

RESOLUTION APPROVING TOLL AFFORDABILITY PROGRAM BUSINESS AND WORKER
RECOMMENDATIONS

WHEREAS, The purpose of the Treasure Island Mobility Management Agency (TIMMA), as set forth in the Treasure Island Transportation Management Act of 2008, is to implement the Treasure Island Transportation Implementation Plan (TITIP) in support of the Treasure Island/Yerba Buena Island Development Project; and

WHEREAS, On June 7, 2011, the Board of Supervisors approved the Treasure Island/Yerba Buena Island Development Project, including a Development Agreement and a Disposition and Development Agreement (DDA) with Treasure Island Community Development, as well as the TITIP; and

WHEREAS, The TITIP calls for a comprehensive, integrated program to manage travel demand on Treasure Island as it develops, the Treasure Island Mobility Management Program (TIMM Program), which includes a complimentary package of strategies and services including required purchase of transit passes by residents, parking fees, and a multimodal congestion pricing program that applies motorist user fees to support enhanced and new bus, ferry, and shuttle transit, as well as bicycle sharing, to reduce the traffic impacts of the project; and

WHEREAS, The TITIP establishes two performance goals for the TIMM Program, specifically that at least half the residential trips on/off are made by transit and the TIMM Program raise the revenues needed to pay for the planned regional transit service levels; and

WHEREAS, TIMMA has conducted outreach on potential motorist user fee toll policies to refine the assumptions of the TITIP; and

WHEREAS, Stakeholder outreach feedback indicates that a toll affordability program for current businesses and workers is a high priority; and

WHEREAS, TIMMA has prepared technical analyses and financial projections to understand the options for a business and worker toll affordability program (Business

Program) and the effects of a such a Business Program on TIMM Program performance; and

WHEREAS, Based on the analyses performed and feedback received, staff recommends that:

- All not-for profit employers, including but not limited to all One Treasure Island member organizations, and critical resident-facing food distribution and service employers, shall be eligible for the Business Program; and
- TIMMA shall provide a periodic flexible cash payment to each eligible employer based on the number of full-time employees (FTEs); and
- Employers shall distribute the cash to employees and other travelers, giving priority to compensation for low-income employees; and
- Business Program participation will require an Operating Agreement between the Employer and TIMMA to establish terms including auditing compliance requirements; and

WHEREAS, The financial analysis indicates that the Business Program will increase the TIMM Program funding gap over five years by \$3.6 million, depending on the adopted toll rates; and

WHEREAS, The direct costs and revenue loss from the Business Program would need to be off set to meet TIMM Program sustainability requirements and could include authorized TIMM Program revenue sources such as higher tolls, parking fees, or transit fares; or non-TIMM Program revenue sources such as bridge tolls, other discretionary fund sources, or increased direct or indirect developer contribution; and

WHEREAS, Staff continues to analyze additional toll policy options for future low-income residents, which would also have transportation system performance and financial sustainability impacts; and

WHEREAS, Based on outreach feedback and TIMM Program analyses, staff recommended approval of a Business Program; and to revisit the Business Program, pending an evaluation of its effectiveness, at the midpoint of the Development Project (i.e., at the 4000th unit); and

WHEREAS, At its September 21, 2021 meeting, the TIMMA Committee unanimously recommended approval of the staff recommendation; now, therefore, be it

RESOLVED, That the TIMMA hereby approves the Toll Affordability Program Business and Worker Recommendations, as described above; and be it further

RESOLVED, That the TIMMA shall revisit the Business Program, pending an evaluation into its effectiveness, at the midpoint (i.e., 4000th unit) of the Development Project; and be it further

RESOLVED, That the additional program funding gap shall be addressed in further financial analysis and future toll policy actions.



**TREASURE ISLAND
MOBILITY MANAGEMENT AGENCY**

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Memorandum

AGENDA ITEM 5

DATE: September 17, 2021
TO: Treasure Island Mobility Management Agency Committee
FROM: Rachel Hiatt - Acting Deputy Director for Planning
SUBJECT: 09/28/21 Board Meeting: Approve the Toll Affordability Program Business and Worker Recommendations

