



Memorandum

AGENDA ITEM 11

DATE: July 23, 2020
TO: Transportation Authority Board
FROM: Anna LaForte - Deputy Director for Policy and Programming
SUBJECT: 07/28/20 Board Meeting: Traffic Congestion Mitigation Tax (TNC Tax) Program Guidelines

<p>RECOMMENDATION <input checked="" type="checkbox"/> Information <input type="checkbox"/> Action</p> <p>None. This is an information item.</p> <p>SUMMARY</p> <p>The Proposition D Traffic Congestion Mitigation Tax passed by San Francisco voters in November 2019, imposes a per-ride fee on TNC (e.g., Uber and Lyft) trips originating in San Francisco. Revenues must be used to improve transportation and are split evenly between the San Francisco Municipal Transportation Agency (SFMTA) and Transportation Authority, with our 50% share designated for pedestrian and bicycle safety improvements. Revenue collection began in January. Since then, we have been coordinating with partners and stakeholders to develop guidelines for this new fund program. Based on feedback received and our experience with managing other programs, we propose administering the TNC Tax in a manner similar to the Prop K sales tax and Prop AA vehicle registration fee, with Board approval of program guidelines, fund programming and project funding requests. We propose establishing four programmatic categories: Quick Builds, Safe Streets, Signals, and Maintenance. Given the steep decline in revenues due the COVID-19 pandemic, we recommend prioritizing Quick Build projects for Fiscal Year 2020/21 and 2021/22 funds (estimated at \$2 million and \$3.6 million respectively). We are seeking feedback on this overall approach, and plan to present the program guidelines, fund programming and inaugural allocation to the Board for approval this fall.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input checked="" type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input type="checkbox"/> Plan/Study <input type="checkbox"/> Capital Project Oversight/Delivery <input type="checkbox"/> Budget/Finance <input type="checkbox"/> Contract/Agreement <input type="checkbox"/> Other: _____
---	--



BACKGROUND

In 2017, San Francisco's Transportation Task Force 2045 published a final report recommending a tax on ride-hail trips as one mechanism to help close the identified \$22 billion funding gap for San Francisco's transportation systems from 2019-2045. That same year, the Transportation Authority published *TNCs Today*, a report finding that 50% of the increase in traffic congestion in San Francisco from 2010 to 2016 was attributable to TNC trips.

With this data and recommendation, Assemblymember Phil Ting authored Assembly Bill 1184 (2018), which authorized the City and County of San Francisco (CCSF) to tax ride-hail trips originating in San Francisco. Transportation Authority Board Chair Aaron Peskin worked with Mayor London Breed and TNC companies to develop the Traffic Congestion Mitigation Tax (also referred to as the TNC Tax), which was approved by voters last November.

The TNC Tax imposes a surcharge on TNC trips that originate in San Francisco, for the portion of the trip within the city. The tax also applies to private transit companies and rides given by autonomous vehicles commercially. Single occupant trips are taxed at 3.25%, with electric vehicle trips receiving a discount to 1.5% through 2024. Shared trips are taxed at 1.5%. The tax went into effect on January 1, 2020, and sunsets in November 2045.

DISCUSSION

When the measure was approved in 2019, the tax was estimated to generate about \$30 million annually. After a 2% set aside for administration by CCSF, 50% of the revenues go to SFMTA for transit operations and improvements, and 50% comes to the Transportation Authority for bicycle and pedestrian safety improvements, traffic calming, signals, and maintenance.

Stakeholder Feedback. Between December 2019 and March 2020, staff went on a listening tour to collect feedback from stakeholders and partners as we were developing the TNC Tax program guidelines, including the Pedestrian Safety Advisory Committee, Bicycle Advisory Committee, Vision Zero Task Force, Walk San Francisco, San Francisco Bicycle Coalition, Youth Commission, Housing and Land Use Committee, Department of Public Health, and the SFMTA. We have also provided regular updates and sought input from our Technical Working Group which includes representatives from the SFMTA, other city agencies such as SF Environment and SF Public Works, regional transit operators serving San Francisco, and others.

