials became 15% slower during the morning peak and 21% slower during the evening peak.

- The economic boom has put a strain on more than just the transportation system. Housing has become disproportionately unaffordable for low-income and disadvantaged groups, and ethnic diversity is diminishing while income disparities across racial groups are increasing. These equity concerns challenge the city to identify ways that transportation investments can address equity impacts.
- Transportation Network Companies (TNCs) such as Uber and Lyft have become household names, and have contributed toward a rapidly changing transportation landscape. They represent an estimated 15%

1 www.sfcta.org/sftp

of intra-city trips, and an estimated 20-26% of vehicle trips Downtown and South of Market during peak periods.² TNCs have prompted transportation professionals and policymakers to assess the adequacy of existing regulatory frameworks.

- Decades of underinvestment in the city’s transportation infrastructure, from local streets and roads to Muni and regional transit, has resulted in an aging system badly in need of improvements to bring these systems up to a state of good repair. Once this baseline is established, the city will be able to expand its systems to accommodate projected growth.



San Francisco’s transportation system is intrinsically linked to the quality of life in the city. San Francisco’s economic competitiveness requires a high level of mobility and accessibility, including reliable and affordable transit. All modes of travel—walking, biking, driving, riding transit—rely on smooth and safely designed roads. Current capacity issues must be addressed, and improvements must be made to keep pace with the city’s rapidly growing population and

job market. Safe neighborhoods require dependable transit access, at all times of day, and quality walking and biking infrastructure. A healthy environment requires reductions in greenhouse gas emissions, which can be achieved through strategies that reduce vehicle miles traveled. It is essential that San Francisco meet these transportation challenges to improve the overall livability and affordability of the city.

To this end, the Mayor and the Board of Supervisors convened the San Francisco Transportation 2045 (T2045) Task Force to discuss options for how the City can generate revenue, prioritize expenditures over the long-term, and balance regional and neighborhood-level transportation needs. This report provides an overview of the anticipated funding needs from the various agencies that govern transportation in San Francisco, and provides a framework for analyzing potential revenue sources to help fund the projects needed to keep the city moving.

This report is a product of the Task Force, written by department staff from the San Francisco County Transportation Authority, the San Francisco Municipal Transportation Agency, San Francisco Public Works, the Controller’s Office and the Mayor’s Office based on materials prepared for and input received from the Task Force. The contents were developed between June 2017 and December 2017.

2 www.sfcta.org/TNCstoday

The San Francisco Transportation 2045 Task Force

In early 2017, Mayor Edwin M. Lee and the Board of Supervisors agreed to jointly explore the potential for a transportation revenue measure in 2018. Transportation Authority Chair and District 3 Supervisor Aaron Peskin collaborated with Mayor Lee's Chief of Staff Steve Kawa to initiate the Transportation 2045 (T2045) Task Force and appoints its members. Co-chaired by Andres Power, Senior Advisor to Mayor Lee, and Sunny Angulo, Chief of Staff to San Francisco County Transportation Authority Chair and District 3 Supervisor Aaron Peskin, the Task Force has met monthly over 7 months to identify unfunded needs of the City's transportation systems, and to research and identify locally-controlled revenue sources to help meet those needs.

The Task Force membership represents the community at large, including individuals representing neighborhoods; small and large businesses; transportation, housing and environmental justice advocacy groups; labor and civic organizations; and city and regional transportation agencies. The Controller's Office provided leadership and analytical support for the Task Force with City Performance Director Peg Stevenson facilitating the Task Force meetings. David Weinzimmer from the Controller's Office and Michelle Beaulieu from the San Francisco County Transportation Authority led the research and reporting efforts required for the Task Force. Staff from the Controller's Office, Mayor's Office, San Francisco County Transportation Authority, San Francisco Municipal Transportation Agency, and San Francisco Public Works completed data analysis, research, and logistical support for the Task Force meetings and final report.

T2045 Task Force Goals

The goals of the T2045 Task Force are to:

- Identify transportation funding needs and gaps in resources
- Identify potential local revenue options to close the gaps

The T2045 Task Force has built off the City's previous transportation planning efforts and reflects the progress the City has made, changes in local, regional, state and federal funding contexts, and new challenges facing the city. The needs analysis focused on funding needs over the period of time from 2019 – 2045, with the understanding that any local revenue would address only a portion of those needs, matching funds from regional, state and federal levels.

The Task Force focused its efforts on developing broad consensus for a multi-year package of local revenue measures over time to help close the funding gap, with at least one significant measure that could be implemented in 2018, along with high-level recommendations for a corresponding Expenditure Plan.

Background

THE TRANSPORTATION 2030 TASK FORCE

In 2013, the Mayor’s Transportation 2030 (T2030) Task Force was convened to develop a coordinated set of priorities and recommendations for the City’s transportation infrastructure through 2030.³ Over the course of 9 months, the T2030 Task Force identified transportation system needs and made funding source recommendations.

The T2030 Task Force identified \$10.1 billion in needs (in 2013 dollars) over 15 years. The needs assessment identified three areas of capital infrastructure investment:

- Core: The City’s existing transportation capital and infrastructure, which included the existing transit fleet, streets, traffic signals, rails, bike lanes, and sidewalks.
- Enhance: Efficiency and effectiveness improvements to Core system components.
- Expand: Expansion beyond the Core investments to meet existing

Figure 1: Transportation 2030 Task Force identified Transportation System Funding Needs (2015-2030)

TRANSPORTATION SYSTEM FUNDING NEEDS (MILLIONS, 2013\$)	TOTAL NEED	FUNDS IDENTIFIED TO DATE	UNFUNDED NEED	% FUNDED
Core Investments	\$6,608	\$3,587	\$3,021	54%
Enhance Investments	\$1,833	\$160	\$1,673	9%
Expand Investments	\$1,644	\$6	\$1,638	0%
TOTAL	\$10,085	\$3,753	\$6,332	37%

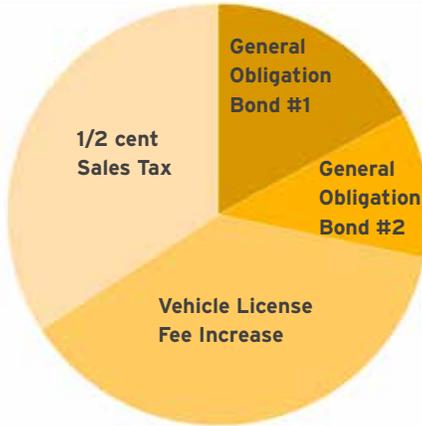
demand or expected growth where Core investments would not have met the need.

The scope of the T2030 Task Force work focused on capital improvements requiring new investment, focusing on bringing the existing transportation infrastructure—both transit and local streets and roads—up to a state of good repair. It did not address operating deficits. It also focused primarily on city projects, with few regional projects included.

³ http://208.121.200.84/ftp/files/publications_reports/transportation_taskforce/Taskforce_AnnualReport2030V9_1113.pdf

Of the total \$10.1 billion in transportation needs identified in the T2030 process, \$3.8 billion was anticipated to be covered by existing, identified funding sources, leaving a funding gap of \$6.3 billion between 2015 and 2030.

Figure 2: T2030 Task Force Recommended New Locally-Controlled Revenues



To help close the funding gap, the T2030 Task Force recommended two strategies:

- To pursue additional federal/state/regional revenues through advocacy and policy change. Anticipated total revenues: \$3.3 billion
- To bring a series of ballot measures to the voters to generate local revenues for transportation. Anticipate total revenues: \$3 billion

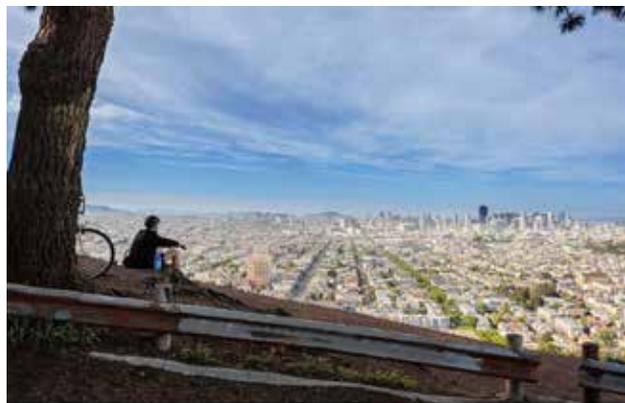
The T2030 Task Force recommended four local ballot measures to get to the \$3 billion total over 15 years:

- Two \$500 million general obligation bonds
- A vehicle license fee (VLF) of 1.35% as authorized under Senate Bill 1492 (Leno). This would have raised approximately \$73 million in the first year.
- A 0.5% sales tax. This would have raised approximately \$100 million in the first year.

To date, San Francisco voters have approved one of the T2030 General Obligation Bonds in 2014. More information can be found in the Transportation Funding since T2030 section below.

LONG-RANGE TRANSPORTATION PLANNING

The T2045 Task Force, like the T2030 Task Force, drew upon long-range plans for transportation that examined an even broader set of needs and projects on a longer time-frame. Two of those plans, which have recently been updated, are described below.



San Francisco Transportation Plan 2040

The San Francisco Transportation Plan (SFTP) 2040 is the countywide, long-range investment and policy blueprint for San Francisco’s multi-modal transportation system. It considers walking, biking, driving, and public transit, including both local transit operators like SFMTA and regional transit operators like BART and Caltrain. As the Congestion Management Agency for San Francisco, the San Francisco County Transportation Authority (SFCTA) develops the plan, through technical analysis, consultation with partner agencies, and community outreach. It provided the basis for the T2030 work, and included goals, a needs assessment, performance evaluation for projects, and a



fiscally constrained investment Plan (at \$75 billion over 25 years) and Vision (\$82.5 billion) as well as policy recommendations. The fiscally constrained Plan accounts for investments that can be made with the revenues anticipated to be available to San Francisco over this timeframe, while the Vision includes projects and programs that could only be implemented with new locally-controlled revenues.

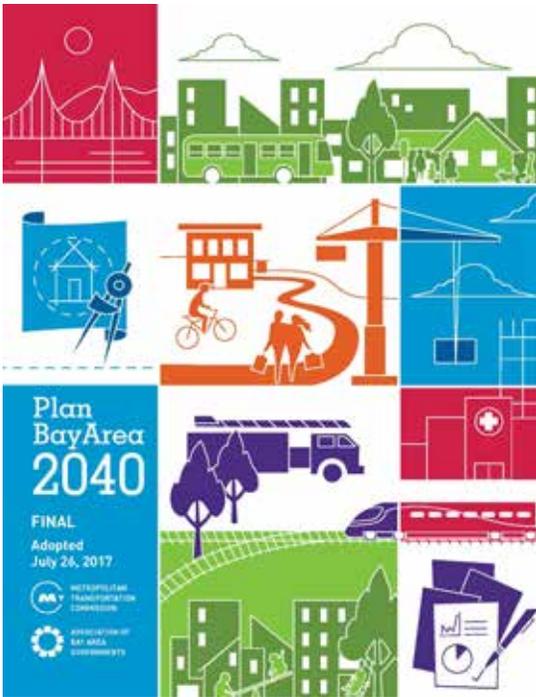
The SFCTA Board adopted an update to the SFTP in October 2017, in parallel with the regional transportation plan update, Plan Bay Area 2040. This increased the size of San Francisco’s investment plan to \$85 billion through 2040, with a \$92.9

billion investment vision. The SFTP’s investment plan includes all planned and forecasted investment in transportation through 2040.⁴ For context, these numbers are much larger compared to those considered by the T2030 Task Force, which was constrained to certain project types (largely excluding regional transit operators and expansion projects) and only through the year 2030.

Plan Bay Area 2040

The Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG) adopted Plan Bay Area 2040, the long-range Regional Transportation Plan and Sustainable Communities Strategy for the nine-county Bay Area, in July 2017. This integrated transportation, land-use and housing plan demonstrates how the region will reduce greenhouse gas emissions through long-range planning. State law requires that the two components be consistent. The plan discusses how the region will grow over the next two decades, and identifies transportation and land use strategies to enable a more sustainable, equitable and economically vibrant future.⁵ This is a limited update of the region’s previous integrated plan, Plan Bay Area, which was

adopted in 2013. The SFTP provided the primary basis for San Francisco’s input into the Plan Bay Area update.



TRANSPORTATION FUNDING SINCE T2030

Since the T2030 Task Force made its recommendations, there have been several initiatives to increase revenues for transportation, from the local level up to the state level.

Proposition A: The San Francisco Transportation and Road Improvement Bond (November 2014)

⁴ <http://www.sfcta.org/san-francisco-transportation-plan-sftp-2017-update>
⁵ http://2040.planbayarea.org/cdn/farfuture/DNwQeazEwHfJg-HZ-_GMZSVQxPV0mKk0nTUKVaD-Ses/1506467747/sites/default/files/2017-09/Plan_Bay_Area_2040-09262017-links.pdf

In November 2014, Proposition A, the San Francisco Transportation and Road Improvement Bond, was put on the ballot to fund a wide range of transportation investments. This was the first of the T2030 Task Force’s recommendations to go to the ballot, and passed with nearly 72% of the vote. The bond was issued within the City’s general obligation bond capacity and did not increase property tax rates in the City. The proceeds from the bond are being spent as follows:

- \$376 million for Improved Transit, including \$209 million for Muni Forward, \$70 million for Muni maintenance facility modernization, \$39 million for Caltrain upgrades, \$30 million for safer and more accessible transit stops, and \$28 million for planning and designing large-scale transportation projects
- \$124 million for Safer Streets, including \$50 million for pedestrian safety improvements, \$52 million for complete streets, and \$22 million to modernize the traffic signal system

Proposition B: The City of San Francisco Adjusting Transportation Funding for Population Growth (November 2014)

In November 2014, voters in San Francisco also approved Proposition B, a population-based general fund set-aside, with 61% of the vote. This charter amendment requires that 75% of the set-aside be directed to transit improvement projects, and 25% be used for street safety capital improvements. A total of \$31 million was directed to transportation projects in Fiscal Year 2017. In future years, the annual set-aside increases proportionately to population growth in San Francisco.

Transportation Sustainability Fee (TSF) (2015)

San Francisco’s Transportation Sustainability Fee (TSF) was adopted by the Board of Supervisors and went into effect December 2015. The TSF is a citywide transportation fee placed on new development in San Francisco, established so that development projects contribute to mitigating the transportation impacts from new residents and workers resulting from the development. Whereas transportation impact fees had previously been charged on development other than housing, the TSF expanded the fees to include market-rate residential development and certain large institutional developments. The funds raised may be used to fund transit capital maintenance, transit capital facilities, and complete streets infrastructure.

The TSF is a relatively modest revenue source, which was initially projected to generate an estimated \$15 million in annual new revenues, based on optimal market conditions. The TSF has generated a more

**THE TRANSPORTATION
SUSTAINABILITY PROGRAM**

The Transportation Sustainability Program (TSP) seeks to improve and expand upon San Francisco’s transportation system to help accommodate new growth. Smart planning and investment will help San Franciscans arrive safer and more comfortably at their destinations now and in the future. The Transportation Sustainability Program is comprised of the following three components: Enhance Transportation to Support Growth (through the Transportation Sustainability Fee), Modernize Environmental Review, and Encourage Sustainable Travel (Shift). For more information visit:

<http://sf-planning.org/transportation-sustainability-program>

modest sum than what was originally anticipated over the last two years, but it sets a strong policy signal in support of the City’s transit first policy. It is a part of the broader Transportation Sustainability Program, which is designed to modernize review of transportation impacts, and reduce vehicle miles traveled associated with new development as well as invest in the transportation network.

Measure RR: BART Bond (November 2016)

Measure RR was a property bond passed in the three Bay Area Rapid Transit (BART) counties (Alameda, Contra Costa, and San Francisco) in November 2016. The \$3.5 billion bond revenues go primarily toward safety repairs and upgrades to the existing system with 20% available for projects that relieve crowding or expand opportunities for safe station access. In addition to improving the safety and reliability of the BART system, these same investments will build the required foundation to enable BART to implement capacity improvements that will provide significantly more service in the core of the system (by running more trains through the transbay tube). San Francisco voters passed the BART bond with 81.1% of the vote.

SB 1 IN SAN FRANCISCO

SB 1 revenues are already being put to work in San Francisco. Projects that will receive SB 1 funding include:

- From Local Streets and Roads allocations, pavement renovation on Palou Avenue, 26th and Castro Streets, and Visitacion Valley residential streets
- From the formulaic Local Partnership Program, pavement renovation on Parkmerced/ Glen Park/ Twin Peaks streets
- From augmentation funding for the competitive Active Transportation Program, the Geneva Avenue Pedestrian and Bicycle Safety Improvement Project, and the Vision Zero SF: Safer Intersections project

California SB1: Road Repair and Accountability Act of 2017

On April 28, 2017, Governor Brown signed the Road Repair and Accountability Act of 2017, Senate Bill (SB) 1, into law. SB1 provides the first significant, stable and on-going increase in state transportation funding in more than two decades. SB1 is critical because it helps the city agencies address chronic funding shortfalls resulting in large part from the lost buying power of the gas tax—the primary source of state transportation funding—that hadn’t been increased in over 30 years. SB1 increased funding for transportation through four significant sources, each of which is indexed to inflation:

- 12-cent per gallon gasoline excise tax increase (effective November 1, 2017)
- Annual Transportation Improvement Fee (TIF) based on a tiered vehicle valuation (effective January 1, 2018)
- Annual \$100 zero-emission-vehicle registration charge (effective July 1, 2020), which ensures that vehicles that don’t pay any or much in gas taxes, but still use local streets and roads and state highways, will pay their “fair share” toward maintaining the transportation system
- 20-cent per gallon diesel excise tax increase (effective November 1, 2017)

The sum total revenues from SB1 is \$52 billion over 10 years, which will be directed to transportation investments through a combination of formula and

competitive statewide programs.

The San Francisco County Transportation Authority estimates that San Francisco will receive over \$60 million per year from SB1 formula funds alone, in addition to millions of dollars through various statewide competitive funding cycles for regional transit investments, bicycle and pedestrian improvements, and other projects. The majority of these funds will be directed to state of good repair projects, including to the state highway system, local streets and roads, and transit. These funds are critical to San Francisco, but do not completely close the gap on the needs of the system.

As of December 2017, there are two separate voter-initiatives proposed for the statewide ballot in November 2018, which would in effect repeal most sections of SB1. However, neither yet has enough signatures to qualify for the ballot. If a repeal were to pass, it would be a significant blow to the future of the State's, and San Francisco's, transportation systems.

