



RESOLUTION AMENDING RESOLUTION 21-51 TO APPROVE A REVISED SCHEDULE FOR DEVELOPMENT OF A NEW EXPENDITURE PLAN FOR REAUTHORIZATION OF THE LOCAL SALES TAX FOR TRANSPORTATION

WHEREAS, On June 8, 2021, The Transportation Authority approved Resolution 20-51 establishing the schedule and process for development of a new Expenditure Plan for reauthorization of the local sales tax for transportation and establishing an Expenditure Plan Advisory Committee (EPAC) to provide feedback and advice on the make-up of the new Expenditure Plan; and

WHEREAS, The schedule and process were designed to target a potential ballot measure for the June 7, 2022, but with the ability to be adapted to the November 8, 2022 election if the Board so directed; and

WHEREAS, Staff recently learned of a statewide initiative for a constitutional amendment that, if passed, may be interpreted to void the sales tax measure if approved by voters at the June 2022 election; and

WHEREAS, rather than risk voiding a measure approved in June 2022 and needing to go back to the voters a second time, and per the guidance of the Transportation Authority Chair and Vice Chair, staff are refocusing efforts on the November 2022 election and have prepared a proposed revised schedule for development of a new Expenditure Plan shown in Attachment 1; and

WHEREAS, Adoption of the proposed revised schedule enables staff to continue developing an Expenditure Plan that may, if adopted by the Board, be placed on the November 2022 ballot, but does not commit the Transportation Authority to doing so; and

WHEREAS, The proposed revised schedule will allow sufficient time to develop the Expenditure Plan and to address other statutorily required steps such as adoption of the Expenditure Plan by the Transportation Authority following a public



hearing and submission of the plan to the Metropolitan Transportation Commission for a consistency review; and

WHEREAS, The previously adopted process for development of the new Expenditure Plan will be extended to correspond to the proposed revised schedule, including extending the EPAC through February 2022 and continuing community and stakeholder engagement as well as collaboration with project sponsors and partner agencies through regular meetings including the Transportation Authority's Technical Working Group; now, therefore, be it

RESOLVED, That the Transportation Authority hereby approves the revised schedule for development of a new Expenditure Plan for reauthorization of the local sales tax for transportation as show in Attachment 1; and be it further

RESOLVED, That the Executive Director is authorized to share this information with all relevant parties.

Attachment:

- Attachment 1 - Draft Revised Milestone Schedule

Attachment 1
Draft Revised Milestone Schedule for Development of a New Expenditure Plan*

Dates	Milestone
February 10, 2022	Expenditure Plan Advisory Committee Meeting: approve final Expenditure Plan
March 8, 2022	Transportation Authority Board Meeting: public hearing on draft Expenditure Plan and first approval action
March 22, 2022	Transportation Authority Board Meeting: final approval action on Expenditure Plan
April 8, 2022	MTC Planning Committee Meeting: reviews/recommends the Expenditure Plan consistency finding
April 27, 2022	MTC Commission Meeting: approves consistency finding
May - June	Board of Supervisors approves the Expenditure Plan and submits to Elections Commission for inclusion of the ordinance on the November 2022 ballot

**Updated to reflect a potential November 2022 ballot measure. Dates are subject to change. For the most current meeting information, see www.sfcta.org/events.*



Memorandum

AGENDA ITEM 9

DATE: December 3, 2021
TO: Transportation Authority Board
FROM: Maria Lombardo - Chief Deputy Director
SUBJECT: 12/07/2021 Board Meeting: Amend Resolution 21-51 to approve a revised schedule for development of a New Expenditure Plan for the half-cent sales tax