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Approve the Toll Affordability Program Business and Worker Recommendations</p> <p>SUMMARY</p> <p>This proposed existing business and worker toll policy is the second component of TIMMA's affordability program, supporting the planned future base toll adoption slated for December. The first component, adopted in 2019, exempts current residents from the toll. Together, these affordability policies will support the adoption of the future base toll and update to the Treasure Island Transportation Improvement Plan in December, as the first new housing units on the Islands are being sold. We have prepared further demand forecasts and financial analyses of Treasure Island Mobility Management Program toll policy options. Based on these analyses and public feedback, we are recommending a Toll Affordability Program (Program) for current businesses and workers. The recommendation defines eligible employers and defines the Program as a periodic cash payment based on the number of full-time employees (FTEs). Employers may, at their discretion, use the subsidy to provide FasTrak toll tags with toll account value. The recommendation allows for a revision of the policy pending an evaluation into its effectiveness, at the midpoint (4,000th unit) of the Development Project. The estimated direct cost of the Program is \$3.6 million over five years. In addition to the 2019 current resident exemption, these policies create an additional program funding gap to be addressed in financial analysis and funding strategies to be included in the update to the Treasure Island Transportation Improvement Plan, slated for fall 2021.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input checked="" 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: _____
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BACKGROUND

On April 21, 2011, in a joint session with the San Francisco Planning Commission, the Treasure Island Development Authority (TIDA) Board of Directors approved the Treasure Island/Yerba Buena Island Development Project, including a Development Agreement and a Disposition and Development Agreement (DDA) with Treasure Island Community Development, as well as the Treasure Island

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Transportation Implementation Plan (TITIP). On June 7, 2011, the Board of Supervisors approved the same.

The DDA referenced and outlined the goals, strategies, and implementation plan for a new transportation system, infrastructure, and services to support the development Project, including the designation of a transportation management agency to oversee the implementation and management of the transportation programs and revenues. On April 1, 2014, the San Francisco Board of Supervisors approved a resolution designating the Transportation Authority as the Treasure Island Transportation Management Agency (TIMMA). The purpose of TIMMA, as set forth in the Treasure Island Transportation Management Act of 2008 (State Assembly Bill 981 (Leno)), is to implement the TITIP.

The TITIP calls for a comprehensive, integrated program to manage travel demand on Treasure Island as it develops. This innovative approach to mobility includes a complementary package of strategies and services including required purchase of transit passes by residents, parking fees, and a multimodal congestion pricing program that applies motorist user fees to support enhanced and new bus, ferry, and shuttle transit, as well as bicycle sharing, to reduce the traffic impacts of the project. The TITIP establishes two performance goals for the program, specifically that at least half the residential trips on/off are made by transit and the program raise the revenues needed to pay for the planned regional transit service levels. AB 981 authorizes San Francisco to implement congestion pricing (tolling) on Treasure Island.

On July 20, 2016, the TIMMA Board approved the recommendations set forth in the Treasure Island Mobility Management Study (Study), a policy and financial analysis of the congestion pricing program. The Study refined the assumptions of the TITIP and recommended a subset of toll policies (including on the tolled population and high-occupancy vehicle definition) for the Island based on demand forecasting, financial analysis, and stakeholder input. The Study also recommended the development of an Affordability Program.

On November 21, 2018, the TIMMA Committee recommended approval of the Treasure Island Transit Pass, Toll Policy, and Affordability Program. This recommendation encompassed the remaining toll policies not adopted in 2016, including toll level, hours of operation, and discounts for current and future low-income households. On December 11, 2018, the TIMMA Board elected to continue the item, pending further outreach and analysis of additional policy options.

On November 19, 2019, the TIMMA Board approved Resolution 20-03, establishing a toll exemption for current residents, with implementation details to be proposed and adopted as part of future Toll System Business Rules. Financial analysis indicates that a toll exemption for current residents will require additional revenues of up to \$3 million per year over a 15 to 20-year program buildout period, depending on toll rate level. Resolution 20-03 allows for a revision of the policy, pending an evaluation into its effectiveness, at the midpoint (4,000th unit) of the Development Project.

On November 17, 2020, we presented Toll Affordability Program options to the TIMMA Committee, including mobility support for critical housing and food services. We described the next step as outreach to current residents, businesses, and workers. We also proposed to further develop the toll policy (base toll for future travelers, including future low-income travelers), consistent with the direction of the Downtown San Francisco Congestion Pricing Study.

DISCUSSION

We are recommending the second in a series of policy actions through the end of 2021 to complete the Treasure Island congestion pricing program, as the first new units are being sold, to implement a Federal Advanced Traffic and Congestion Management Technologies Deployment (ATCMTD) grant we received in 2016 and in order to meet our schedule to initiate tolling-funded ferry and transit service in mid-2024.

Public Feedback 2020-2021. Public and Board feedback received through 2020 and 2021 indicated that preferences among the options offered by staff varied significantly across and within employers. In addition, feedback identified additional considerations that have shaped the recommendations. These include expected expenses related to employee commutes; delivery costs; customer perceptions; and barriers to access for clients of the non-profits located on Treasure Island. Feedback also called for more analysis of related policies such as transit service levels, funding options, and economic effects.