Regional Measure 3 (TBD, likely 2018)

In October 2017, Governor Brown also signed SB 595 into law, authorizing the Metropolitan Transportation Commission (MTC) to place Regional Measure 3 (RM3) on the ballot to increase tolls on the region's seven state-owned bridges. RM3 could be submitted for voters' consideration as early as June 2018. MTC would be able to put to the voters an increase of up to \$3 per toll bridge crossing, to fund a \$4.5 billion expenditure plan that includes projects that benefit San Francisco such as:

- \$500 million for new BART vehicles
- \$325 million for the Caltrain Downtown Extension
- \$140 million for Muni Fleet Expansion and Facilities
- \$50 million for preliminary engineering and design of a new Transbay Rail Crossing

These projects, like the others included in RM3, are intended to support the



Bay Area's growing economy and quality of life, by aiming to reduce congestion and improve transportation options throughout the Bay Area. San Francisco is the second most traffic-congested city in the United States, and San Jose and the South Bay is the fourth. The funding from RM3 will specifically focus on boosting the capacity of the core components of the regional transit systems while improving travel options and reliability in the toll bridge corridors. This would act as a complementary funding source to

SB1. While SB1 addressed the aging pains of the system through state of good repair project funding, RM3 would address the system’s growing pains, as the Bay Area’s tremendous recent economic and population growth has taken a toll on the region’s infrastructure. Large, even medium-sized projects, included in the RM3 expenditure plan would draw on multiple sources for funding, such as the Muni fleet replacement and expansion project and Caltrain’s Downtown Extension.

San Francisco Propositions J and K (November 2016)

Not all funding proposals recently put to the voters have passed. In November 2016, a sales tax increase was on the ballot for San Francisco voters, consistent with the recommendation of the T2030 Task Force. Proposition K would have increased the city’s sales tax by an additional 0.75% for 25 years with revenue deposited into the general fund. The measure would have raised approximately \$150 million in the first year, and was defeated by 65% of the vote.

In that same election, a charter amendment to allocate funds to homeless services and transportation was also on the ballot. Proposition J would have allocated an initial \$50 million per year to homeless services and \$100 million per year to transportation, with scheduled increases for 24 years. Proposition J passed with 67% of the vote. However, after the election Mayor Lee enacted a clause in Proposition J that allowed him to cancel these two set-aside funds because of the impact on the city’s budget. Without the additional sales tax revenue that would have been available if Proposition K had passed, the budget set-asides in Proposition J were infeasible.

Figure 3: The November 2016 Proposition J expenditure plan

TRANSPORTATION INVESTMENT CATEGORIES		% OF NEW REVENUES
1.	Transit Service & Affordability	12.4%
2.	Muni Fleet, Facilities & Infrastructure Repair & Maintenance	18.8%
3.	Transit Optimization & Expansion	9.4%
4.	Regional Transit & Smart System Management	14.1%
5.	Vision Zero, Safer and Complete Streets	12.4%
6.	Street Resurfacing	32.9%
TOTAL		100%

Though the general fund set-aside called for under Proposition J was canceled, the high voter approval rate indicates a high level of support for these types of investments in both homelessness and transportation. Proposition J’s transportation fund would have allocated revenues to 6 categories of investments (see Figure 3).

TRANSPORTATION PROJECT DELIVERY SINCE T2030

Since the T2030 process in 2013, San Francisco has made significant progress on several major transportation projects and programs. This includes:

- The Central Subway, which will provide train service to new parts of the city, connecting Chinatown to the Bayview;
- Implementing Muni Forward to improve reliability, travel time and safety on several critical transit routes. Improvements to the 10 Sansome

Figure 4: New Muni Task Vehicles since 2014, SFCTA.

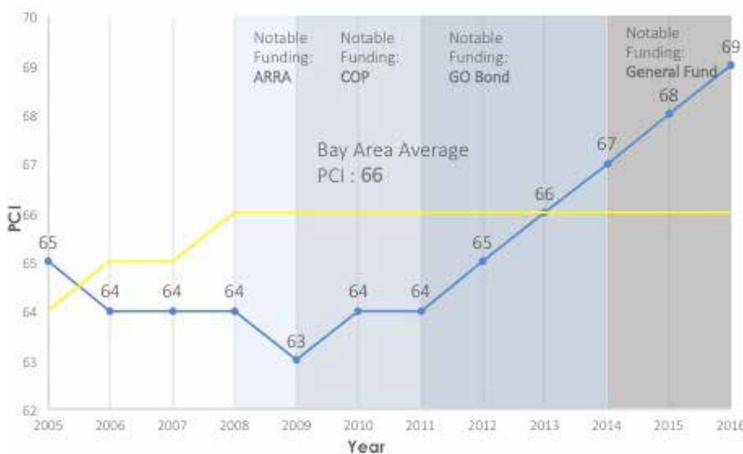


and 9 San Bruno have wrapped up and progress continues on key routes such as the 14 Mission, 30 Stockton, N Judah, 28 19th Avenue and others;

- A new and expanded Muni fleet, including all-new, hybrid or clean energy buses, and all-new light rail vehicles, with the first new vehicles in service and more on the way;
- Advancing pedestrian safety projects and moving the needle on Vision Zero by making strategic investments in the City’s High-Injury Network—a grouping of just 12% of San Francisco’s streets where 70% of severe and fatal traffic injuries occur—with spot improvements along Mission Street, 8th Street and Market Street, corridor investments along Division Street, Vicente Street and Brannan Street among others, and comprehensive, neighborhood-side safety plans such as in the Tenderloin;

- Safer streets and improved mobility, including the start of construction on major multimodal projects on Van Ness Avenue and Geary Boulevard, which will speed up cross-city travel with improved bus service;
- Installation of pedestrian countdown signals and audible pedestrian signals to improve the safety and accessibility of the city’s streets, including along major corridors like Arguello Boulevard and citywide in strategic locations; and
- Smoother, safer streets with repair work resulting in an increase in the

Figure 5: San Francisco’s Pavement Condition Index score, 2005-2016, SF Public Works.



citywide pavement condition index (PCI) average from a 64 PCI in 2011 to a 69 PCI in 2016.

While San Francisco has made progress toward many of its transportation goals, there is still much work to be done. For example, the funds the city has available now may not be sufficient to meet the ambitious goal of Vision Zero: zero traffic fatalities by 2024. The next generation of major transit improvements and expansion projects are not yet fully funded, including Better Market Street, the extension of Caltrain to the new Transbay terminal, and the Geary Boulevard Improvements Project. Chapter 2 of this report details the Transportation System Needs Assessment that was done to support the work of the Task Force.

2. Transportation System Needs Assessment

The T2045 needs assessment was developed by Task Force staff and presented to the Task Force. The assessment focused on a review of existing transportation planning documents to identify projects and programmatic areas that require additional funding. The assessment covers the 27-year period ending in 2045. All dollar amounts are in 2017 dollars for consistency.

The primary plans and reports that informed this assessment include:

- Mayor’s Transportation Task Force 2030 (T2030) Report (2013)
- San Francisco Ten-Year Capital Plan (CCSF, 2017)
- Plan Bay Area 2040 (MTC, 2017)
- San Francisco Transportation Plan 2040 (SFCTA, 2017)
- SFMTA 20-Year Capital Plan (2017)

Each of these planning efforts outlines long-range transportation needs over a specified time period. For example:

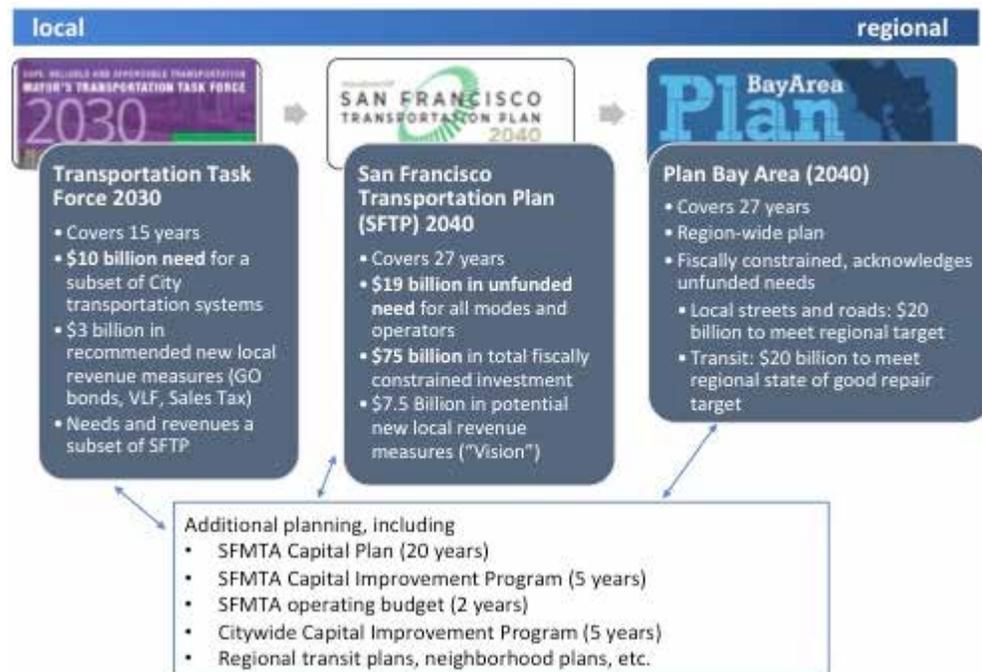
- T2030 identified a \$6.3 billion funding gap for a subset of City transportation needs, focusing on maintenance and rehabilitation, over 15-years
- The San Francisco Transportation Plan 2040 from 2013 identified a \$19 billion unfunded need for all surface transportation modes and operators (local and regional), for the 27-year period ending in 2040
- Plan Bay Area 2040 identified a 24-year unfunded need of \$21.5 billion for the region’s streets and roads to achieve a state of good repair, and a \$14.6 billion gap to bring the region’s transit system up to a state of good repair

Staff updated cost estimates for all types of transportation needs from local streets and roads repair to transit maintenance to pedestrian and bicycle safety improvements to smart system management and transit expansion. Staff then extrapolated the needs to the T2045 timeframe, and in some cases, used professional judgement to revise needs downward to reflect reasonable deliverability assumptions (e.g. based on available staff resources). The needs assessment was quite comprehensive with the only notable set of needs not included being BART state of good repair and capital maintenance needs, which were directly addressed by the recently-passed Measure RR \$3.5

billion general obligation bond (see Measure RR in Chapter 1 of this report for reference). San Francisco policymakers actively worked to support BART’s efforts to develop Measure RR and make it as large and robust as possible, with the intent of allowing a future local measure to focus more on San Francisco’s other significant needs.

Needs, like revenues, are dynamic, and estimated costs and funding strategies should be revisited periodically to ensure they reflect current political and

Figure 6: Long-range transportation planning efforts, SFCTA 2017



economic realities, revenue landscapes, and evolving transportation system needs. The increase in needs compared to T2030, for example, makes sense given the longer time frame and broader scope of needs (e.g. more emphasis on growth and regional projects in addition to maintaining and repairing the existing transportation system).

While the needs assessment was presented to Task Force members to gauge priorities between the different categories and sub-categories of projects, the Task Force was not asked to take any formal position on the assessment itself.

Anticipated Revenues

Building, maintaining, operating, improving and expanding the transportation system relies on a mix of revenues from a variety of sources. In San Francisco, as in the rest of the Bay Area, local revenue sources are a very significant piece of the overall funding picture and are often matched with other federal, state or regional dollars to maximize their impact and help fully fund projects. For the T2045 Task Force, staff projected the amount of federal, state, regional and local revenues that would be anticipated to be available to San Francisco projects through 2045. The projections in this report are tiered off the regional projections from Plan Bay Area 2040.

Figure 7: Anticipated revenues for transportation in San Francisco, SFCTA 2017.

REVENUE SOURCE	ANTICIPATED 27-YEAR REVENUES (IN 2017\$)
Federal	\$3,585 million
State	\$2,610 million
Regional	\$189 million
Local	\$3,335 million
TOTAL ANTICIPATED REVENUES	\$9,719 MILLION

Like Plan Bay Area 2040, this report assumes most existing revenue sources continue through 2045 with similar eligibility rules as today. Further, like Plan Bay Area, this report also assumed a small amount of new to-be-identified sources that would be available over the course of the 27-year period, based on past experience. Ongoing advocacy at every level of government is required in order to secure these funds.

There are other revenues that have not been assumed in the revenue projections for this report, but that are considered in making recommendations on how much of the unfunded gap new local revenues should target. This includes bridge toll revenues from Regional Measure 3, which has not been approved by voters, but which MTC, acting in its capacity as BATA, has authorization to place on the ballot. City staff have identified projects that would be competitive for these sources, and have estimated how much funding they might receive.

Transportation Needs by Expenditure Plan Category

Task Force staff organized the city’s transportation needs into the 6 categories used for Proposition J. For the purpose of the needs assessment, each of those categories was subdivided into sub-categories, to provide examples and help define the categories further.

In the following sections, there is a brief description of projects included in each category and sub-categories within them, along with a table showing total need, anticipated revenues, and the unfunded gap.

TRANSPORTATION INVESTMENT CATEGORIES	
1.	Transit Service & Affordability
2.	Muni Fleet, Facilities & Infrastructure Repair & Maintenance
3.	Transit Optimization & Expansion
4.	Regional Transit & Smart System Management
5.	Vision Zero, Safer and Complete Streets
6.	Street Resurfacing

1. TRANSIT SERVICE AND AFFORDABILITY

The transportation system is an important aspect in maintaining a livable and equitable city. While the performance of the transportation system impacts all users, it disproportionately impacts users from vulnerable populations and members of communities of concern. Addressing primary performance indicators of the system such as on-time performance, reliability, overcrowding,



and system access ensures that the transportation system is serving all users and provides the greatest benefits for those who are dependent on public transit to live and work in San Francisco.

The Transit Service and Affordability category includes free and discounted fare programs, such as free Muni access for seniors, people with disabilities and low/moderate income youth. This also includes funding to protect against service cuts during economic downturns. This category supports additional transit services for outside of peak hours and in low-income communities. This also includes additional operators to cover expanded service as service

demand for Muni increases and the SFMTA secures additional trains and buses.

Projects in this category are organized by the following sub-categories:

Service Expansion and Service Protection

This sub-category provides funding for expanded services on high-capacity routes, funding for late night transportation services, additional services within communities of concern, and service protection measures so that service remains consistent during the ups and downs of economic cycles. Late night transportation service expansions are included in this need.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$874	\$100	\$774



Transit Fare Programs

This sub-category provides specific funding to cover for the revenue loss for providing reduced and free fare programs. By identifying specific funding for these programs, the SFMTA and the City are reaffirming their commitment to preserving access to the transportation system for its most vulnerable. Discount fare program protections are included here.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$770	\$0	\$770

2. MUNI FLEET, FACILITIES AND INFRASTRUCTURE

The Muni Fleet, Facilities and Infrastructure category includes programs and projects that focus on the maintenance and rehabilitation of existing core transportation assets, as well as expansion of these assets to accommodate expanded services. This category focuses on the buses and trains in the Muni fleet, maintenance and storage facilities, guideways including light rail tracks, and other supporting infrastructure that make up the transportation system. Sub-categories that specify state of good repair fund projects that maintain and rehabilitate existing transportation infrastructure, ensuring that these existing assets are performing as intended.

Projects in this category are organized by the following sub-categories:

Fleet, State of Good Repair

The Fleet State of Good Repair sub-category funds projects to address mid-life overhauls, preventative maintenance, on-board system upgrades, and timely fleet replacement cycles for Muni vehicles including buses and light rail vehicles. Muni has pursued robust maintenance standards and practices established in 2014 which includes maintaining or exceeding Original Equipment Manufacturer scheduled maintenance and institutionalizing a mid-life overhaul program to target specific performance goals throughout the lifecycle of the vehicle, and needs additional funding to continue to meet these standards. The light rail vehicle midlife-overhauls program and paratransit fleet replacement program needs are included in this category.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$5,862	\$2,074	\$3,788

Fleet, New

The New Fleet sub-category funds projects that add to SFMTA's existing Muni fleet and includes expansions of the trolleys, buses, and light rail vehicles. New fleet procurements support the SFMTA's goals of accommodating growth, environmentally sustainable operations, and maintaining a consistent average fleet age. New motor coaches, light rail vehicles, and trolley coaches are all included.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$827	\$338	\$489

Facilities, State of Good Repair

The Facilities State of Good Repair sub-category funds projects that address the SFMTA’s existing facilities needs across a diverse portfolio of buildings, grounds, and stations. These facilities support the SFMTA’s ability to provide reliable transit service, maintain street infrastructure, and store, protect and maintain its transit fleet. In order to accommodate expanded service and the future expanded fleet, SFMTA’s existing facilities need to be rehabilitated and upgraded. SFMTA’s elevator/escalator rehabilitation program, subway station rehabilitation, and facilities renewal projects are included.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$3,593	\$1,415	\$2,177

Facilities, New

The New Facilities sub-category funds projects that address the SFMTA’s new facilities needs required to accommodate expanded service and the future expanded fleet. This includes the expansion of existing facilities and the development of new facilities to allow operations to continue while the SFMTA pursues its facilities expansion program. This include new bus and paratransit facilities.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$1,111	\$163	\$948

Fixed Guideways, State of Good Repair

The Fixed Guideway State of Good Repair sub-category funds projects that maintain and rehabilitate elements of the fixed guideway network such as tracks, switches, overhead lines, and traction power systems. This includes the N-line rail replacement project and sub-stations for the SFMTA’s automatic train control system.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$1,363	\$880	\$483

Parking Facilities, State of Good Repair

The Parking Facilities State of Good Repair sub-category funds projects that maintain and rehabilitate SFMTA’s parking facilities. While trends may fluctuate regarding personal vehicle storage within the city, these parking facilities represent a valuable asset as the changing transportation landscape begins to consider electric vehicle charging options and new mobility technologies. This need reflects the unfunded projects that will maintain and upgrade the parking facilities, which will ensure that the SFMTA is able to capitalize on new trends in transportation technology. This includes seismic and structural upgrades to existing parking facilities, and the parking meter state of good repair program.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$855	\$0	\$855

Transit Accessibility

The Transit Accessibility sub-category funds projects that supports expansion of system elevators, accessible transit stops, other infrastructure improvements as outlined in the Muni Accessible Key Stop study and as recommended by the SFMTA accessibility advisory group.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$69	\$52	\$17



3. TRANSIT OPTIMIZATION AND EXPANSION

The Transit Optimization and Expansion category includes projects from multiple operators that improve system capacity. This includes station modernization for downtown BART stations, new ferry projects for Treasure Island and Mission Bay, and major corridor projects like Geary Boulevard Rapid Bus and Better Market Street. These projects will help ease existing crowding, improve reliability, increase safety and reduce travel times, as well as expand capacity to help meet the city’s forecasted growth. For regional projects, including BART and Caltrain projects, the need included in this analysis reflects a San Francisco share of the total project cost.