<p>RECOMMENDATION <input type="checkbox"/> Information <input checked="" type="checkbox"/> Action</p> <p>Amend Resolution 21-51 to approve a revised schedule for development of a New Expenditure Plan for the half-cent sales tax</p> <p>SUMMARY</p> <p>At the direction of the Board, we have been working to develop a New Expenditure Plan for Prop K, the half-cent transportation sales tax measure approved by voters in November 2003. After consulting with Chair Mandelman and Vice Chair Peskin and per their guidance, we recently shifted our efforts to focus on the November 2022 election rather than June 2022, given the potential impacts of a statewide initiative for a constitutional amendment titled "The Taxpayer Protection and Government Accountability Act." The initiative would require any proposed tax seeking voter approval be consolidated with a regularly scheduled general election for members of the governing body of the local government, with few exceptions. The initiative would apply retroactively to any tax adopted after October 1, 2021. The initiative has just received state approval to gather signatures and it appears that the measure could qualify for and meet the simple majority threshold for passage at the November 2022 ballot. Thus, rather than risk voiding a measure approved in June 2022 and needing to go back to the voters a second time, we are refocusing our efforts on November 2022. This memo provides an update on timeline for development of a New Expenditure Plan, including extending the Expenditure Plan Advisory Committee's meeting schedule into February 2022 (Attachment 1), and other outreach we have underway.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Fund Allocation <input type="checkbox"/> Fund Programming <input type="checkbox"/> Policy/Legislation <input checked="" 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

The half-cent sales tax for transportation was first approved by San Francisco voters in 1989 (Prop B) and then extended by voters in 2003 along with the adoption of the new Prop K Expenditure Plan, which is currently in place. Since then, the Transportation Authority has directed more than \$1.9 billion in half-cent sales tax funding citywide.

The half-cent sales tax generates about \$110 million per year (pre-pandemic) and helps fund transportation projects large and small across the city. Major capital investments have included the purchase of new Muni buses and light rail vehicles, Salesforce Transit Center, the electrification of Caltrain (under construction), Muni Central Subway, and reconstruction of Doyle Drive, now known as Presidio Parkway. It also makes a big difference in people's lives through smaller projects like traffic calming, street repaving projects, paratransit service for seniors and persons with disabilities, protected bicycle lanes, new and upgraded signals, and improved pedestrian crossings.

The Expenditure Plan guides the way the half-cent sales tax program is administered by identifying eligible project types and activities, designating eligible sponsoring agencies, and establishing limits on sales tax funding by Expenditure Plan line item. It also sets expectations for leveraging of sales tax funds with other federal, state, and local dollars to fully fund the Expenditure Plan programs and projects and includes policies for program administration. Finally, the current Prop K Expenditure Plan requires that the Transportation Authority Board establish an Expenditure Plan Advisory Committee (EPAC) to help develop a new Expenditure Plan.

DISCUSSION

We were recently informed of a statewide initiative for a constitutional amendment ("The Taxpayer Protection and Government Accountability Act") that, if passed, may be interpreted to void the sales tax measure if approved by voters at the June 2022 election. Thus, rather than risk voiding a measure approved in June 2022 and needing to go back to the voters a second time, and per the guidance of the Transportation Authority Chair and Vice Chair, we are refocusing our efforts on the November 2022 election.

In June 2021, when the Board approved Resolution 21-51, establishing the original schedule and process for development of a New Expenditure Plan targeting the June 2022 election, we had flagged that it was adaptable to a November 2022 election, if directed by the Board. We are still seeking to confirm precise meeting dates for calendar year 2022; however, our initial look at the revised schedule includes:

- Extending EPAC meetings into February 2022 when they would approve the final Expenditure Plan



- Transportation Authority Board public hearing and action to approve the Expenditure Plan in March 2022
- Metropolitan Transportation Commission action to approve the Expenditure Plan in April 2022
- Board of Supervisors Action to approve the Expenditure Plan and place the sales tax measure on the ballot in May-July 2022
- November 8, 2022 election

We are currently checking in with EPAC members to confirm their willingness to continue to serve on the EPAC for 3-4 additional meetings, extending their service from December 2021 through February 2022. We anticipate being able to provide a more detailed revised schedule in mid-December after the 2022 meeting schedules for the Transportation Authority and Board of Supervisors are set.