We heard consistent feedback that the program should:

- Include steady funding for quick-build projects
- Utilize an equity lens in decision-making, with investment made in projects that benefit Communities of Concern and address community-specific needs



- Fund multiple projects, rather than an investment in one large project
- Prioritize projects on the Vision Zero High Injury Network
- Fund projects that are ready to go
- Establish systematic data collection and oversight

Programmatic Categories. Based on the eligibility language in the TNC Tax ordinance, stakeholder feedback, and our experience with Prop K and other fund programs, we are considering four programmatic categories to guide the allocation of funds:

1. **Quick Build** projects include reversible or adjustable traffic control, such as roadway and curb paint, signs, traffic signal timing updates, transit boarding islands, and parking and loading changes. These projects allow for quick implementation and evaluation of safety improvements while longer-term improvements are designed. While the materials and methods used to install improvements makes reversal possible, it is not necessarily the intent that treatments will be reversed.
2. **Safe Streets** projects include long-term safety improvements, such as protected bike lanes, midblock crossings, and traffic calming measures. This category provides opportunity for larger-cost projects that typically rely on multiple funding sources. We anticipate issuing competitive calls for projects for this category.
3. **Signals** projects include new signals, upgraded signals, and signal retiming.
4. **Maintenance** includes paint, safe hit posts, signs, and other low-cost maintenance needs.

Originally, we were considering establishing annual funding levels for each programmatic category and conducting periodic competitive calls for projects for the Safe Streets category, while SFMTA would be the primary sponsor for projects in the other three categories. The Board would approve allocations for specific projects for all four categories. With the steep decline in TNC Tax revenues due to the COVID-19 pandemic, and in consultation with SFMTA staff, we now recommend giving priority to funding Quick Build projects only over the next two years, as discussed in the Quick Build Project Priority for FY 2020/21 – 2021/22 section below.

Prioritization. We are focusing on advancing equity by investing in projects that benefit Communities of Concern, improve safety for vulnerable populations, have demonstrated community support, and are on the High Injury Network. We have identified 11 potential prioritization criteria, which may be combined or reduced in the program guidelines, as shown below.

- Benefits Communities of Concern
- High Injury Network
- Fund leveraging
- Limited other funding options



- Improves safety for vulnerable populations
- Community engagement/support
- Project readiness
- Geographic equity
- Project sponsor priority
- Project delivery track record
- Time sensitivity

Program Administration. We recommend that the TNC Tax fund source be administered in a similar manner as Prop K and Prop AA, with allocation requests presented to the Board when projects are ready to go. We do not anticipate borrowing or financing to fund projects, and plan to administer this as a “pay as you go” program. Consistent with Transportation Authority policies, we will establish a capital program reserve equal to 10% of annual revenues.

Building off data collection and analysis efforts that led to development of the TNC Tax and feedback we have received, we anticipate recommending appropriation of 1% of revenues for systematic data collection and analysis of TNC trips in San Francisco and, consistent with CCSF, appropriating 2% of revenues for program administration and oversight.

Revenues. Revenue projections published in July 2019 by CCSF’s Office of the Controller and Office of Economic Analysis indicated approximately \$30 million annually from the TNC Tax. After the 2% administration fee to CCSF, and subsequent 50/50 split between the Transportation Authority and the SFMTA, approximately \$14.7 million annually was projected to come to the Transportation Authority. However, the COVID-19 pandemic has severely impacted revenues, as shown in Table 1. In May, revenues were 96% lower than the original projections.

Table 1. Projected and Actual TNC Tax Revenues

Month (2020)	Original Total Revenue Projections	Actual Total Revenue Collections	Transportation Authority Share (50%)*
January	\$2,500,000	\$1,842,117	\$902,637
February	\$2,500,000	\$1,863,898	\$913,310
March	\$2,500,000	\$825,459	\$404,475
April	\$2,500,000	\$164,791	\$80,748
May	\$2,500,000	\$101,212	\$49,594
Total	\$12,500,000	\$4,797,477	\$2,350,764

*Transportation Authority share is 50% of collections, less 2% to CCSF for administration

For annual budgeting purposes, we continue to align with the Controller’s Office revenue projections, currently estimated at \$700,000 per month and subject to change as we



complete the FY2020/21 preliminary budget next month. Given the current uncertainty about revenue projections, we are taking a conservative approach and plan to recommend allocation of funds only after they have been collected.