Projects in this category are organized by the following sub-categories:



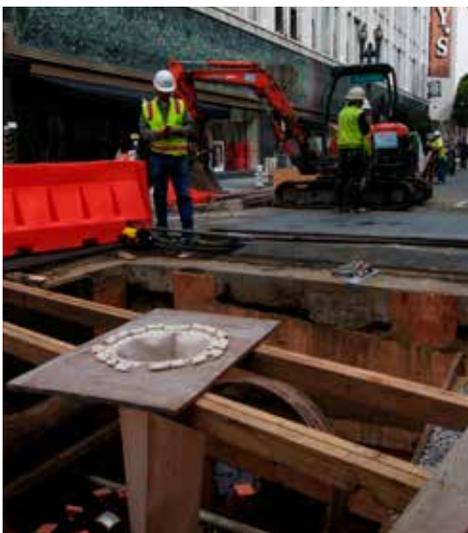
Core Capacity and Transit Enhancements

These are projects that will improve transit at the core of the regional transit system, for multiple operators. This includes system improvements for BART to improve system operations and enhance accessibility, new ferry infrastructure and vessels, and funds dedicated to long-range planning such as for a second transbay rail crossing.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$1,743	\$1,017	\$726

Major Capital Projects and Transit Expansion

Included in this sub-category are some of the city’s largest, most impactful capital projects that significantly expand transit capacity in San Francisco. This includes funding for the next generation of subway projects. These projects include the Geary Boulevard Improvement Project, Better Market Street, and Geneva/Harney Bus Rapid Transit.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$5,853	\$1,245	\$4,608

Muni Equity Strategy Capital Program

The Muni Equity Strategy has identified a series of capital improvements that will support increased service and improved access to transit in identified Equity neighborhoods. While the short-term list of projects are fully funded, this funding would be dedicated to improvements identified in future phases of this program.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$88	\$0	\$88

Muni Forward

The Muni Forward program take a comprehensive approach to expanding transit service, improving reliability, enhancing safety and access and upgrading the transit with the latest systems and technology to monitor and operate a 21st century transit system. Key investments include expanding the City’s network of transit-only lanes, transit priority signals, optimizing transit stops and upgrading stops with safety and accessibility enhancements, route improvements and improved customer information systems which all combined create a Rapid Network of transit services across the city.

A number of Muni Forward projects have been implemented, and this sub-category would provide funding to community outreach and completion of the entire implementation plan. This includes Phase 2 of Muni Forward Rapid Bus Network Capital Improvement, and Next Generation customer information systems.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$525	\$96	\$249



4. REGIONAL TRANSIT AND SMART SYSTEMS MANAGEMENT

Regional transit and smart systems management projects encompass a wide range of investments that have many benefits for San Francisco and are often quite cost-effective. This category of investments and need include includes large regional transit projects designed to move people to, through, and within San Francisco, as well as smart systems management projects such as integrated payment systems and express lanes. For regional projects, including BART and Caltrain projects, the need included here reflects a San Francisco share of the total project cost. Smart system management investments are relatively low-cost projects that can have a big impact on how the existing transportation systems function.

Projects in this category are organized by the following sub-categories:

BART Vehicles, San Francisco Share

BART provides reliable and high-frequency service within as well as to/from San Francisco, and is operating at record-high ridership levels. Thirty-six percent of all transit trips in San Francisco are made on BART. BART has plans to purchase an additional 306 cars to provide much needed capacity to relieve crowding and accommodate projected increased demand. Of the total \$1.618 billion cost for these additional cars, San Francisco’s planned contribution is \$200 million. The San Francisco share is in recognition of the significant benefit BART provides to San Francisco for internal trips as well as for trips to, from and through the city and provides a compliment to BART’s measure RR, which cannot fund rolling-stock, and MTC’s Regional Measure 3, which, if approved by Bay Area Voters, would fund a portion of the total need for new trains.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$200	\$0	\$200

Caltrain Improvements, San Francisco Share

Caltrain is governed by a three-county Joint Powers Board, comprised of San Francisco, San Mateo and Santa Clara. San Francisco’s share of Caltrain modernization programs (including electrification) and state of good repair projects is based on regional funding agreements. These investments will maintain and improve Caltrain, creating a safer, more reliable and frequent transit service with less of an impact on the environment.



TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$285	\$125	\$160



Downtown Caltrain Extension (DTX), San Francisco Share

The proposed Caltrain Downtown Extension will extend Caltrain commuter rail from its current terminus at Fourth and King Streets to the new Transbay Transit Center, including an underground pedestrian connection to the nearby Embarcadero BART and Muni station. This extension paves the way to bring California High Speed Rail into the heart of downtown San Francisco. The \$350 million in unfunded needs matches the amount assumed from a new sales tax or other

local San Francisco revenue measure for the \$3.9 billion project. This amount comes from the 2013 Plan Bay Area and was carried forward in the recently adopted 2017 Plan Bay Area update.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$387	\$37	\$350

Smart Technology

There are a number of projects included in this subcategory, including integrated payment systems, improved transit information, and traffic management systems. These types of projects improve the management of San Francisco’s transportation systems, and make those systems more user-friendly. Integrated payment systems and parking management technology are included.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$210	\$47	\$163



Transportation Demand Management (TDM) - Rewards and Pricing

Transportation Demand Management (TDM) is the application of strategies and policies that reduce or redistribute travel demand, by focusing on how people make transportation decisions. These projects include dynamic pricing and rewards programs, as well as education campaigns. Pricing projects may include highway express lane projects with express bus service, and the Treasure Island Mobility Management program where vehicle tolling revenues would be used to fund transit service.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$145	\$36	\$109

5. VISION ZERO, SAFER AND COMPLETE STREETS

VISION ZERO POLICY

The City and County of San Francisco adopted Vision Zero as a policy in 2014, committing to build better and safer streets, educate the public on traffic safety, enforce traffic laws, and adopt policy changes that save lives. The goal is to create a culture that prioritizes traffic safety and to ensure that mistakes on our roadways don't result in serious injuries or death. The result of this collaborative, citywide effort will be safer, more livable streets, as the city works to eliminate traffic fatalities by 2024.

<http://visionzerosf.org/about/what-is-vision-zero/>

The Vision Zero, Safer and Complete Streets category addresses improvements to the transportation system that includes major redesigns of the most important and highly used streets to meet the needs of all users, maintaining bicycle facilities and expanding the bicycle network, implementing traffic calming projects to protect San Francisco's most vulnerable road users, and eliminating severe and fatal traffic collisions through safety improvements.

Projects in this category are organized by the following sub-categories:

Bicycle and Pedestrian, State of Good Repair

The Bicycle and Pedestrian State of Good Repair sub-category includes projects to replace signs, striping, pavement markings, signals, and other facilities to promote the quality and safety of the bicycle and pedestrian environments. This also includes sidewalk repair.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$336	\$153	\$183



Bicycle and Pedestrian, New

The Bicycle and Pedestrian New sub-category includes projects that continue to implement the build-out of the bicycle network, new and expanded sidewalks, accessible curb ramps, increased bicycle parking, and programs to promote safety and vision zero outcomes. These projects include those identified in the SFMTA's five-year Capital Improvement Program, as well as projects from the long-range 20-year Capital Plan. Future projects are anticipated to be larger, multi-modal, full streetscape-style projects, as most of the low-cost safety and enhancement projects will already have been delivered. This includes projects in the protected bike lane network, and full build-out of the citywide pedestrian program.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$2,341	\$310	\$2,031



Complete Streets

The Complete Streets sub-category includes streetscape and traffic calming projects, new and upgraded traffic signals and signs, safe routes to school programming, and Vision Zero outreach, education and evaluation.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$2,068	\$709	\$1,360

Road Network

This sub-category includes the planning efforts necessary to redesign freeways, surface streets, and street structure rights-of-way. These projects are intended to solve significant issues caused by the existing alignment of the road network that can not be addressed through spot improvements or superficial upgrades. This includes projects at ramp-city street intersections.

**VISION ZERO RAMP
INTERSECTION STUDY**

The South of Market Area designated as a Youth and Family Zone includes multiple locations where freeway on- or off-ramps intersect city streets. These ramp intersections tend to have particularly high frequencies of traffic injuries and fatalities. The SFCTA and SFMTA are developing recommendations for improving safety at multiple ramp intersections within the Youth and Family Zone to improve safety for all travelers within the zone, especially the most vulnerable populations, and to support progress towards the city's Vision Zero goal. For more information, visit

<http://www.sfcta.org/NTIP-vision-zero-ramp-intersection-study>

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$456	\$5	\$451

6. STREET RESURFACING

San Francisco Public Works oversees the maintenance of over 940 miles of streets with 12,855 street segments. The quality of the streets is measured using Pavement Condition Index (PCI). The current city goal is to reach PCI 70 by 2025, making the average San Francisco street “Good” instead of “At Risk”. The current PCI, as of December 2016, is 69.



The total need of \$1.702 billion will allow Public Works to not only hit the citywide PCI target, but also maintain a PCI of 70 through 2045. San Francisco has received funding from the Road Repair and Accountability Act of 2017 (SB1), but a total gap of \$784 million still exists. Since the depletion of the 2011 Road Repaving and Street Safety Bond funds, the street resurfacing program has had support from City General Fund revenue to fill the annual funding gap, allowing the program to continue to work towards the PCI goal of 70. Without this General Fund commitment, the SB1 funds and all other existing committed funding sources would not be sufficient and the PCI score would be expected to drop to 63 by 2024 (the lowest historical PCI score). The General Fund is not a dedicated source and, depending on the City’s priorities, continued support is not guaranteed. A committed, dedicated funding source that fills the total funding gap is necessary to ensure the City’s street resurfacing goals are accomplished and maintained through 2045.



San Francisco Public Works has a history of maximizing the benefits and effectiveness of its funding. The department uses a pavement management strategy that applies the right treatment at the right roadway at the right time. Streets are prioritized based on PCI score, presence of transit and bicycle routes, scheduled street clearance, and geographic equity. Street resurfacing work is often coordinated with other departments to coincide with other utility and transportation work to minimize disruption to the public.



Fully funding street resurfacing needs will also improve San Francisco’s citywide ADA accessibility. San Francisco Public Works constructs curb ramps through street resurfacing projects. Between fiscal years 2012-13 and 2015-16, over 5,300 curbs were constructed through street resurfacing projects. If the paving need is fully funded, the city will reach full curb ramp build-out three years earlier than currently planned. However, at present paving revenue levels, curb ramp funding needs will also increase.

TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)
\$336	\$153	\$183

SUMMARY OF UNFUNDED NEEDS

The total unfunded needs gap for the 27-year period ending in 2045 is close to \$22 billion. No single revenue source would be able to close this entire gap, and a combination of sources is recommended to address the city’s need.

CATEGORY	TOTAL NEED (MILLION \$)	ANTICIPATED REVENUES (MILLION \$)	UNFUNDED GAP (MILLION \$)	% OF TOTAL UNFUNDED NEED
1. Transit Service and Affordability	\$1,644	\$100	\$1,544	7.0%
2. Muni Fleet, Facilities and Infrastructure	\$13,680	\$4,922	\$8,758	39.9%
3. Transit Optimization and Expansion	\$8,208	\$2,359	\$5,850	26.7%
4. Regional Transit and Smart Systems Management	\$1,277	\$244	\$982	4.5%
5. Vision Zero, Safer and Complete Streets	\$5,201	\$1,176	\$4,024	18.3%
6. Street Resurfacing	\$1,702	\$918	\$784	3.6%
TOTAL	\$31,661	\$9,719	\$21,942	100%

3. Potential Revenue Sources for Transportation

San Francisco's multi-modal transportation system is funded through a wide variety of revenue sources. Locally-controlled sources make up about one-third of all revenue (see Chapter 2 section Anticipated Revenues). At the national level, infrastructure and safety funding has been negatively impacted due to Congress and the current administration, and the long-term future of federal funding remains uncertain. Local revenue sources will remain an important source for funding transportation projects.

The Transportation 2045 Task Force was charged with recommending a revenue package that would address a significant portion of San Francisco's transportation needs through 2045, and particularly to include a specific revenue source to pursue in 2018. Task Force members requested that the analysis of potential revenue sources include not only the sources that have been used in San Francisco and in other parts of California for transportation purposes before, but also new sources that may have a more direct nexus to transportation projects, and sources that are considered to be more equitable in light of the city's significant affordability issues, particularly for the most vulnerable populations and communities of concern.

Potential Revenue Sources

The list of potential sources of revenues for transportation was compiled from two primary sources:

- Existing research on potential measures for San Francisco: Research exists from the T2030 process and the San Francisco Countywide Transportation Plan.
- Surveys and discussions with the T2045 Task Force members: Task Force members had an opportunity to submit their own proposals for transportation revenue sources to discuss. All sources contributed by Task Force members were included.

Each of the sources discussed is listed below, with a definition used for Task Force discussion purposes. These sources fall into four general categories:

- **Vehicle-related sources:** these are revenues that are collected directly from vehicle-owners/operators (such as a gas tax) or from parking facilities (such as a tax on privately-owned parking lots).
- **Property-related sources:** these are revenues that are collected from property-owners (such as a parcel tax) and developers (such as the Transportation Sustainability Fee).
- **Sources paid by individuals and businesses:** these are revenues that are collected from individuals or businesses living, working, and consuming goods in San Francisco. This ranges from business taxes in the form of gross receipts taxes and the payroll tax, to a local sales tax.
- **Entertainment / leisure-related sources:** these are revenues that are collected from hotels and large events.

Another sub-group was identified for discussion purposes with the Task Force. The Task Force was charged specifically with recommending a revenue source or sources for 2018, and so all sources that would not be possible for 2018 were grouped separately. These sources require state legislation and/or further development and planning before they could be implemented.

VEHICLE-RELATED SOURCES

A	Gas Tax, San Francisco	A new gas tax in San Francisco required to be spent on transportation projects and programs.
B	Parking Fees, City Facilities - Increase	An increase in the fees on parking in the City's facilities (garages) to increase revenues.
C	Parking Tax - Increase	An increase to the City's parking tax on all privately-owned parking lots. Estimate is based on City's Parking Tax collections. San Francisco currently has a 25% parking tax on all off-street parking spaces in the City.
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	As authorized by Senate Bill 1492 (Leno), a SF VLF of 1.35%, which along with the state's .65% VLF would restore total VLF for motor vehicles registered in SF to the historic 2% level for general fund purposes.
E	Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	An additional \$5 VRF to be dedicated to bicycle infrastructure purposes and associated maintenance. Cities, counties, or regional park districts may impose and collect this fee. Estimate based on current VRF revenues. Legislative authority sunsets December 31, 2024.

PROPERTY-RELATED SOURCES

F	Parcel Tax	A flat-rate parcel tax, paid annually, on all 200,000+ San Francisco parcels.
G	Real Property Transfer Tax (RPTT) - Increase	An increase to the City's current Real Property Transfer Tax, which is a tax on the sale of real property.
H	Transportation Sustainability Fee (TSF) - Increase	An increase to the TSF imposed on new development in San Francisco. Based on a 2016 proposal to increase the fee by \$2 on large commercial property development (from \$19.04 per gross square foot to \$21.04).

SOURCES PAID BY INDIVIDUALS AND BUSINESSES

I	Carbon Tax	An increase to the existing utility user tax (UUT) on commercial electricity and natural gas, and extended to residential users, with some exemptions.
J	Gross Receipts: General Tax Increase	An increase to the rates of the current gross receipts tax in San Francisco, or expanding the base to include more payers. The current tax is varied by industry with tiered rates.
K	Gross Receipts: Commercial Property Rent Tax Increase	An increase to the current gross receipts tax rate on large commercial property rents, with exemptions for small businesses and non-profits. The current rate is 0.3%.
L	Gross Receipts: Platform/Gig Economy Tax	A gross receipts tax on revenues kept by service intermediary companies that contract with independent workers to provide services like ride-hailing and food delivery.
M	Payroll Tax - Increase	An increase to the City's current payroll tax rate. This tax is imposed on a business' total payroll. The City is currently in the process of phasing out its payroll tax.
N	Sales Tax	An increase to San Francisco's sales tax for general revenue purposes or dedicated purposes. SB 566 authorizes a combined city and county sales tax rate of up to 2.0%. Currently, SF's sales tax rate is 8.5%, including 1.25% in local sales tax leaving an unused local authorization of 0.75%.

ENTERTAINMENT / LEISURE-RELATED SOURCES

O	Large Event Ticket Surcharge	An additional charge on tickets for events with at least 1,000 attendees, including performances, presentations, or sports.
P	Sports Franchise Tax	An excise tax on sports franchises.

SOURCES ELIGIBLE AFTER 2018

R	Assessment Districts - Mello-Roos, Community Facilities Districts	A tax assessed on property within a defined community district, typically to finance public infrastructure. Cannot be an ad-valorem property tax, but could be assessed in a variety of ways including a straight per-parcel fee, a fee based on square footage, number of bedrooms, etc.
S	Congestion Pricing	A fee paid to drive in designated congested areas. Not intended as a revenue-generating tool but as part of a policy package to reduce congestion. Based on a 2010 study. This would require State authorization.
T	General Obligation Bond (GO Bond)	A \$500 million general obligation bond (backed by property tax revenues) for transportation, as assumed in the City's Capital Plan for 2024.
U	High-polluting Vehicle Tax	A tax specifically on high-polluting vehicles. This could be structured as an excise tax or a vehicle registration fee.
V	Income Tax - Corporate	An income tax assessed on entities treated as corporations doing business in San Francisco. Revenues would be dependent on structure and rate of taxation. This tax would require State authorization.
W	Income Tax - Personal	An income tax on individuals, which could potentially include both San Francisco residents and non-residents working in San Francisco. This tax would require State authorization.
X	Property Tax - Commercial	An increase to the City's current property tax rate, only on commercial properties. This tax would require passage of a statewide ballot measure amending Proposition 13.
Y	Residential Parking Permit Fees	An increase in the residential parking permit fees. This is a cost-recovery fee, and can only increase if program costs increase, and by definition does not generate revenue.

SOURCES ELIGIBLE AFTER 2018

Z	Robot Tax	A tax levied on companies employing robot workers in San Francisco.
AA	Transportation Network Company (TNC) Fee	A per-ride fee on TNC rides to help pay for congestion management efforts to mitigate the impacts of TNC trips. This would require State authorization.
BB	Vehicle License Fee (VLF) on 2nd Vehicles	An increase to the Vehicle License Fee on the second (and third, etc.) vehicle owned by a household or business.
CC	Vehicle Miles Traveled (VMT) Fee	A per-mile fee on all motor vehicle travel within San Francisco.

A full list of details on each revenue source can be found in Appendix A: Revenue Source Details. More detailed fact sheets can be found online at sftransportation2045.com/revenuesources.

Revenue Source Analysis

As part of the T2045 Task Force’s evaluation of each of the potential new transportation revenue sources listed above, the Task Force applied a set of objective measures to help determine whether to advance a particular revenue source for further consideration. These metrics were designed specifically for the Task Force’s use, and are defined below. For a more detailed accounting of each of these definitions, see Appendix B: Revenue Source Considerations Detailed Definitions.