EPAC Update. The EPAC has been meeting virtually twice a month since early September. Agendas and other meeting materials are posted online at the project website (www.sfcta.org/ExpenditurePlan) and on the Transportation Authority's meetings, agendas and events calendar (www.sfcta.org/events).

The goal of the EPAC is to help shape the New Expenditure Plan and ultimately, recommend that the Transportation Authority Board approve the New Expenditure Plan for the ongoing half-cent sales tax for transportation and place it on the ballot. We are very grateful to all the EPAC members and alternates who continue to dedicate their time and energy toward this important effort. We are currently working with the EPAC to extend their meeting schedule into the new year given our extended timeline for the measure.

The EPAC has reviewed preliminary draft recommendations for a New Expenditure Plan (Attachment 2) and after receiving a lot of background information on program needs and benefits from project sponsors, the EPAC has recently begun discussing funding levels for different programs, policies around project prioritization, and program descriptions and project eligibility. Partner agency staff will continue to be available to the EPAC at its meetings to help answer any questions the EPAC may have. We are also appreciative of the time and effort our partner agencies have dedicated to supporting the EPAC deliberations.

New Expenditure Plan Outreach and Engagement. During prior presentations to the Board, we described the outreach and engagement strategy for the development of the New Expenditure Plan. The strategy is multifaceted and draws on lessons learned from other projects at the Transportation Authority to help ensure that we hear from folks who may be disproportionately affected by the sales tax while being respectful of the organizations that serve low-income communities and communities of color, many of which are stretched thin right now due to the lengthy pandemic. Attachment 3 lists each of the outreach and



engagement strategies and provides a status update for each. We will provide a summary of feedback received during the meeting.

Next Steps. The next virtual EPAC meeting is scheduled for December 9 from 6 to 8 pm. We will keep working with our agency partners while we move forward with our outreach and engagement strategy. We will continue to provide regular updates to the Board and Community Advisory Committee and have reached out to all of the Board offices to offer briefings.

FINANCIAL IMPACT

The recommended action would increase salary costs for the reauthorization effort by an estimated \$85,000 due to the extended timeline and additional outreach. However, it would not increase total budgeted personnel expenditures in the adopted agency budget; but may shift salaries and corresponding fringe benefit expenditures between other funds to the Sales Tax Program. We would reflect these changes in the mid-year budget revision.

CAC POSITION

The Community Advisory Committee (CAC) was briefed on this item at the December 1, 2021 meeting as an information item. We advised the CAC that we intended to convert this to an action item to approve the revised schedule to be considered by the Board at the December 7 meeting. We had not made this determination at the time we posted the CAC packet.

SUPPLEMENTAL MATERIALS

- Attachment 1 - Draft Revised Schedule (November 2022 election)
- Attachment 2 - Preliminary Draft New Expenditure Plan (October 4, 2021)
- Attachment 3 - New Expenditure Plan Outreach and Engagement Plan Status