Eligibility. Not-for profit employers, including but not limited to all One Treasure Island member organizations, shall be eligible for this Program. In addition, food distribution and service establishments shall be eligible. Based on information from the Treasure Island Development Authority (TIDA), staff estimates that approximately 15 employers are eligible. The Coast Guard operates on the Islands and are federally exempted.

Program Definition. TIMMA shall provide a periodic (e.g., quarterly) flexible toll subsidy to each eligible employer. The amount of the subsidy will be based on the number of full-time employees (FTEs). Employers shall distribute the subsidy (in the form of cash) to employees and other travelers, giving priority to compensation for low-income employees. The remaining balance may be used to compensate deliveries, vendors, and/or customers. The estimated subsidy amount per employer is shown in Table 1.

Table 1. Estimated Subsidy per Employer

NUMBER OF EMPLOYEES	EMPLOYEE COMMUTES	FLEXIBLE BALANCE*	ANNUAL TOTAL
5	\$12,000	\$3,000	\$15,000
10	\$24,000	\$6,000	\$30,000
15	\$36,000	\$9,000	\$45,000
25	\$60,000	\$15,000	\$75,000
*Flexible balance for non-employee uses			

Employers may, at their discretion, use the subsidy to provide FasTrak toll tag account value for their employees or others. TIMMA will provide technical assistance to employers in obtaining FasTrak accounts and toll tags through the Bay Area Toll Authority (BATA).

Program participation will require an Operating Agreement between the Employer and TIMMA. This Operating Agreement will identify terms including auditing compliance requirements.

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Finally, staff will collaborate with Program participants to evaluate and adjust the Program after 12 months to improve efficiency. Like the current resident exemption, this Program includes a revision of the policy, pending an evaluation into its effectiveness, at the midpoint (4,000th unit) of the Development Project.

Program Costs: This Program is estimated at a cost to TIMMA approximating \$3.6 million over a 5-year period, depending on toll rate level. The Program's estimated direct cost to TIMMA is provided in Table 2.

Table 2. Estimated Program Direct Cost to TIMMA

EMPLOYER SIZE	NUMBER OF EMPLOYERS	ANNUAL TOTAL	5 YEAR TOTAL
5 employees or fewer	3	Up to \$48,750	\$243,750
6 - 15 employees	8	\$273,000	\$1,365,000
16+ employees	4	\$289,000	\$1,446,250
TIMMA administrative costs		\$108,000	\$540,000
TOTAL	15	\$719,000	\$3,595,000

Together with the 2019 toll exemption for current residents, these policies create an additional program funding need to be addressed in program financial plans and future base toll policy actions anticipated in fall 2021. Potential funding strategies for closing the program's funding gap include: CARB/Strategic Growth Council's Transformative Climate Communities, Bay Area Air Quality Management District Trip Reduction program, MTC Climate Initiative and Regional Measure 3 Toll Program, and Federal Ferryboat Program and regionally administered Congestion Mitigation and Air Quality funds.

Administration Challenges. This Program will incur administrative and enforcement costs or requirements on both the program participants as well as TIMMA; those costs are included in the above direct cost estimate. The specific implementation requirements will be determined through the development and execution of Operating Agreements between TIMMA and each employer. The following are some of the administrative and enforcement requirements that will be considered in the Agreements:

- Participant eligibility verification. TIMMA will need to verify employers for eligibility, in partnership with TIDA.
- Audit Compliance. Operating Agreements will include terms for audit compliance, such as protocols for providing proof of employment.
- Employers may opt to use the subsidy to provide FasTrak toll tags and toll tag account value for their employees or other travelers. TIMMA will provide technical support and assistance to employers in establishing employer FasTrak accounts and obtaining toll tags through the Bay Area Toll Authority (BATA).

Remaining Base Toll Policy and Next Steps. The TIMMA Board has previously adopted policy for toll direction (bi-directional) and HOV treatment (transit and registered shuttles and vanpool vehicles are exempt). The TIMMA Board will consider several additional aspects of program Base Toll Policy this fall, including: toll level/rate; hours of operation; and additional exemptions or discounts for future low-income travelers. We anticipate bringing Base Toll Policy recommendations to the TIMMA Board in October 2021 with expected adoption in December 2021.

FINANCIAL IMPACT

There is no financial impact to TIMMA's adopted FY 2021/22 budget from the requested action. As noted above, if the Board approves the recommended Toll Affordability Program for businesses and workers, it will increase the program funding gap over five years by \$3.6 million. This fall we anticipate bringing the Base Toll Policy Recommendations to the Committee as in information item, targeting December approval. At that time, we will bring an updated financial analysis accompanied by a funding plan for the first 10 years of operation.

SUPPLEMENTAL MATERIALS

None