REVENUE FACTORS

Ability to Generate Significant Revenue Does the source generate enough revenue given the magnitude of the city's transportation needs?	Reliability Is the revenue source predictable and stable from year-to-year? Is the revenue source on-going or one-time?	Growth Potential Does the revenue source's growth rate typically exceed inflation?	Flexibility Can the revenue source be used to fund a wide range of transportation improvements without restrictions?
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PROCESS FACTORS

Ease of Establishment Does this revenue source require State authorization? Does a precedent exist for using this source for transportation purposes?	Dedicated to Transportation Can this revenue source be dedicated for transportation uses only?	Ease of Administration Are there existing systems in place to administer this revenue source?
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POLICY FACTORS

Equitable - Low Impact on Low Income Households Can this revenue source be designed to minimize the burden on low-income households and communities?	Ability to Support Policy Objectives Does this revenue source have a clear nexus to transportation? Does this source encourage behavioral or other changes that support the City's transportation policy objectives? Does this revenue source support the "user pays" principle?
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These evaluation factors fall into three general categories:

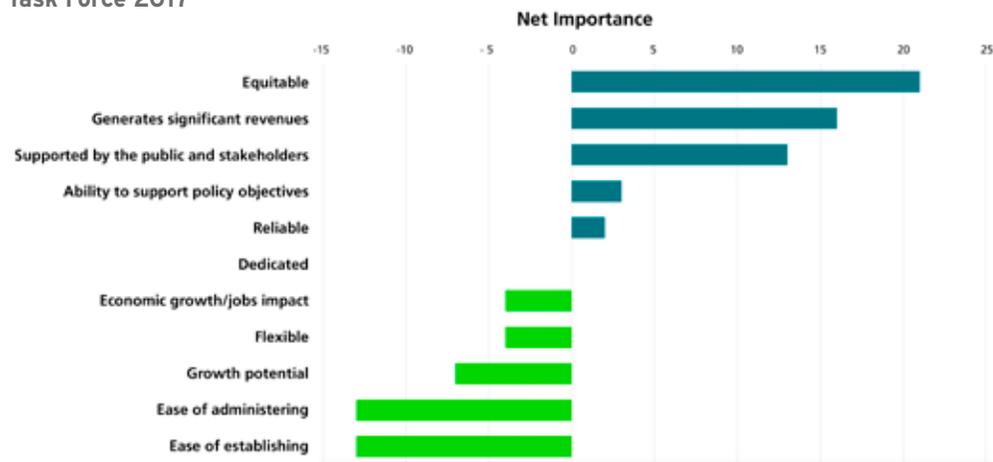
- Revenue Factors: Factors used to evaluate the fiscal impacts of a revenue sources.
- Process Factors: Factors used to evaluate the ease of enacting a revenue measure for transportation purposes.
- Policy Factors: Factors used to evaluate how well a revenue source meets the City’s policy goals related to equity and transportation.

Task Force members were asked to rank each factor in terms of its importance as a selection criteria. Among those who voted, the three most important considerations were (see Figure 8):

1. that the source should be equitable (i.e., not disproportionately burdensome to lower income residents);
2. that the source generate significant revenues; and
3. that the source be supported by the public and stakeholders.

As Task Force staff worked to apply the evaluation factors to the potential revenue measures, two of the eleven were dropped from consideration. These

Figure 8: Overall importance rankings for revenue source evaluation factors, T2045 Task Force 2017



included being supported by the public and stakeholders. This is a crucial factor for any revenue source going to the ballot and one that would need to be considered in multiple contexts: that of the proposed expenditure plan, of other measures headed for the same ballot, and of the mood of the electorate. The other criteria that was removed from consideration was economic growth/jobs impact. Staff indicated that it was too difficult to apply at this

time without more details on the proposed sources, such as precise rates and exclusions.

To winnow down the list of almost 30 potential revenue sources, Task Force members were given detailed revenue source fact sheets (see SFTransportation2045.com) and the opportunity to ask questions about the various sources. Each of the revenue sources under discussion was evaluated using the nine factors defined above. This information was presented to the Task Force members to aid in their deliberation process.

**SAN FRANCISCO
TRANSPORTATION 2045
TASK FORCE REPORT
JANUARY 2018**

	REVENUE CONSIDERATIONS				PROCESS CONSIDERATIONS			POLICY CONSIDERATIONS	
	COULD GENERATE SIGNIFICANT REVENUE	RELIABILITY	GROWTH POTENTIAL	FLEXIBLE	EASE OF ESTABLISHMENT	DEDICATED TO TRANSPORTATION	EASE OF ADMINISTRATION	EQUITABLE - LOW IMPACT ON LOW INCOME HOUSEHOLDS	ABILITY TO SUPPORT POLICY OBJECTIVES
VEHICLE-RELATED SOURCES									
A Gas Tax, SF	LOW - MODERATE	MODERATE	LOW	MODERATE	HIGH	YES	HIGH	MODERATE	MODERATE
B Parking Fees, City Facilities - Increase	LOW	MODERATE	MODERATE	HIGH	HIGH	YES	HIGH	MODERATE	MODERATE
C Parking Tax - Increase	LOW	MODERATE	LOW	MODERATE	HIGH	CAN BE	HIGH	MODERATE	MODERATE
D Vehicle License Fee (VLF) - SF (SB 1492)	LOW - HIGH	HIGH	HIGH	HIGH	HIGH	NO	HIGH	MODERATE	HIGH
E Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	LOW	HIGH	LOW	LOW	HIGH	YES	HIGH	MODERATE	MODERATE
PROPERTY-RELATED SOURCES									
F Parcel Tax	LOW - HIGH	HIGH	LOW	HIGH	HIGH	CAN BE	HIGH	LOW	LOW
G Real Property Transfer Tax (RPTT) - Increase	LOW	LOW	HIGH	HIGH	HIGH	CAN BE	HIGH	MODERATE	LOW
H Transportation Sustainability Fee (TSF) - Increase	LOW	LOW	MODERATE	MODERATE	HIGH	YES	HIGH	HIGH	MODERATE
PAID BY INDIVIDUALS AND BUSINESSES									
I Carbon Tax	LOW	HIGH	MODERATE	HIGH	HIGH	CAN BE	HIGH	LOW	LOW
J Gross Receipts: General Tax Increase	LOW	MODERATE	HIGH	HIGH	HIGH	CAN BE	HIGH	MODERATE	LOW
K Gross Receipts: Commercial Property Rent Tax Increase	LOW - HIGH	MODERATE	HIGH	HIGH	HIGH	CAN BE	HIGH	HIGH	MODERATE
L Gross Receipts: Independent Contractor Economy Tax	LOW - HIGH	TBD	TBD	HIGH	HIGH	CAN BE	HIGH	HIGH	MODERATE
M Payroll Tax - Increase	LOW	MODERATE	HIGH	HIGH	HIGH	CAN BE	HIGH	LOW	LOW
N Sales Tax	HIGH	HIGH	HIGH	HIGH	HIGH	CAN BE	HIGH	LOW	LOW

**SAN FRANCISCO
TRANSPORTATION 2045
TASK FORCE REPORT
JANUARY 2018**

	REVENUE CONSIDERATIONS				PROCESS CONSIDERATIONS			POLICY CONSIDERATIONS		
	COULD GENERATE SIGNIFICANT REVENUE	RELIABILITY	GROWTH POTENTIAL	FLEXIBLE	EASE OF ESTABLISHMENT	DEDICATED TO TRANSPORTATION	EASE OF ADMINISTRATION	EQUITABLE - LOW IMPACT ON LOW INCOME HOUSEHOLDS	ABILITY TO SUPPORT POLICY OBJECTIVES	
ENTERTAINMENT / LEISURE-RELATED SOURCES										
O	Large Event Ticket Surcharge	LOW - MODERATE	HIGH	LOW	HIGH	MODERATE	CAN BE	MODERATE	LOW	LOW
P	Sports Franchise Tax	TBD	TBD	TBD	MODERATE	TBD	CAN BE	MODERATE	HIGH	MODERATE
Q	Transient Occupancy Tax (Hotel Tax) - Increase	LOW	MODERATE	HIGH	HIGH	HIGH	CAN BE	HIGH	HIGH	LOW
SOURCES ELIGIBLE AFTER 2018										
R	Assessment Districts - Mello Roos Community Facilities District	TBD	LOW	LOW	MODERATE	HIGH	YES	HIGH	MODERATE	MODERATE
S	Congestion Pricing	HIGH	HIGH	LOW - MODERATE	MODERATE	LOW	YES	MODERATE	MODERATE	HIGH
T	General Obligation Bond	HIGH	HIGH	MODERATE	MODERATE	HIGH	YES	HIGH	LOW	LOW
U	High-Polluting Vehicle Tax	TBD	TBD	LOW	TBD	LOW	YES	LOW	MODERATE	HIGH
V	Income Tax - Corporate	TBD	LOW	TBD	TBD	LOW	CAN BE	LOW	HIGH	LOW
W	Income Tax - Personal	HIGH	TBD	HIGH	HIGH	LOW	CAN BE	LOW	HIGH	LOW
X	Property Tax - Commercial	TBD	HIGH	TBD	TBD	LOW	CAN BE	TBD	HIGH	MODERATE
Y	Residential Parking Permit Fees	TBD	TBD	TBD	TBD	LOW	TBD	TBD	TBD	MODERATE
Z	Robot Tax	TBD	TBD	TBD	TBD	LOW	TBD	TBD	TBD	TBD
AA	Transportation Network Company (TNC) Fee	LOW - HIGH	TBD	TBD	HIGH	LOW	YES	LOW	MODERATE	MODERATE
BB	Vehicle License Fee (VLF), 2nd Vehicles	LOW - MODERATE	HIGH	HIGH	HIGH	LOW	YES	HIGH	MODERATE	HIGH
CC	Vehicle Miles Traveled (VMT) Fee	LOW - HIGH	HIGH	LOW - MODERATE	HIGH	LOW	YES	LOW	MODERATE	HIGH

Revenue Target

San Francisco's unfunded need over the 27-year period through 2045 totals \$22 billion. No single locally-controlled revenue source would be able to cover all of the needs of the system. Additional regional, state and federal sources will also be needed to help cover some of those needs.

The T2045 Task Force considered a revenue target range of between 25% and 30% of the total need.

- 25% of the need, or \$5.5 billion, would require a total annual revenue of approximately \$200 million / year, spread out over the 27 years through 2045
- 30% of the need, or \$6.6 billion, would require a total annual revenue of approximately \$240 million / year, spread out over the 27 years through 2045

The T2030 Task Force recommended four local ballot measures to get to the \$3 billion total over 15 years, while the T2045 Task Force considered a target of \$5.5-6.6 billion over 27 years.

The city will continue to advocate for discretionary federal, state and regional sources to help close the remaining gap.

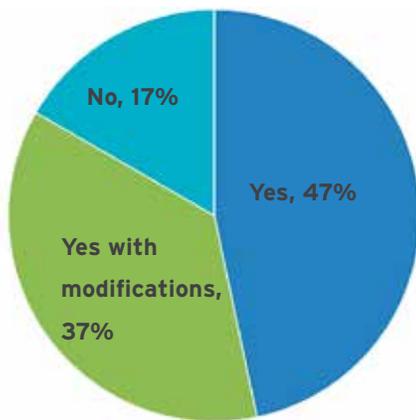
4. Task Force Recommendations and Input

The T2045 Task Force was convened to provide recommendations to the Mayor and Board of Supervisors on a new local revenue source or package of sources for transportation purposes, and to prioritize expenditures over the long-term, balancing regional and neighborhood-level transportation needs. Throughout the Task Force’s seven monthly meetings (July-December 2017), members were presented with information, engaged in discussions and provided input on transportation needs, investment priorities and potential local revenue sources. The sections below summarize key input from the Task Force and detail the Task Force Recommendations.

In many cases, the Task Force did not reach a unanimous or near unanimous recommendation, though the members were able to successfully narrow down a range of options, and provide valuable input on the pros and cons from a variety of perspectives.

Recommendation #1: Base the Expenditure Plan on Proposition J’s Six Investment Categories

Figure 9: Support for using Proposition J allocations for a new revenue measure, T2045 Task Force 2017.



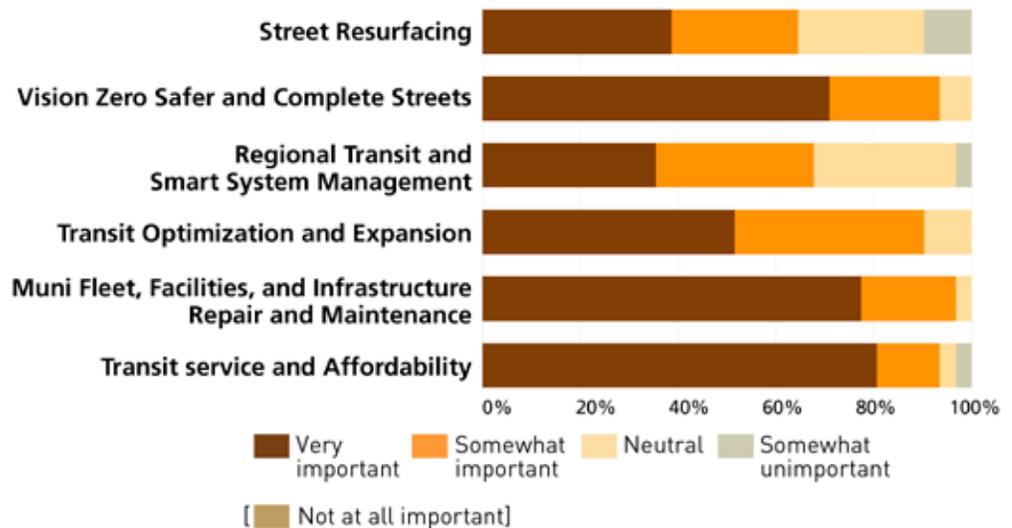
The Task Force’s conversations about potential transportation system priorities were organized by the following six categories, which were used by Proposition J in November 2016.

1. Transit Service and Affordability
2. Muni Fleet, Facilities and Infrastructure
3. Transit Optimization and Expansion
4. Regional Transit and Smart Systems Management
5. Vision Zero, Safer and Complete Streets
6. Street Resurfacing

This decision was reached at the second Task Force meeting, and shaped subsequent needs analysis and investment priority discussions. As shown in Figure 9, the Task Force overwhelmingly voted in support of following the Proposition J allocations, either as they were or with modifications.

After their second meeting, Task Force members were surveyed to gauge their support for funding each of the six categories of transportation needs. They were asked to score each category as Very Important, Somewhat Important, Neutral, Somewhat Unimportant or Not At All Important. Every one of the categories presented received a majority of votes in either the Very or Somewhat Important categories (see Figure 10). In this survey, comments were made by multiple Task Force members that Street Resurfacing was relatively less important than in Proposition J, since subsequently SB 1 provided substantial state revenues, reducing the funding needed for street resurfacing.

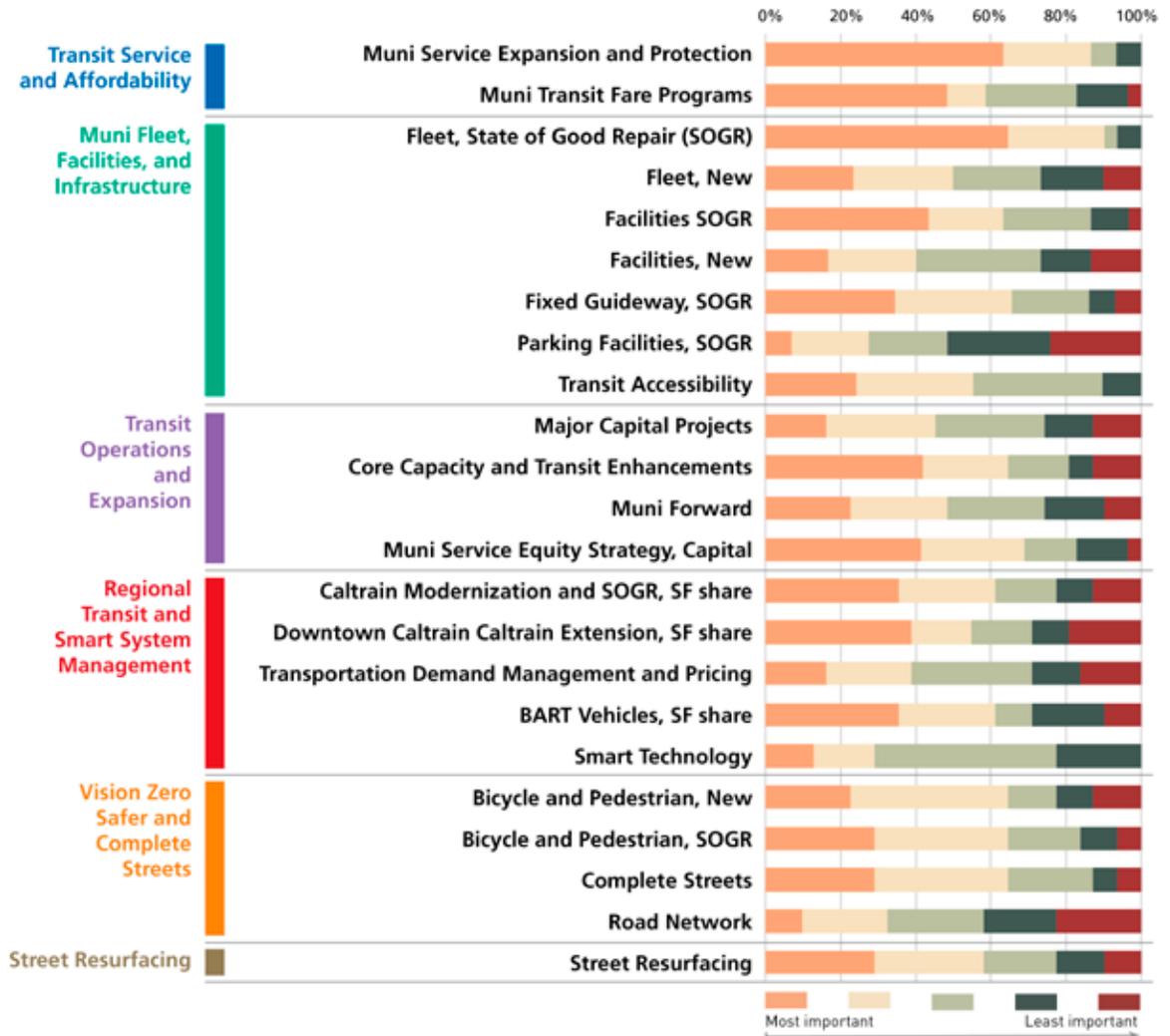
Figure 10: Investment Importance by Proposition J Expenditure Category, T2045 Task Force 2017.