Quick Build Project Priority for FY 2020/21 - 2021/22. After netting out the proposed 10% capital reserve and 3% for data collection and program administration, and assuming June collections are similar to May, we estimate that we will have just under \$2.1 million to program and allocate by Fall 2020. We are considering recommending allocation of this almost \$2.1 million to the FY 2020/21 Quick Build program this fall, following adoption of the TNC Tax program guidelines. Based on Controller's Office estimates, we anticipate collection of an additional almost \$3.6 million over the next 12 months that would be available for a FY 2021/22 Quick Build program allocation.

Prioritizing the Quick Build program given current low revenue projections would be consistent with stakeholder feedback supporting quick builds and would support SFMTA's need to demonstrate secure funding in order to hire additional (temporary for now) staff to deliver more quick builds. If revenues look like they will come in substantially higher than this, we would return to the Board and present options for programming and allocating funds to projects in the other three programmatic categories.

Next Steps. We are monitoring revenues closely and continue to develop program guidelines. We anticipate returning to the CAC and Board in September for adoption of the program guidelines, followed by programming and allocation of funds for the FY 2020/21 Quick Build program.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

This information item was agendized for consideration by the CAC at its July 22, 2020 meeting, but continued due to time constraints. We are offering briefings to CAC members and will return to the CAC this fall with an action item to adopt the program guidelines.

SUPPLEMENTAL MATERIALS

- Attachment 1 - TNC Tax Program Guidelines Presentation

Traffic Congestion Mitigation Tax (TNC Tax) Program Guidelines



San Francisco
County Transportation
Authority

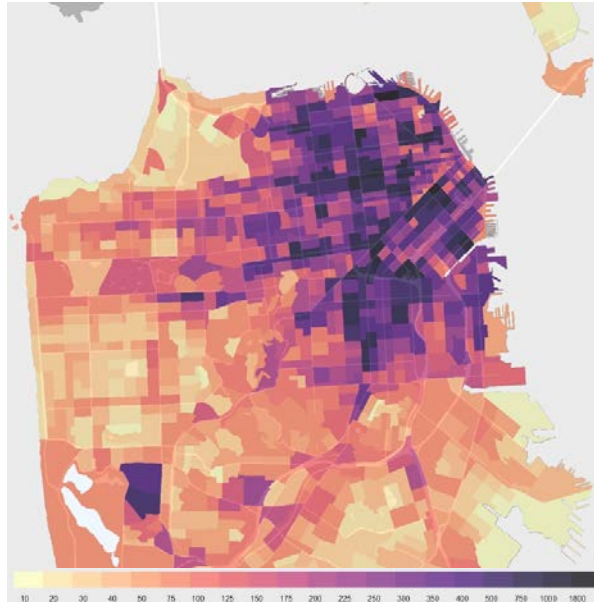
Agenda Item #11

July 28, 2020

Transportation Network Companies (TNCs) and Congestion

TNCs Today: 50% of the increase in traffic congestion, 2010 to 2016

Source: TNCs Today, 2017



DAILY TNC TRIPS
BY TRAVEL ANALYSIS ZONES (TAZ)



DAILY TNC TRIP
HOTSPOTS



San Francisco
County Transportation
Authority

TNC Tax: Background



San Francisco
County Transportation
Authority

- Tax on commercial ride-hail trips
- Trips originating in SF, for portion of trip in SF
- 1.5% tax on shared rides
- 1.5% tax on EV rides through 2024
- 3.25% tax on non-shared rides



TNC Tax: Use of Revenues



San Francisco
County Transportation
Authority

Revenues estimated
~\$30 million annually (pre
COVID-19 pandemic)

50% to SFMTA to improve

- Muni service
- fleet and facilities
- transit access

50% to SFCTA to improve

- pedestrian and bicycle safety



TNC Tax: SFCTA Share



San Francisco
County Transportation
Authority

- Pedestrian and bicycle safety infrastructure
- Traffic calming
- Traffic signals
- Maintenance of existing infrastructure



Photo by Sergio Ruiz, flic.kr/p/2b8zyVm

TNC Tax: Program Development

We received feedback from:

- Bicycle Advisory Committee
- Department of Public Health
- Pedestrian Safety Advisory Committee
- San Francisco Bicycle Coalition
- SFMTA
- Transportation Authority's Technical Working Group
- Vision Zero Task Force
- Walk San Francisco
- Youth Commission's Housing and Land Use Committee



San Francisco
County Transportation
Authority

Potential Programmatic Categories

QUICK BUILDS

- Reversible/adjustable traffic control
- Painted safety zones
- Bike lanes
- Parking regulation adjustments
- Traffic lane configuration adjustments