NEW EP CATEGORY - SUBCATEGORY - PROGRAM	MAXIMUM FUNDING (2020 MILLION\$*)	PERCENT OF TOTAL**
Major Transit Projects	\$556.5	23.3%
Muni Reliability and Efficiency Improvements	\$110.0	4.6%
Muni Rail Core Capacity	\$57.0	2.4%
BART Core Capacity	\$50.0	2.1%
Caltrain Service Vision: Capital System Capacity Investments	\$10.0	0.4%
Caltrain Downtown Rail Extension and Pennsylvania Alignment	\$329.5	13.8%
Transit Maintenance & Enhancements	\$1,049.0	43.9%
Maintenance, Rehabilitation and Replacement	\$936.8	39.2%
Muni – Vehicles	\$453.7	19.0%
Muni – Facilities	\$118.5	5.0%
Muni – Guideways	\$238.8	10.0%
BART	\$21.3	0.9%
Caltrain	\$100.0	4.2%
Ferry	\$4.5	0.2%
Transit Enhancements	\$112.2	4.7%
Transit Enhancements	\$38.2	1.6%
BART Station Access, Safety and Capacity	\$9.3	0.4%
New Bayview Caltrain Station	\$27.7	1.2%
Mission Bay Ferry Landing	\$7.0	0.3%
Next Generation Transit Investments	\$30.0	1.3%
Paratransit	\$205.4	8.6%
Streets and Freeways	\$440.4	18.4%
Maintenance, Rehabilitation and Replacement	\$122.7	5.1%
Street Resurfacing, Rehabilitation and Maintenance	\$105.0	4.4%
Pedestrian and Bicycle Facilities Maintenance	\$17.7	0.7%
Safe and Complete Streets	\$274.7	11.5%
Safer Streets (signals, traffic calming, bikes and peds)	\$226.9	9.5%
Curb Ramps	\$23.9	1.0%
Tree Planting	\$23.9	1.0%
Freeway Safety and Operational Improvements	\$43.0	1.8%
Vision Zero Ramps	\$8.0	0.3%
Managed Lanes and Express Bus	\$15.0	0.6%
Transformative Freeway & Major Street Projects	\$20.0	0.8%
Transportation System Development & Management	\$162.0	6.8%
Transportation Demand Management	\$30.0	1.3%
Transportation, Land Use and Community Coordination	\$132.0	5.5%
Neighborhood Transportation Program	\$40.0	1.7%
Equity Priority Transportation Program	\$40.0	1.7%
Development Oriented Transportation	\$42.0	1.8%
Citywide / Modal Planning	\$10.0	0.4%
Total Draft Expenditure Plan	\$2.413 billion	101.1%
Total Draft Revenue Forecast	\$2.383 billion	

* All funding amounts are in millions of 2020 dollars.

** EP percentages are based on a percent of the conservative 30-year revenue forecast. We may add additional funding based on a more optimistic forecast.

*** EP percentages do not add up to 100% of the conservative 30-year revenue forecast in this preliminary draft, and totals may not add up due to rounding errors.



**Attachment 3.
New Expenditure Plan Outreach and Engagement Strategy
Status as of November 22, 2021**

Engagement Method	Description	Schedule
Community Interviews	One-on-one discussions with community members living in, working in, or serving Equity Priority Communities, to learn about transportation priorities in their communities	Completed eight (8) interviews, July through September 2021 Summary provided to the EPAC on November 18, 2021
Non-English Focus Groups	Focused discussions in Spanish, Chinese and Russian, in partnership with community-based organizations and targeting mono-lingual communities who are difficult to reach through other means, to get feedback on potential investment types	Completed three (3) focus groups in October 2021 Summary provided to the EPAC on November 18, 2021
Town Hall Meetings	Broad public meetings which will be recorded and posted online	Completed 1 town hall in November 2021; tentative planning for one (1) additional in January 2022
Expenditure Plan Advisory Committee (EPAC)	A diverse group of 27 representatives convened to provide input and ultimately recommend that the Transportation Authority Board approve a new Expenditure Plan for the ongoing sales tax for transportation and place it on the ballot. The EPAC will be meeting approximately twice a month in public virtual meetings. Meeting agendas and materials are posted on our website at www.sfcta.org/expenditureplan	Ongoing meetings September 2021 - February 2022
Online Survey	An online questionnaire to get feedback on potential investment types; available in English, Spanish, Chinese and Filipino	Ongoing: live online at www.sfcta.org/expenditureplan Summary of responses to date provided to the EPAC on November 18, 2021
Joining Existing Meetings	Presentations and discussions with organizations that are regularly meeting to get feedback on potential investment types and educate the public	Ongoing through March 2022
Traditional, Social, and Multi-lingual Media	Multi-modal media strategy to educate the public about the new expenditure plan effort and engagement opportunities	Ongoing through March 2022



Voter Opinion Survey	A statistically-significant telephone and online survey of registered voters to help inform ballot measure timing and messaging	Planned for early 2022
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