The Task Force also provided their input on the relative importance of the groupings of projects within the Proposition J expenditure plan categories. They rated most of these groupings as Highly Important, particularly Muni Fleet, State of Good Repair, and Muni Service Expansion and Protection, while SFMTA Parking Facilities State of Good Repair and Road Network investments received the lowest scores (see Figure 11). Descriptions of each of the sub-categories can be found in Chapter 2.

At its sixth meeting, the Task Force considered three different scenarios for an expenditure plan for a potential 2018 ballot measure, all using the same six categories of investments as in the Proposition J plan. Because the Task Force is considering more than one revenue source, each with different revenue generation potential, the three expenditure plan scenarios each assume \$100 million per year in new revenues for ease of comparison. Each expenditure plan scenario also assumes enough funding to achieve a Pavement Condition

Figure 11: Investment Importance by sub-category, T2045 Task Force 2017.



Index Score (PCI) of 70 (“good”) for the street resurfacing category, varying by how much new local measure versus General Fund revenues are assumed to fill the \$29 million annual funding gap for street resurfacing. Any remaining revenues (up to \$100 million) are directed to various combinations of the remaining five categories to illustrate different policy choices about where to invest the remaining funds. Figure 12 outlines the three scenarios’ allocation percentages.

Scenario 1: Proposition J + Focus on Street Resurfacing starts with the Proposition J allocations, but assumes the new local measure will fully-fund street resurfacing at \$29 million/year to maintain a Pavement Condition Index Score (PCI) of 70 (“good”). Compared to Proposition J, the street resurfacing need is \$5 million less annually. This is thanks to SB1, which provides a substantial increase in the amount of state gas tax funding provided to San Francisco annually for street resurfacing. This freed-up amount is distributed proportionately to the other five categories in Scenario 1. No General Fund revenues are needed to support a PCI of 70 under this scenario.

Figure 12: Expenditure plan allocation scenarios, based on Nov. 2016’s Proposition J

TRANSPORTATION INVESTMENT CATEGORIES		SCENARIO 1 (MILLIONS)	SCENARIO 2 (MILLIONS)	SCENARIO 3 (MILLIONS)
1.	Transit Service & Affordability	\$13	\$13	\$16
2.	Muni Fleet, Facilities & Infrastructure Repair & Maintenance	\$20	\$20	\$22
3.	Transit Optimization & Expansion	\$10	\$11	\$11
4.	Regional Transit & Smart System Management	\$15	\$18	\$16
5.	Vision Zero, Safer and Complete Streets	\$13	\$13	\$15
6.	Street Resurfacing	\$29	\$25	\$20
TOTAL		\$100	\$100	\$100

Scenario 2: Proposition J + Focus on Transit Expansion, is also based on Proposition J, and assumes the General Fund will pick up \$4 million/year in street resurfacing (which is less than the \$15 million/year that the General Fund would have contributed under Proposition J). The freed-up revenues, \$9 million per year, are used to advance and implement San Francisco’s local and regional transit expansion projects, queuing them up to be competitive for federal, state and regional sources. This includes projects such as additional BART vehicles, the Caltrain Downtown Extension, Geary Bus Rapid Transit, Better Market Street and the next generation of expansion projects.

Scenario 3: Proposition J + Focus on Local Transit and Vision Zero, is also based on Proposition J, but assumes the General Fund will pick up \$10 million/year in street resurfacing (which is less than the \$15 million/year General Fund would have contributed under Proposition J). The remaining freed-up revenues, \$14 million/year, are used to fund San Francisco’s local transit commitments, which includes maintaining assets in a state of

good repair and increasing Transit Service and Affordability funding, and a bump up in funding for Vision Zero, Safer and Complete Streets projects.

Figure 13: Preferred Allocation Scenario, T2045 Task Force 2017

TRANSPORTATION INVESTMENT CATEGORIES		SCENARIO 3 (MILLIONS)
1.	Transit Service & Affordability	\$16
2.	Muni Fleet, Facilities & Infrastructure Repair & Maintenance	\$22
3.	Transit Optimization & Expansion	\$11
4.	Regional Transit & Smart System Management	\$16
5.	Vision Zero, Safer and Complete Streets	\$15
6.	Street Resurfacing	\$20
TOTAL		\$100

In a survey following the sixth meeting of the Task Force, of the 40 Task Force members who voted, 21 recommended Scenario 3 – Proposition J + Focus on Local Transit and Vision Zero as their preferred expenditure plan structure for a 2018 local ballot measure. The expenditure plan, shown in Figure 13, is based on \$100 million in annual revenue. It is understood that the actual distribution of revenues would likely vary as the Board of Supervisors and the Mayor go through a process to select the revenue source and gain the broad and deep support needed for any revenue measure to gain voter approval.

Recommendation #2: Seek a package of local revenue sources and continue to advocate for additional federal, state and regional funds, to support San Francisco’s transportation priorities

Through its discussion of San Francisco transportation needs, the Task Force recognized that the state of good repair backlogs and under investment in transportation at the local, state and federal level were decades-long trends and as such, won’t be fixed with any single revenue source. Similar to the T2030 findings, the Task Force acknowledged that there was no one revenue measure that would close the funding gap for transportation and recommended consideration of a package of local revenue sources that could be put into place over a number of years, either through ballot measures or through legislative action. The Task Force also encouraged the City to continue to leverage local dollars by advocating for additional federal, state and regional transportation revenues. Local revenues are necessary to remain competitive for these sources, as other jurisdictions and regions across California and the country have passed multiple measures to help leverage these competitive funds.

Recommendation #3: Top 2018 revenue sources

The process of identifying preferred revenue sources for transportation was the primary focus of this Task Force. The group successfully narrowed down a wide field of 29 sources to a handful of the most promising, each of which has the potential to raise significant revenues annually.

Throughout the T2045 Task Force process, a group of organizations identifying as the Transportation Justice Coalition worked together to ensure that progressive revenue sources (i.e. revenue sources with no disproportionate impact on lower-income populations) be seriously considered by the entire Task Force and ultimately by the city's elected officials. In particular, the Transportation Justice Coalition supported the use of Gross Receipts Taxes, or business taxes, over Sales Taxes, which are regressive in that they place a higher burden (as a percent of household income) on low-income households. The group also identified a nexus between San Francisco's robust economic and development growth and the infrastructure needed to support that growth and



mitigate its impacts. Many Task Force members also expressed a concern that any tax measure on the ballot would have to be considered in the context of the massive federal tax cuts recently passed in Washington D.C. The Transportation Justice Coalition encouraged a combined package of Gross Receipts Taxes, including both the Commercial Rent Tax and the Platform/Gig Economy Tax, to fund transportation projects. The Transportation Justice Coalition also said that they would be willing to support a dedicated sales tax proposal if paired with one

of the more progressive measures in another ballot, and if the expenditure plan were significantly weighted toward transit service increases, equity programs, and vision zero programs that specifically address the needs of lower-income San Franciscans.

Other members of the Task Force did not support this approach. San Francisco is still in the process of converting its business tax system from one focused on Payroll Taxes to Gross Receipts Taxes, and some Task Force members felt that changes to the Gross Receipts Tax system were premature, or that the entire wide-ranging program of Gross Receipts Taxes ought to be examined holistically rather than in individual pieces. There was a concern that business sector taxes may have unintended consequences, and that the proposals had

not been discussed with affected parties sufficiently. Other members felt that targeted business taxes, particularly the Gross Receipts: Platform/Gig Economy tax, was not an appropriate source for transportation funding, where a tax with a wide-base such as a Sales Tax for broad-based transportation funding would be more fitting.

To winnow down the list of almost 30 potential revenue sources, Task Force members were given detailed revenue source fact sheets (see SFTransportation2045.com) and their fellow members’ evaluation scores for each source (see Chapter 3), and then voted for one preferred revenue source for 2018, and up to four additional sources that may be part of a longer-term package. The package approach was intended to address the fact that none of the sources being discussed would be able to close the transportation funding gap identified by agency staff. This survey was completed at the Task Force’s fifth meeting and in a follow-up online survey for those members who were unable to attend the meeting. 32 out of the 61 members of the Task Force participated in this exercise. The top vote-getting revenue sources that Task Force members supported for 2018 were (see Appendix C for total vote tally):

- Sales Tax (12 votes for 2018, 25 overall), estimated annual revenue, \$50-\$150 million
- Gross Receipts: Commercial Property Rent Tax Increase (11 votes for 2018, 19 overall), estimated annual revenue, \$13-\$100 million
- Vehicle License Fee (VLF) - San Francisco (SB 1492) (8 votes for 2018, 35 votes overall), estimated annual revenue, \$12-\$73 million
- Gross Receipts: Platform/Gig Economy Tax (4 votes for 2018, 13 votes overall), estimated annual revenue, \$8-\$30 million

Two additional sources received high numbers of votes (Congestion Pricing and Transportation Network Company (TNC) Fees, but both would require state legislation before San Francisco would be able to put them in place

Figure 14: Votes for revenue sources at the October 2017 Task Force meeting, T2045 Task Force 2017

REVENUE SOURCES WITH THE MOST VOTES		VOTES FOR 2018	VOTES FOR AFTER 2018	TOTAL VOTES
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	8	27	35
K	Gross Receipts: Commercial Property Rent Tax Increase	11	8	19
L	Gross Receipts: Platform/Gig Economy Tax	4	9	13
N	Sales Tax	12	13	25
S	Congestion Pricing	n/a	20	20
AA	Transportation Network Company (TNC) Fee	n/a	24	24

locally. For more information on these sources, see Recommendation #4.

The top two 2018 vote-getting revenue sources, Sales Tax and Gross Receipts: Commercial Property Rent Tax Increase, each also received strong opposition from other members of the task force, with no revenue source receiving consensus support. Additionally, after the survey was released, some members of the Transportation Justice Coalition expressed concern that the survey

RANKED CHOICE VOTING

Ranked choice voting is a method of voting that allows voters to rank multiple options in order of preference. Voters can rank as many options as they choose. To determine the option with most support, votes from the option with the lowest number of 1st choice votes are re-allocated to those voters' second choice votes. In this way, voters are given more options and are less restricted as they are able to support multiple options.

should have listed gross receipts as a single revenue option rather than splitting it into commercial rents and platform/gig economy, noting that gross receipts taxes can be tailored in many different ways, including but not limited to targeting commercial rents and/or the platform/gig economy. Several survey respondents commented through the survey that they would have preferred to see these listed as a package/one measure. However, other members of the task force only supported one of the two forms of gross receipts taxes listed here, and would not have supported a combination of both commercial rent and platform/gig economy taxes. If the votes for both variations of Gross Receipts are added up, it has 15 votes for 2018, and 32 votes overall.

The Task Force participated in a ranked choice vote of these four top sources after the sixth meeting, as part of the final T2045 Task Force survey. Over 70% of the voting Task Force members participated in this final survey online. The ranked choice voting exercise was not intended to identify a “winner” but to help policymakers better understand and gain insight into the different perspectives of the Task Force members. The Gross Receipts Tax: Commercial Property Rent Tax Increase received the most votes in the ranked choice exercise, with Sales Tax in the close second position. Every Task Force member who voted for the Gross Receipts Tax: Platform/Gig Economy Tax as their 1st choice also listed the Gross Receipts Tax: Commercial Property Rent Increase as their 2nd choice, and their votes were subsequently counted for the Commercial Property Rent Increase in the subsequent rounds of analysis of the vote.

In the final survey for the T2045 Task Force, members were also asked about

Figure 15: Ranked Choice Voting for Revenue Measure for 2018, T2045 Task Force 2017

REVENUE SOURCE	1ST PLACE VOTES	2ND PLACE VOTES	3RD PLACE VOTES	FINAL ROUND VOTES
K Gross Receipts: Commercial Property Rent Tax Increase	13	12	8	21
N Sales Tax	15	5	5	19
D Vehicle License Fee (VLF) - San Francisco (SB 1492)	7	12	14	n/a
L Gross Receipts: Platform/Gig Economy Tax	5	11	10	n/a
No vote				1

their level of support for a potential package of revenue sources. They were able to indicate either strong support, support with conditions, or no support for various measures. Included in this list were the top two vote-getting sources for post-2018: Transportation Network Company (TNC) Fees and Congestion Pricing (see Recommendation #4 for more information on these sources). Figure 16 demonstrates that most sources received majority support or support with conditions, with less than 1/3 of Task Force members rejecting any source. The high number of members voting to “Support with Conditions” demonstrates the importance that policy-makers work closely with stakeholders to iron out the details on any given source in order to reach majority or super-majority support.

While these six revenue sources received the highest level of support from Task Force members, the Transportation Justice Coalition submitted a revenue

Figure 16: Support votes for a multi-year package of revenue sources, T2045 Task Force 2017

REVENUE SOURCE	STRONGLY SUPPORT	SUPPORT W/ CONDITIONS	DO NOT SUPPORT
D Vehicle License Fee (VLF) - San Francisco (SB 1492)	24	16	1
K Gross Receipts: Commercial Property Rent Tax Increase	18	14	7
L Gross Receipts: Platform/Gig Economy Tax	19	9	8
N Sales Tax	12	15	13
S Congestion Pricing	15	17	6
AA Transportation Network Company (TNC) Fee	23	9	3

package proposal including additional sources, which was presented at the Task Force’s November meeting. The proposal included two 2018 legislative actions that could be taken by the Board of Supervisors. The first was to raise the Transportation Sustainability Fee (TSF) on non-residential projects to maximize the fee per the 2015 Economic Feasibility Study, and to allow expenditures to be used for transit service operations. This proposal was also supported by several Task Force members in the final survey. The SFMTA is required to update the Economic Feasibility Study periodically,

with the next update scheduled for 2018. The second proposal submitted by the Transportation Justice Coalition was to establish a full-cost recovery program for large, corporate-sponsored events that create increased transit demands and impact public rights-of-way, with any saved funds put toward transportation improvements benefiting the neighborhoods affected by those events.

Shortly before the final Transportation 2045 Task Force meeting in December 2017, the San Francisco County Transportation Authority (Transportation Authority) commissioned a public opinion survey on increasing funding for transportation investments. The survey was conducted by Fairbank, Maslin, Maullin, Metz & Associates. It involved 1,013 interviews via telephone, cell phone and online between Dec. 1-7, 2017. The survey showed that 7 in 10 likely San Francisco voters see a “great need” or “some need” for transportation

improvements. The survey also gauged support for the four revenue sources that were identified by the T2045 Task Force for consideration for a 2018 ballot measure. First, respondents were asked which of the four revenue measures they would support. In that round, they indicated strongest support for sales tax (59 percent) and business taxes on commercial rents (58 percent). A majority also supported a tax on service intermediary companies (54 percent) and vehicle license fee (53 percent). Second, after the respondents were given more detailed descriptions, respondents drew sharper distinctions among the potential measures. Support for taxes on commercial rent increased to 65 percent and support for a tax on service intermediary companies that contract with independent workers like ride-hailing and food delivery increased to 59 percent. Support for a vehicle license fee decreased to 49 percent, while support for a one-half cent increase in the sales tax similarly decreased to 37 percent. More than two-thirds of respondents said it was “extremely important” or “very important” that new funding go toward street repaving and Muni maintenance (75 percent) and expanding BART, Caltrain and Muni service to reduce congestion (70 percent). Other expenditures found strong support, including pedestrian and bicyclist safety improvements (63 percent), and providing paratransit for disabled users (62 percent). For more details on the survey results, see Appendix E.

TNCS TODAY

In 2017, the Transportation Authority released the TNCs Today report, which focused on Transportation Network Company trips made entirely within San Francisco. Key findings include:

- On a typical weekday, TNCs make approximately 15% of all intra-San Francisco vehicle trips.
- At peak periods, TNCs are estimated to comprise 20-26% of vehicle trips in Downtown areas and the South of Market. At the other end of the range, TNCs comprise 2%-4% of peak vehicle trips in the southern and western part of the city.
- On an average weekday, more than 5,700 TNC vehicles operate on San Francisco streets during the peak period. On Fridays, over 6,500 TNC vehicles are on the street at the peak.

For a full list of findings and to download the report, visit www.sfcta.org/tncstoday

Recommendation #4: Continue research, development, and, as appropriate, seek State legislation for congestion pricing and Transportation Network Company fees

In addition to the sources listed above, Transportation Network Company (TNC) Fees and Congestion Pricing received a high number of votes of support. While members of the Transportation Justice Coalition hope to see action on these revenue sources in the coming year, other task force members expressed strong opposition to one or both of these revenue sources. These sources require additional study and outreach to address community concerns and determine viability, and would require state authorization before San Francisco would be able to implement them locally.

- Transportation Network Company (TNC) Fees (24 votes overall): TNC Fees could be structured in a number of ways, from a per-ride fee to a congestion charge on TNC rides. San Francisco is

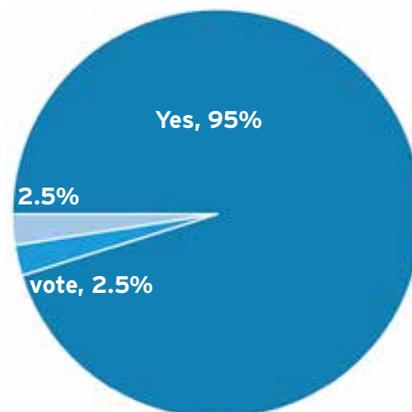
currently not authorized to regulate TNCs, which are under the purview of the California Public Utilities Commission (CPUC). The San Francisco County Transportation Authority (SFCTA) conducted a study that estimates that 25% of peak-period vehicle trips in downtown and South of Market are attributable to TNCs. There continue to be gaps in data on the proliferation of TNC vehicles on San Francisco’s streets.

- Congestion Pricing (20 votes overall): Congestion Pricing would require state authorizing legislation before San Francisco could implement a pricing program. The San Francisco County Transportation Authority’s previous study on Congestion Pricing is from 2010, and requires updates and additional analysis. A Congestion Pricing program would not be intended as a revenue-generating tool, but would have policy and nexus requirements to direct revenues into improvements designed to improve alternative modes of transportation and reduce congestion.

Recommendation #5: Support a general obligation bond in 2024 for transportation

The 2024 Transportation General Obligation Bond is included in the City’s Capital Plan, was a recommendation of the T2030 process, and received strong support in the final T2045 Task Force survey.

Figure 17: Support for a 2024 General Obligation Bond for Transportation, T2045 Task Force 2017.