SAFE STREETS

- Long-term safety improvements
- Protected bike lanes
- Midblock crossings
- Traffic calming measures

SIGNALS

- New signals
- Upgraded signals
- Signal retiming

MAINTENANCE

- Paint
- Safe hit posts
- Signs
- Other low-cost maintenance

Project Prioritization Criteria



San Francisco
County Transportation
Authority

- Benefits Communities of Concern
- High Injury Network
- Improves safety for vulnerable populations
- Community engagement/support
- Time sensitivity
- Project readiness



Photo: 7th Street (16th to Townsend) Quick Build

Project Prioritization Criteria (cont.)



San Francisco
County Transportation
Authority

- Fund leveraging
- Limited other funding options
- Geographic equity
- Project sponsor priority
- Project delivery track record



Photo: SFMTA, Brannan St (Embarcadero to Division)

TNC Tax Program Guidelines

- Administer similar to Prop K / AA
- Allocation requests approved by Citizens Advisory Committee and Board
- Allocate to one phase at a time, when project is ready to start that phase (except Quick Builds)
- Quarterly reporting via online grants portal
- Reimbursement-based



San Francisco
County Transportation
Authority

TNC Tax Program Guidelines

- “Pay-as-you-go” program
- Establish capital reserve
- Set aside for data collection and administration
 - 1% for TNC data collection and analysis
 - 2% for program administration



San Francisco
County Transportation
Authority

TNC Tax Revenue

Collection started Jan 1, 2020

Month (2020)	Original Total Revenue Projections	Actual Total Revenue Collections	SFCTA Share (50%)*
January	\$2,500,000	\$1,842,117	\$902,637
February	\$2,500,000	\$1,863,898	\$913,310
March	\$2,500,000	\$825,459	\$404,475
April	\$2,500,000	\$164,791	\$80,748
May	\$2,500,000	\$101,212	\$49,594
Total	\$12,500,000	\$4,797,477	\$2,350,764

*SFCTA share is 50% of collections, less 2% to CCSF for administration



San Francisco
County Transportation
Authority

TNC Tax Program Guidelines

- Initially considering:
 - Establish annual funding levels for four programmatic categories
 - Issue calls for projects for Safe Streets category
- Given revenue uncertainty, now considering:
 - Establish four categories
 - Prioritize limited funds for Quick Build projects for FY 2020/21 and FY 2021/22



TNC Tax Funds Available

SFCTA Share* (Jan-June 2020)	10% Capital Reserve	2% Administration	1% Data Collection / Analysis	Estimated Available for FY20/21 Allocation
\$2,400,357	\$240,036	\$48,007	\$24,004	\$2,088,311

*SFCTA share is 50% of collections, less 2% to CCSF for administration. Includes actual revenues through May, estimated revenue for June.

- Available for allocation this Fall (estimated): \$2,088,311
- Projections difficult to make, Controller's Office estimates \$8.4M total collections for FY 2020/21



San Francisco
County Transportation
Authority

TNC Tax Quick Build Program

- High priority safety projects that are ready to go, quick to implement, lower cost
- Annual funding needs: ~\$5 million
- FY 2020/21 funding from TNC Tax (~\$2 million), Prop B General Funds and Prop K sales tax
- FY 2021/22 funding from TNC Tax (up to ~\$3.6 million), Prop K



San Francisco
County Transportation
Authority

TNC Tax FY20/21 Quick Build Program

- SFMTA is considering projects such as:
 - Tenderloin Quick Build
 - Valencia Street (15th to 19th)
 - Bayshore Boulevard (Industrial to Oakdale)
 - Evans Avenue (Cesar Chavez to 3rd)
 - South Van Ness Avenue (13th to Cesar Chavez)
 - Sansome/Battery Street (Market to Broadway)



San Francisco
County Transportation
Authority

Next Steps

July 2020

- Seek feedback on program guidelines features, and potential FY 2020/21 & FY 2021/22 programming priority for Quick Builds

Fall 2020

- Adopt Program Guidelines
- Program and allocate funds to Quick Builds



San Francisco
County Transportation
Authority

Thank you.

Kaley Lyons, Transportation Planner
415-522-4835 kaley.lyons@sfcta.org



**San Francisco
County Transportation
Authority**