Appendix A: Revenue Sources Details Matrix

Revenue Sources: Details Matrix*

LOCAL REVENUE SOURCE	DESCRIPTION	ASSUMPTIONS FOR RANGE	POTENTIAL ANNUAL REVENUE RANGE (MILLIONS \$2017)	IS 2018 POSSIBLE?	COLLECTION MECHANISM	WHO IS IMPACTED?			WHAT WOULD IT TAKE TO IMPLEMENT LOCALLY?				
						WHO PAYS?	OPTIONS TO SCALE/PROVIDE EXEMPTIONS	NOTES ON EQUITY IMPACTS	STATE AUTHORIZATION REQUIRED?	LOCAL INITIATION PROCESS	VOTER APPROVAL THRESHOLD	EXPENDITURE RESTRICTIONS	
VEHICLE-RELATED													
A	Gas Tax, San Francisco	A new gas tax in San Francisco required to be spent on transportation projects and programs. Based on fuel consumption level projections from the State Board of Equalization.	10 cent-25 cent	\$19-\$47	Yes	Tax paid at the pump	Residents, businesses and visitors		Vehicle ownership is concentrated in outer neighborhoods of SF. Vehicles with higher gas mileage tend to be newer and more expensive.	No	2/3 majority of BOS	2/3 majority	Transportation capital projects only (not including rolling stock)
B	Parking Fees, City Facilities - Increase	An increase in the fees on parking in the City's facilities (garages) to increase revenues.	5-15% increase across all SFMTA facilities	\$3.6-\$10.8	Yes	Increase in the price of parking	Residents, businesses, and visitors	Could include exemptions	Vehicle ownership is concentrated in outer neighborhoods of SF. Lower income households tend to own fewer vehicles.	No	SFMTA can set fees administratively	None required	None
C	Parking Tax - Increase	An increase to the City's parking tax on all privately-owned parking lots. Estimate is based on the City's parking tax collections. San Francisco currently has a 25% parking tax on all off-street parking spaces in the city.	0.5% to 1%	\$1.5-\$3	Yes	Monthly remittance	Drivers using parking lots		San Francisco already has the highest parking tax rate of any CA city. The next highest is Oakland at 18.5%. Most cities with a parking tax have a rate of 10%. This is a declining revenue stream.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	80% of current parking tax revenues goes to SFMTA, while 20% goes to the General Fund.
D	Vehicle License Fee (VLF), San Francisco (SB 1492)	As authorized by Senate Bill 1492 (Leno), establish a SF VLF of 1.35%, which along with the state's .65% VLF would restore total VLF for motor vehicles registered in SF to the historic 2% level for general fund purposes. Estimate based on 2015 projections.	0.25% to 1.35%	\$12-\$73	Yes	Annual license fee	Residents and businesses	Fee is based on vehicle value	Vehicle ownership is concentrated in outer neighborhoods of SF	No	2/3 vote of BOS	50% majority	None
E	Vehicle Registration Fee (VRF), Bicycle Infrastructure (SB 1183)	An additional \$5 VRF to be dedicated to bicycle infrastructure purposes and associated maintenance. Cities, counties, or regional park districts may impose and collect this fee. Estimate based on current VRF revenues. Legislative authority sunsets December 31, 2024.	\$1 to \$5 per vehicle (max set by legislation)	\$2	Yes	Annual registration fee	Residents and businesses		Vehicle ownership is concentrated in outer neighborhoods of SF	No	50% vote of BOS	2/3 majority	Required to be spent on bike and trail uses; maintenance OK
PROPERTY-RELATED													
F	Parcel Tax	A flat-rate parcel tax, paid annually, on all 200,000+ San Francisco parcels.	\$50 to \$250 flat-rate	\$10-\$50	Yes	Annual tax	Residents and businesses	Could include exemptions	Parcel taxes are typically a flat fee per parcel, which is regressive due to the fact that owners of lower-valued properties pay the same amount as owners of higher-valued properties.	No	50% vote of BOS	2/3 majority	None
G	Real Property Transfer Tax (RPTT) - Increase	An increase to the City's current Real Property Transfer Tax, which is a tax on the sale of real property. Estimate is based on average tax collections during the most recent economic cycle.	1% to 5% of revenues	\$2.5-\$12.5	Yes	Tax paid at time of transaction	Residents and businesses	The City currently has a progressive RPTT, with rates increased in the Nov 2016 election	This is the City's most volatile revenue source that can sometimes see year-to-year variances of greater than 70%. Because of the volatility, this type of tax is typically best used for one-time expenditures rather than on-going expenditures.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None

* Please note that this reflects the latest information collected by staff, and is subject to change. For more information on these sources, see www.sftransportation2045.com/revenuesources

LOCAL REVENUE SOURCE	DESCRIPTION	ASSUMPTIONS FOR RANGE	POTENTIAL ANNUAL REVENUE RANGE (MILLIONS \$2017)	IS 2018 POSSIBLE?	COLLECTION MECHANISM	WHO IS IMPACTED?			WHAT WOULD IT TAKE TO IMPLEMENT LOCALLY?				
						WHO PAYS?	OPTIONS TO SCALE/PROVIDE EXEMPTIONS	NOTES ON EQUITY IMPACTS	STATE AUTHORIZATION REQUIRED?	LOCAL INITIATION PROCESS	VOTER APPROVAL THRESHOLD	EXPENDITURE RESTRICTIONS	
H	Transportation Sustainability Fee (TSF) - Increase	An increase to the TSF imposed on new development in San Francisco. Based on a 2016 proposal to increase the fee by \$2 on large commercial property development (from \$19.04 per gross square foot to \$21.04). The increased fee may impact the development market and generate fewer revenues than forecast here.	\$1-3 increase on large commercial property development	\$1.2-\$3.6	Yes	Fee on development, collected upon permit issuance	Businesses	Current structure targets certain types of development only	Could impact the market for development in the city, negatively impacting the economic climate	No	50% vote of BOS	None required	Must be consistent with nexus study
PAID BY INDIVIDUALS AND BUSINESSES													
I	Carbon Tax	An increase to the existing utility user tax (UUT) on commercial electricity and natural gas, and extended to residential users, with some exemptions. Estimate based on 2016 proposal for 2.5% rate. Maximum range of 3.5% reflects UUT rate set at effective rate of 11%, which matches the rate in LA (highest in CA).	1% to 3.5%	\$2.5-\$8	Yes	Included on utility bill	Residents and businesses	2016 proposal included exemptions for green energy	The City's current UUT is a tax only on commercial properties. As a user-fee that would be extended to residential uses, this would be considered a regressive tax, disproportionately impacting low income households.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
J	Gross Receipts: General Tax Increase	A increase to the rates of the current gross receipts tax in San Francisco, or expanding the base to include more payers. The current tax is varied by industry with tiered rates. Estimate is based on anticipated gross receipts revenue at the end of phase in.	1% to 5% increase in revenues	\$5-\$23	Yes	Annual tax	Businesses	Under the City's current structure, rates vary by industry, and have marginal progressive rates based on gross receipts size. Small businesses with less than \$1m in gross receipts are exempt.	The City is currently phasing in the gross receipts tax as it phases out the payroll tax. The City could potentially seek to extend this period to fully phase out the payroll tax.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
K	Gross Receipts: Commercial Property Rent Tax Increase	An increase to the current gross receipts tax rate on commercial property rents, with exemptions for small businesses and non-profits. The current rate is 0.3%. Low revenue estimate applies .531% rate on commercial properties over \$25 million; high estimate applies 1.5% rate to all commercial properties in the city.	Range reflects choices on rates and exclusions	\$13-\$100	Yes	Annual tax	Businesses	Could include exemptions, such as for small businesses		No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
L	Gross Receipts: Platform/Gig Economy Tax	A gross receipts tax on revenues kept by service intermediary companies which contract with independent workers to provide services like ride-hailing and food delivery.	Range reflects options on narrowing and expanding taxed activities and rate changes	\$8-\$30	Yes	Annual tax	Businesses	Could include exemptions, such as for small businesses		No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
M	Payroll Tax - Increase	This would increase the City's current payroll tax rate. This tax is imposed on a business' total payroll. The City is currently in the process of phasing out its payroll tax. Taxes can be deducted from wages or paid by employers. Estimates are based on anticipated payroll tax revenue during final year of phase out.	1% to 5% increase in revenues	\$2-\$12	Yes	Annual tax	Businesses	Small business exemption currently set at \$300k in payroll	The City is currently phasing out the existing payroll tax in favor of a gross receipts tax. The City could seek to extend the phase-out period to fully eliminate the payroll tax.	No	The City is currently phasing out the existing payroll tax in favor of a gross receipts tax program	50% for general tax, 2/3 for dedicated tax	None

continued

LOCAL REVENUE SOURCE	DESCRIPTION	ASSUMPTIONS FOR RANGE	POTENTIAL ANNUAL REVENUE RANGE (MILLIONS \$2017)	IS 2018 POSSIBLE?	COLLECTION MECHANISM	WHO IS IMPACTED?				WHAT WOULD IT TAKE TO IMPLEMENT LOCALLY?			
						WHO PAYS?	OPTIONS TO SCALE/PROVIDE EXEMPTIONS	NOTES ON EQUITY IMPACTS	STATE AUTHORIZATION REQUIRED?	LOCAL INITIATION PROCESS	VOTER APPROVAL THRESHOLD	EXPENDITURE RESTRICTIONS	
N	Sales Tax	An increase to San Francisco's sales tax for general revenue purposes or dedicated purposes. SB 566 authorizes a combined city and county sales tax rate of up to 2.0%. Currently, SF has 1.25% in local sales tax leaving an unused authorization of 0.75%.	0.25% to 0.75%	\$51-\$157	Yes	Included at point of sale	Residents, businesses, and visitors	Many groceries and other essentials currently exempt	SF residents pay approximately 58% of collected sales taxes; visitors pay approximately 34%, and businesses pay 8%; sales taxes disproportionately impact lower-income households.	No	2/3 vote of BOS	50% for general tax, 2/3 for dedicated tax	None
ENTERTAINMENT/LEISURE-RELATED													
O	Large Event Ticket Surcharge	An additional charge on tickets for events with at least 1,000 attendees, including performances, presentations, or sports, based on 2013 estimate.	\$1 to \$5 surcharge	\$8-\$39	Yes	Included at point of sale	Residents and visitors	Can be defined to include or exclude certain types of events	User taxes and fees are often considered regressive because they take a larger percentage of income from low-income groups than high-income groups.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	Nexus requirements likely to apply
P	Sports Franchise Tax	An excise tax on sports franchises. The structure of the tax would determine the revenues.	TBD	TBD	Yes	TBD, likely an annual tax	Sports franchises in San Francisco			No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
Q	Transient Occupancy Tax (Hotel Tax)	An increase to the City's current Transient Occupancy Tax, which is a tax imposed on anyone renting accommodations in a hotel, inn, motel or other short-term lodging for less than 30 days. The current rate is 14%. Increasing by 1% would set SF equal to the highest rate in CA (15% in Anaheim).	0.5% to 1% increase	\$13-\$26	Yes	Included at point of sale	Visitors and business travelers		User taxes and fees are often considered regressive because they take a larger percentage of income from low-income groups than high-income groups. However, this tax would not be expected to have a disproportionate impacts on low income residents of SF.	No	50% vote of BOS	50% for general tax, 2/3 for dedicated tax	None
SOURCES ELIGIBLE AFTER 2018													
R	Assessment Districts, Mello-Roos, Community Facilities District	A tax assessed on property within a defined community district, typically to finance public infrastructure. Cannot be ad valorem property tax, but could be assessed by a variety of ways including a straight per-parcel fee, a fee based on square footage, number of bedrooms, etc.	Varies	Varies	No	Annual tax	Residents and businesses	Assessment rates can be scaled/ based on property size and features		No	Requires development of a plan both for the rate of taxation, the size of the district, and the uses of the revenue, and 50% vote of BOS	2/3 vote of district residents or landowners	Revenues must finance projects within or directly benefiting the district
S	Congestion Pricing	A fee paid to drive in designated congested areas. Not intended as a revenue-generating tool but as part of a policy package to reduce congestion. Estimate based on 2010 study. This would require State authorization.	2010 study estimate	\$60-\$80	No	Electronic toll payment	Residents, businesses, and visitors	Could include exemptions		Yes	50% vote of BOS	None required	Transportation capital projects only
T	General Obligation Bond (GO Bond)	A \$500 million general obligation bond (backed by property tax revenues) for transportation, as assumed in the City's Capital Plan for 2024.	\$500M bond every 7 years	\$70	No; already in the City's capital plan for 2024	Bond issuance backed by property taxes	Residents and businesses		The Ten-Year Capital Plan limits the property tax rate at the FY2005-06 level of approximately 1.12%. Typically, the City only issues new debt when old debt is retired, and any new GO bond would need to be fit into the City's Capital Plan.	No	50% vote of BOS or SFMTA Board	2/3 majority	Transportation capital projects only (not including rolling stock)

continued

LOCAL REVENUE SOURCE	DESCRIPTION	ASSUMPTIONS FOR RANGE	POTENTIAL ANNUAL REVENUE RANGE (MILLIONS \$2017)	IS 2018 POSSIBLE?	COLLECTION MECHANISM	WHO IS IMPACTED?				WHAT WOULD IT TAKE TO IMPLEMENT LOCALLY?			
						WHO PAYS?	OPTIONS TO SCALE/PROVIDE EXEMPTIONS	NOTES ON EQUITY IMPACTS	STATE AUTHORIZATION REQUIRED?	LOCAL INITIATION PROCESS	VOTER APPROVAL THRESHOLD	EXPENDITURE RESTRICTIONS	
U	High-Polluting Vehicle Tax	A tax specifically on high-polluting vehicles. This could be structured as an excise tax or a vehicle registration fee.	TBD	TBD	No	TBD, excise tax at time of purchase or annual registration or other	Residents and businesses	Could include exemptions	Vehicle ownership is concentrated in outer neighborhoods of SF. Could disproportionately impact lower income households.	Yes	Cannot initiate locally without state authorizing legislation		None
V	Income Tax, Corporate	An income tax assessed on entities treated as corporations doing business in San Francisco. Revenues would be dependent on structure and rate of taxation. This tax would require State authorization.	TBD	TBD	No	Annual tax	Businesses	Could include a progressive rate structure		Yes	Cannot initiate locally without state authorizing legislation		None
W	Income Tax, Personal	An income tax on individuals, which could potentially include both San Francisco residents and non-residents working in San Francisco. This tax would require State authorization. Estimate assumes a tax on incomes over \$1 million.	0.5% to 1% (on incomes over \$1 million)	\$62-\$124	No	Annual tax	Residents and commuters (potentially)	Could include a progressive rate structure		Yes	Cannot initiate locally without state authorizing legislation		None
X	Property Tax, Commercial	An increase to the City's current property tax rate, only on commercial properties. This tax would require passage of a statewide ballot measure overturning Prop 13.		Unknown	No		Businesses		Would require splitting commercial and residential tax rolls, and therefore would have to be a statewide proposal	Yes; would require a statewide ballot initiative to overturn Prop 13	Cannot initiate locally without state authorizing legislation	N/A	None
Y	Residential Parking Permit Fees	An increase in the residential parking permit fees. This is a cost-recovery fee, and can only crease if program costs increase, and therefore by definition does not generate revenue.		None	No	Annual permit fee	Residents	Cost-recovery program only	May disproportionately impact lower income households	No	None	None required	Cost-recovery only
Z	Robot Tax	A tax levied on companies employing robot workers in San Francisco.		Unknown	No		Businesses			Yes	Cannot initiate locally without state authorizing legislation		TBD
AA	Transportation Network Company (TNCs) Fee	A per-ride fee on TNC rides to help pay for congestion management efforts to mitigate the impacts of TNC trips. Estimate assumes a \$0.20 per-ride fee, and uses the Transportation Authority's estimate of the number of TNC rides taking place within San Francisco. This would require State authorization.	\$0.20 to \$1 surcharge per ride	\$12.5-\$62.5	No	Per-ride fee	Businesses		May disproportionately impact lower income households	Yes	Cannot initiate locally without state authorizing legislation		Nexus requirements likely to apply
BB	Vehicle License Fee (VLF) on 2nd Vehicles	An increase to the VLF on the second (and third, etc.) vehicle owned by a household or business.	0.25% to 1.35% of vehicle value	\$8-\$46	No	Annual license fee	Residents and businesses	Could include exemptions	Vehicle ownership is concentrated in outer neighborhoods of SF.	Yes	Cannot initiate locally without state authorizing legislation		Nexus requirements likely to apply
CC	Vehicle Miles Traveled (VMT) Fee	A per-mile fee on all motor vehicle travel within SF. Estimate based on SFCTA VMT modeling.	1 or 2 cents per mile	\$31-\$62	No	TBD, CTC is studying electronic transponder and manual recording mechanisms	Residents, businesses, and visitors	Could include exemptions	Vehicle ownership is concentrated in outer neighborhoods of SF. As a user fee, could disproportionately impact lower income households.	Yes	Cannot-initiate locally without state authorizing legislation		None

Appendix B: Revenue Source Considerations Detailed Definitions

CONSIDERATION	HIGH	MODERATE	LOW
Revenue Considerations			
Could Generate Significant Revenues	>\$50 million per year	\$30 - \$50 million per year	>\$30 million per year
Reliable	Permanent or long-term (7-year) revenue sources are preferred; sources with steady (flat or increasing), predictable revenue streams are preferred	Permanent or long-term sources that fluctuate moderately with large-scale economic booms and busts	Less than seven years of revenues expected OR unpredictable sources such as those with frequent fluctuations, particularly in the downward direction
Potential for Growth	Revenue growth is expected to keep pace with or exceed the rate of inflation	Revenue growth is expected to remain stable (flat or growing less than inflation)	Revenues are expected to decline due to an anticipated decrease in the taxed activity, for example vehicles are likely to become more fuel-efficient ("cleaner" vehicles) in the coming years and so a high-polluting vehicle tax will likely generate fewer revenues over time
Flexible	All transportation investments including capital and operating needs are eligible for funding; no or limited restrictions such as geographic limitations, project type or "nexus" requirements	Not all transportation investments are eligible (e.g. no operations, no rolling stock) and/or nexus or other requirements restrict distribution of funds	Significant limitations on use of funds such as a narrow range of eligible project types (e.g. SB1183 is for bicycle infrastructure only) or very limited geographic area where funds can be invested (within a business improvement district)
Process Considerations			
Easy to Establish	No state authorizing legislation is required	State authorization is required and precedent exists in CA for transportation purposes	State authorizing legislation is required
Dedicated to Transportation	By definition or as required by state authorizing legislation, revenues must be spent on transportation (e.g. local gas tax) or revenue measure requires a voter-approved expenditure plan dedicating funding to transportation or there is a strong nexus requirement limiting use of the revenues to identified purposes for the duration of the measure	Funds can be dedicated to transportation by the revenue measure, depending on how the measure is structured [note: this metric uses "can be" instead of "moderate"]	By requirement of state authorizing legislation, revenues must be raised for general purposes and cannot be dedicated as part of the revenue ballot measure itself
Easy to Administer	An existing system is in place to collect revenues and pass them to a local entity to administer	No existing system to collect revenues in San Francisco, but approach is known and part of local implementation (e.g. congestion pricing)	There is no system in place to collect revenues and pass to local entity

CONSIDERATION	HIGH	MODERATE	LOW
Policy Considerations			
Equitable - Low Impact on Low Income Households	The revenue source is progressive in that lower-income households pay a lower proportion of their annual income than higher-income residents	The revenue source is a low dollar amount per year, or may not be collected from low-income households due to household behavior (e.g. vehicle fees, as low-income households have low vehicle-ownership rates)	The revenue source disproportionately impacts lower-income households and does not follow the user-pays principle
Ability to Support Policy Objectives	Revenue sources with the most direct impact on travel behavior (e.g. congestion pricing), where impacts are made on travel choice on a real-time or daily basis	Revenue source collection is levied or felt infrequently or periodically, and has less of an impact on travel behavior, such as gas taxes	Revenue collection has no clear nexus with transportation systems

Appendix C: Revenue Source Preference Task Force Survey Results

SAN FRANCISCO
TRANSPORTATION 2045
TASK FORCE REPORT
JANUARY 2018

REVENUE SOURCES	2018 VOTES	ADDITIONAL VOTES	TOTAL VOTES
<i>VEHICLE-RELATED SOURCES</i>			
A Gas Tax, SF	2	6	8
B Parking Fees, City Facilities	0	1	1
C Parking Tax	0	1	1
D Vehicle License Fee (VLF) - SF (SB 1492)	8	27	35
E Vehicle Registration Fee (VRF) - Bicycle Infrastructure (SB 1183)	1	2	3
<i>PROPERTY-RELATED SOURCES</i>			
F Parcel Tax	0	4	4
G Real Property Transfer Tax (RPTT)	0	2	2
H Transportation Sustainability Fee (TSF) - Increase	1	5	6
<i>PAID BY INDIVIDUALS AND BUSINESSES</i>			
I Carbon Tax	0	1	1
J Gross Receipts: General Tax Increase	1	3	4
K Gross Receipts: Commercial Property Rent Tax Increase	11	8	19
L Gross Receipts: Independent Contractor Economy Tax	4	9	13
M Payroll Tax	0	0	0
N Sales Tax	12	13	25
<i>ENTERTAINMENT / LEISURE-RELATED SOURCES</i>			
O Large Event Ticket Surcharge	1	4	5
P Sports Franchise Tax	0	7	7
Q Transient Occupancy Tax (Hotel Tax)	1	3	4
<i>SOURCES ELIGIBLE AFTER 2018</i>			
R Assessment Districts - Mello Roos, Community Facilities Districts	N/A	0	0
S Congestion Pricing	N/A	20	20
T General Obligation Bond	N/A	6	6
U High-Polluting Vehicle Tax	N/A	2	2
V Income Tax - Corporate	N/A	3	3
W Income Tax - Personal	N/A	5	5
X Property Tax - Commercial	N/A	3	3
Y Residential Parking Permit Fees	N/A	2	2
Z Robot Tax	N/A	3	3
AA Transportation Network Company (TNC) Fee	N/A	24	24
BB Vehicle License Fee (VLF) on 2nd Vehicles	N/A	1	1
CC Vehicle Miles Traveled (VMT) Fee	N/A	2	2

Appendix D: Final Task Force Survey Results

Preferred Expenditure Plan Scenarios, T2045 Task Force 2017

EXPENDITURE PLAN SCENARIO		VOTES
Scenario 1	Proposition J + Focus on Street Resurfacing	9
Scenario 2	Proposition J + Focus on Transit Expansion	10
Scenario 3	Proposition J + Focus on Local Transit and Vision Zero	21
	No vote	1

Ranked Choice Voting for Revenue Measure for 2018, T2045 Task Force 2017

REVENUE SOURCE		1ST PLACE VOTES	2ND PLACE VOTES	3RD PLACE VOTES	FINAL ROUND VOTES
K	Gross Receipts: Commercial Property Rent Tax Increase	13	12	8	21
N	Sales Tax	15	5	5	19
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	7	12	14	n/a
L	Gross Receipts: Platform/Gig Economy Tax	5	11	10	n/a
	No vote				1

Support votes for a multi-year package of revenue sources, T2045 Task Force 2017

REVENUE SOURCE		STRONGLY SUPPORT	SUPPORT W/ CONDITIONS	DO NOT SUPPORT
D	Vehicle License Fee (VLF) - San Francisco (SB 1492)	24	16	1
K	Gross Receipts: Commercial Property Rent Tax Increase	18	14	7
L	Gross Receipts: Platform/Gig Economy Tax	19	9	8
N	Sales Tax	12	15	13
S	Congestion Pricing	15	17	6
AA	Transportation Network Company (TNC) Fee	23	9	3

Support for a 2024 Transportation General Obligation (GO) Bond, T2045 Task Force 2017

DO YOU GENERALLY SUPPORT THE CITY'S GO BOND APPROACH?	COUNT
Yes	39
No	1
No vote	1

Appendix E: SFCTA Transportation Funding Voter Opinion Survey Results

San Franciscans' Support for Increased Transportation Funding



Key Findings from a Citywide Voter Survey Conducted December 1-7, 2017
Commissioned by the San Francisco County Transportation Authority

Fairbank, Maslin, Maullin, Metz & Associates - FM3
PUBLIC OPINION RESEARCH & STRATEGY

220-4934

Survey Methodology

- 1,013 online and telephone interviews with registered voters likely to cast ballots in November 2018 in San Francisco
- Interviews conducted December 1-7, 2017
- Interviews in English, Spanish, and Chinese and on landlines and cell phones
- Margin of sampling error of $\pm 3.1\%$ at the 95% confidence level
- Some percentages may not sum to 100% due to rounding
- Selected comparisons to a similar 2015 survey for the SFCTA



NOTE

- » This survey was designed to assess community priorities for transportation funding, and to gauge the relative appeal of four distinct funding mechanisms.
- » It was not designed to make a final determination of a funding measure's viability, and firm conclusions about viability cannot be derived from the data.
- » Subsequent research should gauge support for the policy details of a more specific plan, as well as the impact of a range of pro and con arguments, before conclusions are drawn about viability.

Fairbank, Maslin, Maullin, Metz & Associates - FM3
PUBLIC OPINION RESEARCH & STRATEGY

2

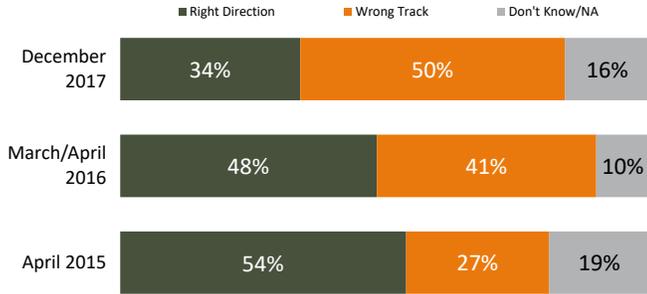


Issue Context

3

Voters are increasingly concerned about the direction of the City.

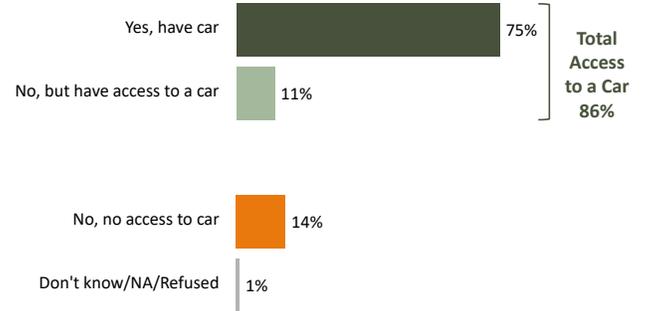
Do you think things in San Francisco are generally going in the right direction, or do you feel that things are pretty seriously off on the wrong track?



Q1. Different wording used in previous survey

Nearly nine in ten likely voters either own a car or have access to one.

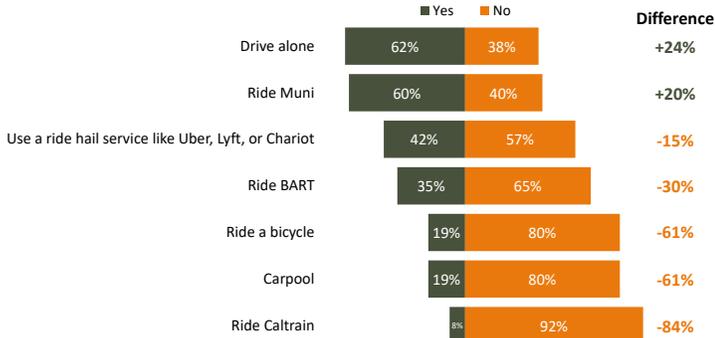
Do you own a car?



Q13.

Most San Francisco voters either drive and/or ride Muni multiple times a week.

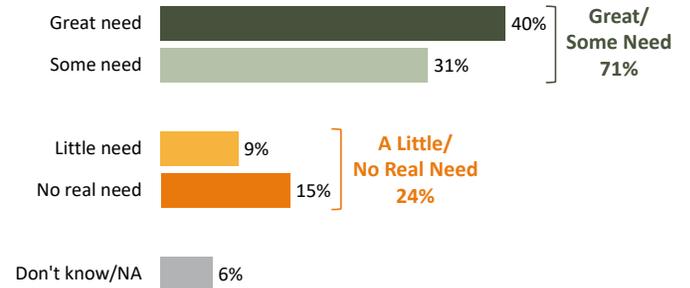
Do you regularly, that is at least 2 or 3 times per week, use any of the following modes of transportation? By that I mean for any purpose, including commuting to school or work, running errands, or recreation.



Q22.

Seven in ten see a need for additional funding for transportation in San Francisco.

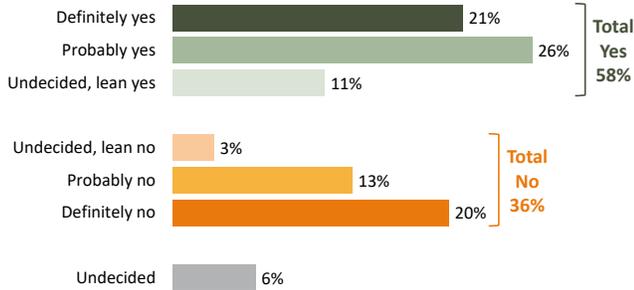
In your personal opinion, do you think there is a great need, some need, a little need, or no real need for additional funds to improve the transportation system in San Francisco?



Q5.

Nearly three in five voters support Regional Measure 3.

One measure may be on the ballot throughout the 9-county Bay Area. It would fund a plan to reduce traffic; improve commutes; relieve BART crowding; reduce freeway bottlenecks; build carpool lanes; and improve bus, ferry, BART, and commuter rail, with a \$1 toll increase effective in 2019, a \$1 increase in 2023, and a \$1 increase in 2027, on all Bay Area toll bridges except the Golden Gate Bridge, with independent oversight and all funds staying in the Bay Area.



TA Annual Public Opinion Survey, May 2017 (n=1,111) Q2. Do you think you would vote "yes" in favor of this measure or "no" to oppose it? Split Sample

Support for RM3 is strongest among men, voters under age 50, Democrats, and white voters.

Demographic Group	Total Yes	Total No	Undecided
Gender			
Men	62%	32%	5%
Women	54%	40%	7%
Age			
18-49	67%	27%	6%
50-64	55%	37%	7%
65+	44%	51%	5%
Party			
Democrats	63%	33%	4%
Independents	53%	37%	11%
Republicans	37%	58%	5%
Ethnicity			
Latinos	41%	50%	9%
African-Americans	44%	45%	12%
All Asian/Pacific Islanders	53%	45%	3%
Chinese	56%	40%	4%
Whites	65%	29%	6%
All Voters of Color	50%	44%	5%

TA Annual Public Opinion Survey, May 2017 (n=1,111) Q2. Do you think you would vote "yes" in favor of this measure or "no" to oppose it? Split Sample

Support for San Francisco Transportation Funding Measures

10

Approach to Testing Initial Support

- Survey participants were split into four demographically similar groups, each one-quarter of the sample
- All respondents heard the same hypothetical ballot language for a funding measure, but each of the four groups heard a different funding mechanism.



Ballot Language Tested

The San Francisco Transportation Improvement and Safety Measure

In order to:

- expand BART and Muni vehicle fleets;
- fix potholes and repair deteriorating streets;
- update infrastructure to keep BART, Muni, and Caltrain safe and prevent breakdowns;
- improve bicycle and pedestrian facilities; and
- improve transportation for seniors and the disabled,

(Group 1:) shall the San Francisco sales tax rate be increased by ½-cent bringing the total tax to 9%,

(Group 2:) shall San Francisco add an annual assessment to the Vehicle License Fee equal to 1.35% of the vehicle's value,

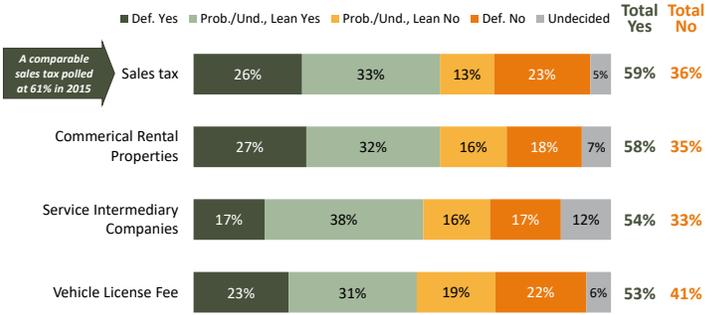
(Group 3:) shall San Francisco increase the business tax rate on revenues from commercial rental properties up to 2.5%,

(Group 4:) shall San Francisco establish a 2% tax on revenues retained by third-party service intermediary companies,

subject to independent audits and public oversight?

The sales tax and business tax on commercial rental properties receive the strongest support, but no funding mechanism reaches the two-thirds threshold.

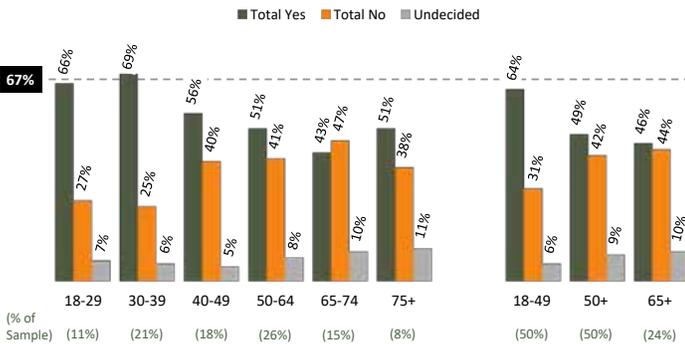
If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?



Q3 (Split Sample A, B, C & D). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it? 13

The measure receives support at the two-thirds level among voters under age 40.

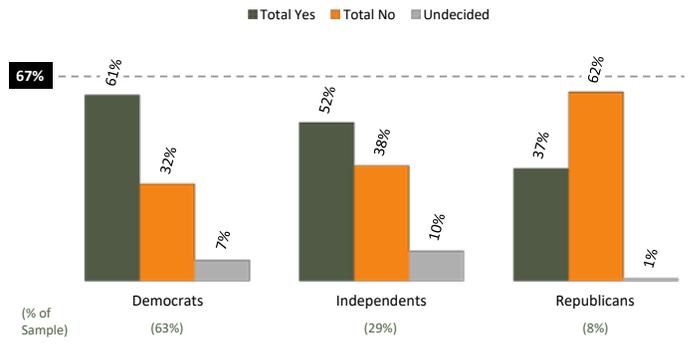
Initial Support by Age



Q3 (Total). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it? 14

Democrats and independents are much more supportive of a potential measure than are Republicans.

Initial Support by Party



Q3 (Total). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it? 15

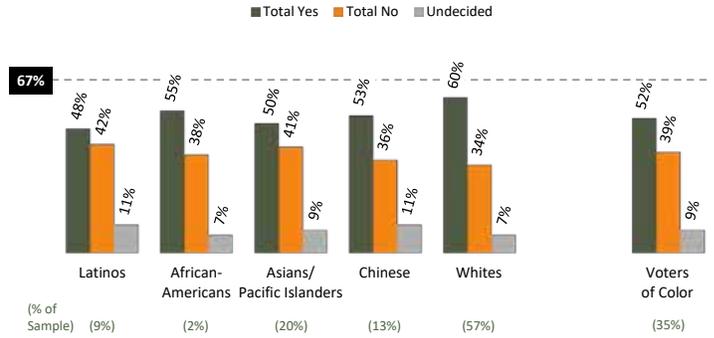
Higher-income households are more likely to vote "yes" than low and middle-income ones.

Initial Support by Household Income



White voters are more likely to vote "yes" than are voters of color.

Initial Support by Ethnicity

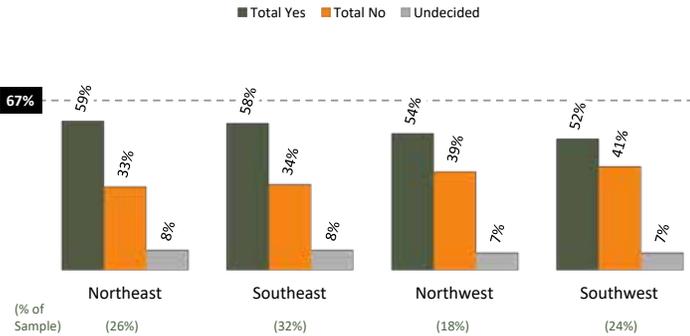


Q3 (Total). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Q3 (Total). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

Views on the potential measure are similar across the City, with those on the eastside slightly more supportive.

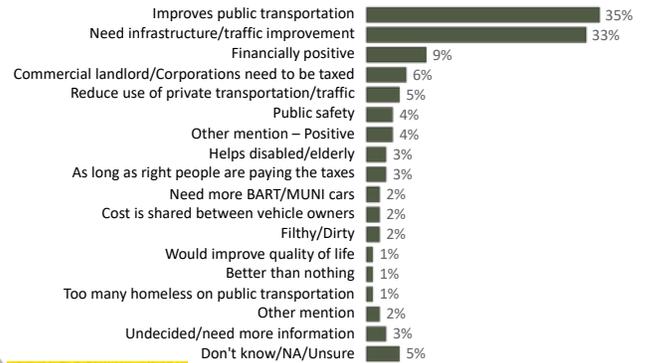
Initial Support by Quadrant of the City



Q3 (Total). If there were an election today, do you think you would vote "yes" in favor of this measure or "no" to oppose it?

The most commonly-cited reasons for supporting the measure are to improve public transit and minimize traffic.

In a few of your own words, what are the main reasons why you would vote YES on this measure? (Open-ends; Grouped Responses Shown)



Q4a. (N=569) Asked only of those who would vote yes.

Comments in Favor of the Measure

I would vote yes because there is too much car traffic- if the money would go to public transit that would be helpful.

Businesses utilize lots of the same roads, and depending on the nature of the business I'm pretty sure they use it more often than residents.

Because I think moving towards public transportation while weening off of fossil fuels will help global warming and decrease congestion.

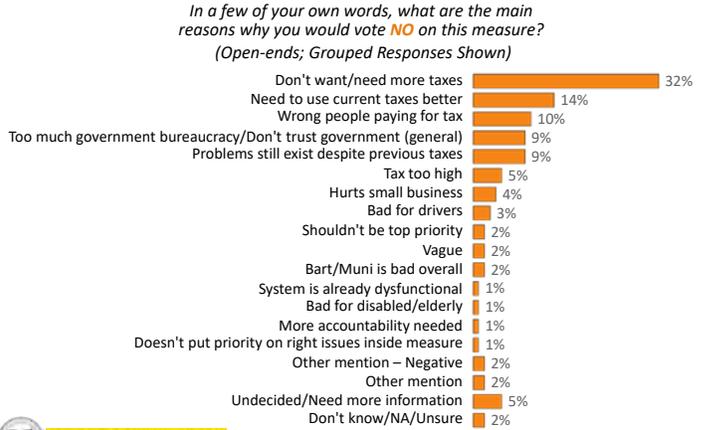
Need to fix roads, expand BART, fix the Muni system and the infrastructure is decaying. No one has touched it for years.

To improve Muni and potholes and to make it safer for seniors.

It will be worth it to improve the transportation and infrastructure in San Francisco for a small increase.

Q4a. (N=569) In a few of your own words, what are the main reasons why you would vote YES on this measure? 20

Opposition is driven by a dislike of taxes.



Q4b. (N=368) Asked only of those who would vote no. 21

Comments in Opposition to the Measure

The City has enough money, they need to budget like the rest of us.

We are overtaxed as it is, generating revenue this way is the wrong approach, tax the very wealthy.

This should not be a priority right now, many other things more important.

I believe that they can address it and get money somewhere else. Tax other people.

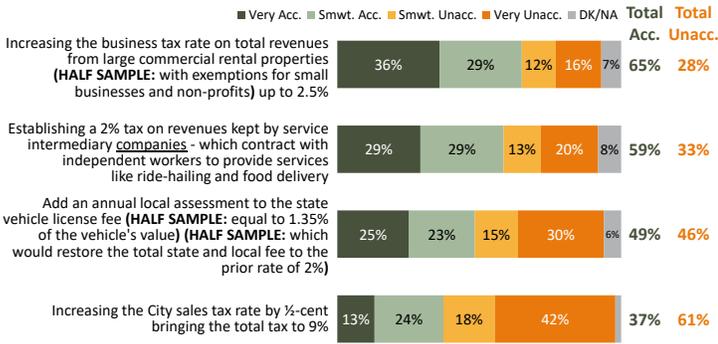
I do not work, and everything is expensive. I take the bus and don't want to see price increases.

I remember the way San Francisco was and I prefer the way things where before, I don't like the way San Francisco is now!

Q4b. (N=368) In a few of your own words, what are the main reasons why you would vote NO on this measure? 22

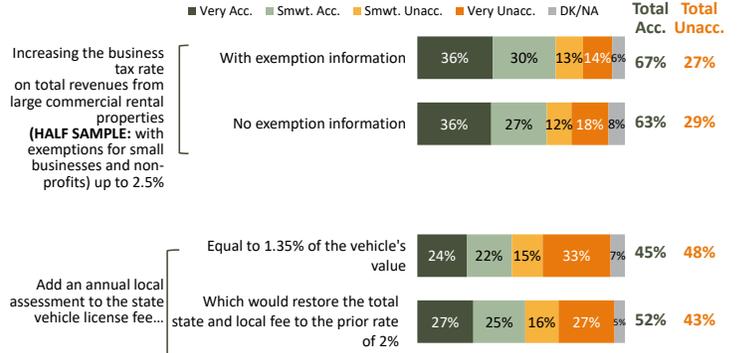
Shaping the Structure of a Measure

Upon hearing all four funding mechanisms in isolation, voters drew sharper distinctions in their acceptability.



Q6 (Total). The final structure of the San Francisco transportation funding ballot measure I just described has not been determined. I am going to read you several different potential sources of funding for the transportation improvements described in that measure. Please tell me whether you would find it acceptable or unacceptable as a way of raising money for these purposes.

Exemptions make little difference in the commercial business tax; historical context helps modestly with the VLF.



Q6b & c (Split Sample E & F). The final structure of the San Francisco transportation funding ballot measure I just described has not been determined. I am going to read you several different potential sources of funding for the transportation improvements described in that measure. Please tell me whether you would find it acceptable or unacceptable as a way of raising money for these purposes.

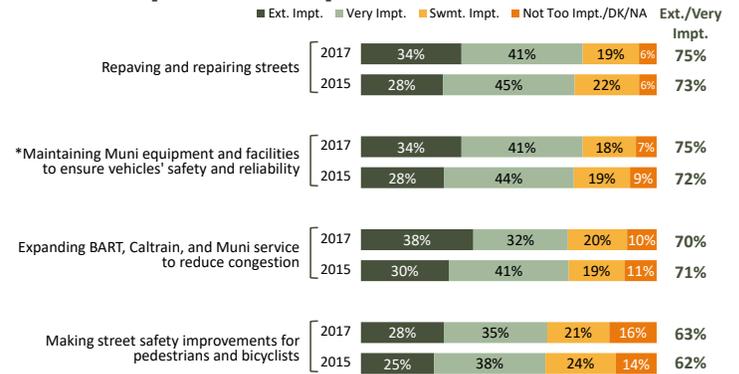
Given small sample sizes, variations across supervisorial districts are minor in most cases.

(Total Acceptable)

Funding Mechanisms	All Voters	Supervisorial Districts										
		1	2	3	4	5	6	7	8	9	10	11
Increasing the business tax rate on total revenues from large commercial rental properties (HALF SAMPLE: with exemptions for small businesses and non-profits) up to 2.5%	65%	60%	55%	63%	64%	75%	53%	59%	72%	71%	66%	71%
Establishing a 2% tax on revenues kept by service intermediary companies - which contract with independent workers to provide services like ride-hailing and food delivery	59%	58%	57%	63%	54%	52%	68%	53%	60%	65%	63%	60%
Add an annual local assessment to the state vehicle license fee (HALF SAMPLE: equal to 1.35% of the vehicle's value) (HALF SAMPLE: which would restore the total state and local fee to the prior rate of 2%)	49%	57%	49%	51%	39%	49%	71%	38%	55%	41%	48%	38%
Increasing the City sales tax rate by 1/2-cent bringing the total tax to 9%	37%	45%	23%	41%	34%	41%	42%	30%	34%	37%	47%	39%

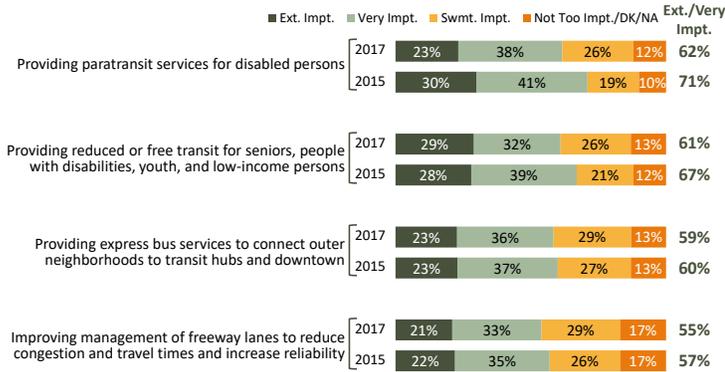
Q6 (Total). The final structure of the San Francisco transportation funding ballot measure I just described has not been determined. I am going to read you several different potential sources of funding for the transportation improvements described in that measure. Please tell me whether you would find it acceptable or unacceptable as a way of raising money for these purposes.

Voters place highest priority on repaving streets, maintaining Muni and expanding public transportation service.



Q7. I am going to read you a list of ways that money from a measure like the one I just described might be used. Please tell me how important it is to you that money from the measure be used to pay for each of the following—is it extremely important, very important, somewhat important, or not too important? * wording varies slightly from that in 2015.

Paratransit services and reduced rates were also important to voters, but lower-tier overall.



Q7. I am going to read you a list of ways that money from a measure like the one I just described might be used. Please tell me how important it is to you that money from the measure be used to pay for each of the following—6 is extremely important, very important, somewhat important, or not too important. *Reporting varies slightly from that in 2015.

Transit improvements tend to be higher priorities to younger voters, while repaving stands out among older voters.

(Total Extremely/Very Important)

List	All Voters	Age							
		18-29	30-39	40-49	50-64	65-74	75+	18-49	50+
Repaving and repairing streets	75%	73%	70%	72%	79%	79%	82%	71%	80%
Maintaining Muni equipment and facilities to ensure vehicles' safety and reliability	75%	73%	77%	73%	73%	77%	75%	75%	75%
Expanding BART, Caltrain, and Muni service to reduce congestion	70%	72%	81%	68%	68%	65%	57%	74%	65%
Making street safety improvements for pedestrians and bicyclists	63%	62%	72%	62%	61%	57%	59%	66%	59%
Providing paratransit services for disabled persons	62%	67%	62%	60%	60%	61%	65%	63%	61%
Providing reduced or free transit for seniors, people with disabilities, youth, and low-income persons	61%	71%	61%	58%	57%	62%	63%	62%	60%
Providing express bus services to connect outer neighborhoods to transit hubs and downtown	59%	68%	67%	61%	53%	53%	51%	65%	53%
Improving management of freeway lanes to reduce congestion and travel times and increase reliability	55%	55%	60%	56%	52%	50%	55%	57%	52%

Q7. I am going to read you a list of ways that money from a measure like the one I just described might be used. Please tell me how important it is to you that money from the measure be used to pay for each of the following—6 is extremely important, very important, somewhat important, or not too important?

Messaging

Approach to Testing Messaging

- ✓ Each respondent heard balanced pro and con messaging, in rotated order, focused on each potential funding mechanism for the hypothetical transportation funding measure.
- ✓ Respondents first heard messaging for the type of tax they were asked about at the beginning of the survey.
- ✓ Then they heard messaging on the other funding mechanisms in a random order.
- ✓ Broader messaging unrelated to the funding mechanism was not tested.



Arguments For and Against a Business Tax on Service Intermediary Companies

Let me ask you about the idea of establishing a 2% business tax on revenues from service intermediary companies.

Supporters say that ride-hailing, food delivery, and similar companies use our roads and cause congestion, and so they need to start paying their fair share to reduce traffic and maintain roads. Currently, San Francisco taxpayers are subsidizing these costs for them. Besides, since these companies don't pay their workers benefits, and many pay less business tax than other San Francisco companies, they can afford to help pay the cost of transportation improvements, like increasing and improving bus service, repairing roads, and mitigating traffic.

Opponents say that taxing ride-hailing, food delivery services, and the like could lead them to raise costs for San Franciscans who use these services, or pass the costs on to their workers, many of whom are low- or moderate-income. Others say many of these companies strengthen the economy in low-income neighborhoods, and might end up moving their businesses out of San Francisco to avoid these taxes.

Having heard this, would you find establishing a 2% business tax on revenues from service intermediary companies acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?

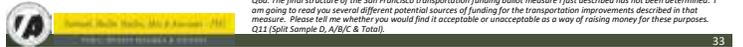
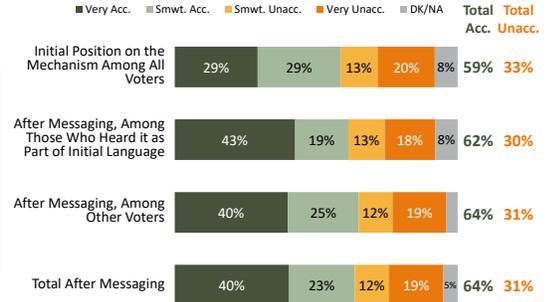


Similarly three in five voters see a tax on service intermediary companies as "acceptable."

Having heard this, would you find establishing a 2% business tax on revenues from service intermediary companies acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?

Service Intermediary Companies as Part of Initial Ballot Language

Total Yes: 54%
 Total No: 33%
 Undecided: 13%



Arguments For and Against a Business Tax on Commercial Rental Properties

Let me ask you about the idea of increasing the business tax rate on revenues from commercial rental properties to 2.5%.

Supporters say that this tax will collect revenue from commercial landlords that rent large amounts of commercial office space to businesses that are contributing to the high number of commuters using the City's transportation system. Revenues would be used to repair streets, address congestion, improve transit, and make walking and biking safer. Nonprofits and arts organizations will be exempt from this tax. Currently, San Francisco commercial landlords have a tax rate that is less than one-tenth of what it is in Manhattan.

Opponents say that business taxes are too high already and taxes on landlords will end up getting passed on to their tenants many of whom already have trouble finding affordable rental space in San Francisco. At a time when commercial rents in San Francisco are among the highest in the country, this tax risks raising them further.

Having heard this, would you find increasing the business tax rate on revenues from commercial rental properties to 2.5% acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?

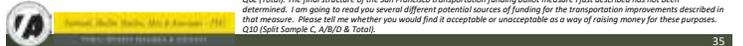
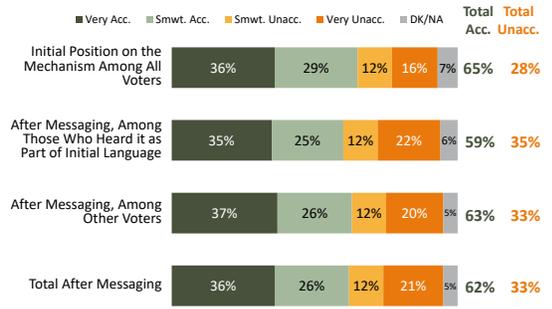


Roughly three in five consistently find a tax on commercial rental properties "acceptable."

Having heard this, would you find increasing the business tax rate on revenues from commercial rental properties to 2.5% acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?

Commercial Rental Properties as Part of Initial Ballot Language

Total Yes: 58%
 Total No: 35%
 Undecided: 7%



Arguments For and Against a Vehicle License Fee

Let me ask you about the idea of adding an annual assessment to the Vehicle License Fee equal to 1.35% of the vehicle's value.

Supporters say that San Francisco's vehicle license fee used to be 2% before Governor Schwarzenegger reduced it to .35%. A vehicle license fee would raise money to repair streets, address congestion, improve transit, and make walking and biking safer. And because it is scaled to a vehicle's value, more affluent residents would pay more. Residents who do not own a car – including many low-income residents – would pay nothing.

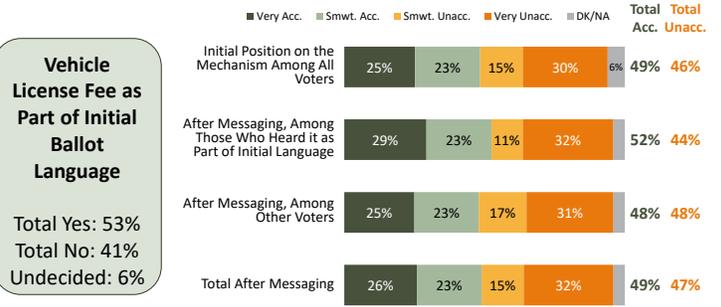
Opponents say that another annual vehicle fee on top of recently-enacted gas tax and vehicle fee increases would just be too big of a burden for local residents, especially low-income residents who have no choice but to drive to get to work. Between gas, parking, bridge tolls, and existing fees, driving a car is already too expensive in San Francisco. Drivers shouldn't have to pay more in taxes to support improvements to public transportation systems they may not use. But many drivers on San Francisco streets don't live here and wouldn't pay the fee.

Having heard this, would you find adding an annual assessment to the Vehicle License Fee equal to 1.35% of the vehicle's value acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?



Voters are divided on the acceptability of a VLF – both before and after messaging.

Having heard this, would you find adding an annual assessment to the Vehicle License Fee equal to 1.35% of the vehicle's value acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?



Q9b (Total). The final structure of the San Francisco transportation funding ballot measure I just described has not been determined. I am going to read you several different potential sources of funding for the transportation improvements described in that measure. Please tell me whether you would find it acceptable or unacceptable as a way of raising money for these purposes. Q9 (Split Sample B, A/C/D & Total).

Arguments For and Against a Sales Tax

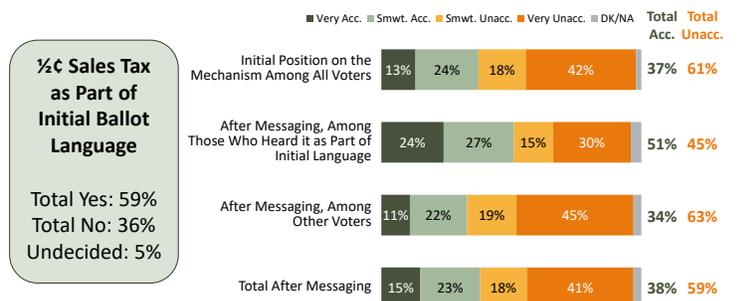
Let me ask you about the idea of increasing sales tax rate by ½¢.

Supporters say that San Francisco has used the sales tax effectively before and that it has a lower sales tax rate than many neighboring counties, and would still be lower even with a ½¢ increase. In addition, more than \$2 of every \$5 of sales tax revenue would be paid by visitors and businesses. Revenues would improve bus and train service; reduce traffic congestion; and help make transportation affordable for low-income households, seniors, and youth.

Opponents say that the sales tax is regressive, meaning that it costs low-income households a greater proportion of their income than high-income ones. At a time when San Francisco has one of the highest costs of living and a high degree of income inequality, and many residents are struggling to make ends meet, a sales tax is the wrong approach.

Many expressed reservations about the sales tax as a funding mechanism, though it was more appealing among those who heard it as the initial option presented.

Having heard this, would you find increasing the sales tax rate by ½¢ acceptable or unacceptable as a way of raising money to make transportation improvements in San Francisco?



Q10a (Total). The final structure of the San Francisco transportation funding ballot measure I just described has not been determined. I am going to read you several different potential sources of funding for the transportation improvements described in that measure. Please tell me whether you would find it acceptable or unacceptable as a way of raising money for these purposes. Q8 (Split Sample A, B/C/D & Total).



Key Findings

- ✓ San Francisco voters see a need for additional funding for public transportation and a majority are willing to support a funding measure to provide additional funding for public transportation and traffic improvements.
 - Support is driven by the broad perception of need, while opposition is motivated by the concerns about taxation.
 - Those most likely to support a funding measure are voters under age 40 and higher-income voters.
- ✓ Among the potential funding mechanisms, a sales tax and a business tax on commercial rents receive the strongest initial support.
- ✓ However, after balanced pro and con arguments describing each funding mechanism, the potential service intermediary tax and commercial rental property tax are seen as most acceptable to voters.
 - The service intermediary tax is the only funding mechanism among those tested to increase in acceptability over the course of messaging.
- ✓ Voters view investing in public transit, including BART, Muni and Caltrain, and repairing streets as the most important spending areas for the measure.

