

DRAFT New Expenditure Plan Text Excluding Summary Table and Description of Programs

1. Introduction

A. Summary. The New Expenditure Plan identifies transportation improvements to be funded from the extension of the existing half-cent transportation sales tax. The programs included in the Expenditure Plan are designed to be implemented over the next 30 years. The New Expenditure Plan includes investments in five major categories: Major Transit Projects, Transit Maintenance & Enhancements, Paratransit, Streets & Freeways, and Transportation System Development & Management.

B. Context. The New Expenditure Plan for the use of Prop **TBD** funds was developed by the Expenditure Plan Advisory Committee (EPAC), established by the San Francisco County Transportation Authority (Transportation Authority) Board, with technical assistance provided by the Transportation Authority and other transportation agencies. The roster of EPAC members is provided in Attachment 1. The Expenditure Plan was recommended by the Transportation Authority Board on [date].

Guided by the EPAC, equity has been at the forefront of the process to develop the New Expenditure Plan, the investments included within, as well as how it will be administered.

Half of the EPAC is comprised of representatives from Equity Priority Communities (EPCs), including organizations that serve EPCs. The process to develop the New Expenditure Plan included robust outreach and engagement in multiple languages, with a focus on reaching EPCs and populations that do not typically engage in transportation planning.

Investments are designed to fill gaps identified in an equity analysis conducted at the beginning of the process and include improvements to travel time and accessibility, traffic safety, and public health, as well as addressing transportation costs and supporting community-based planning, including a focus on EPCs.

Administration of the New Expenditure Plan will include a transparent and accountable process, and equity requirements have been built into administration. More details on administration are included in Section 5. Implementation Provisions.

By providing the required local match, Prop **TBD** is intended to leverage about **\$X** billion in federal, state, regional and other local funding for transportation projects in San Francisco.

The New Expenditure Plan is a list of transportation programs describing the types of transportation investments that will be given priority for Prop **TBD** funding. As such the New Expenditure Plan shall be amended into the Capital Improvement Program of the Congestion Management Program, developed pursuant to section 65089 of the California Government Code. These programs are intended to help implement the long-range vision for the development and improvement of San Francisco's transportation system, as articulated in the San Francisco Transportation Plan (SFTP) 2050.

The SFTP is the City's blueprint to guide the development of transportation funding priorities and policy. The SFTP is a living document, updated on a quadrennial basis to identify and address changing needs and regional trends and align them with available funding.

- C. Goals.** The purpose of the New Expenditure Plan is to implement the priorities of the SFTP 2050 through investment in projects and programs that include planning, maintenance and rehabilitation of, and improvements to the city's multi-modal transportation system. The SFTP 2050 is part of the ConnectSF initiative, a multi-agency collaborative process to build an effective, equitable and sustainable transportation system for San Francisco's future. The goals of ConnectSF and of the SFTP 2050 are:
- **Equity.** San Francisco is an inclusive, diverse, and equitable city that offers high-quality, affordable access to desired goods, services, activities, and destinations.
 - **Economic Vitality.** To support a thriving economy, people and businesses easily access key destinations for jobs and commerce in established and growing neighborhoods both within San Francisco and the region.
 - **Environmental Sustainability.** The transportation and land use system support a healthy, resilient environment and sustainable choices for future generations.
 - **Safety and Livability.** People have attractive and safe travel options that improve public health, support livable neighborhoods, and address the needs of all users.
 - **Accountability and Engagement.** San Francisco agencies, the broader community, and elected officials work together to understand the City's transportation needs and deliver projects, programs, and services in a clear, concise, and timely fashion.
- D. Structure.** The New Expenditure Plan is organized into five sections.

Section 1: Introduction provides background on the Plan's goals and development. Section 2: General Provisions provides further context on the Plan's policies and administration. Section 3: Expenditure Plan Summary Table summarizes the Plan's investment detail (e.g. recommended funding distribution) by category, sub-category and program. Section 4: Description of Programs contains descriptions of the programs (organized by category and subcategory), and the types of projects that are eligible for funding under each of them. Section 5: Implementation Provisions describes the process for prioritizing and allocating funds following adoption of the Plan.

2. General Provisions

- A. Sales Tax Revenues.** The New Expenditure Plan shall supersede the Proposition K Expenditure Plan, adopted in 2003, as of the operative date of the Ordinance, pursuant to Section 131105 of the California Public Utilities Code. The existing one-half percent local sales tax dedicated to transportation improvements (approved in November 2003 as Proposition K) shall be continued for the duration of the New Expenditure Plan.

Revenues are estimated under **three** scenarios over the 30-year period of the New Expenditure Plan. The conservative projection puts the total revenue level at **\$X** billion (2020 dollars). This scenario reflects an average growth rate of **X%**, and an inflation-based discount rate of **X%**. **[PENDING: MORE DETAIL FOR PRIORITY 1, 2, AND IF THE EPAC ADDS IT, PRIORITY 3 LEVEL REVENUE FORECAST].**

B. Restriction of Funds. Sales tax revenues shall be spent on capital projects rather than to fund operations and maintenance of existing transportation services, unless otherwise explicitly specified in the Section 4. Description of Programs. In accordance with enabling legislation and adopted principles, sales tax revenues generated pursuant to this plan shall be subject to the following restrictions:

i. No Substitution.

- a. Sales tax revenues shall be used to supplement and under no circumstance replace existing local revenues used for transportation purposes.
- b. Proceeds from the sale or liquidation of capital assets funded with sales tax revenues shall be returned to the Transportation Authority (in proportion to the contribution of sales tax revenues to the total original cost of the asset), for re-allocation to eligible expenses within the program from which funds were expended for the original investment.

ii. No Expenditures Outside San Francisco. Unless otherwise explicitly specified in Section 4. Description of Programs, no sales tax funds shall be spent outside the limits of the City and County of San Francisco except for cases that satisfy all of the following conditions:

- a. **Quantifiable Benefit.** The proposed project is eligible to be funded with the sales tax consistent with the Expenditure Plan, and planning or other studies, developed in order to enable its implementation, demonstrate that there will be a quantifiable benefit to the City and County's transportation program from the expenditure of funds beyond the City and County line. A quantifiable benefit is defined as a measurable increase in the cost effectiveness of a project or group of transportation projects and or services at least partially funded with sales tax funds, located along the corridor or in the immediate geographic area of the City and County where the project in question is proposed to occur.
- b. **Expenses Matched by Other Counties.** The proposed expense is matched by funding from the county where the expenditure of sales tax funds is proposed to be made.

Should transportation projects or services contemplated in the plan require the participation of multiple counties for any phase of project planning or implementation, the Transportation Authority shall work cooperatively with the affected county or counties to ensure successful project implementation.

iii. Funding Caps for Legacy Projects. Projects carried forward from the Prop K Expenditure Plan as legacy projects shall be eligible to receive Priority 1 funds

from the designated programs, not to exceed the unallocated amounts programmed in the 2021 Prop K Strategic Plan.

- C. Successor Program.** The New Expenditure Plan shall supersede the Proposition K Expenditure Plan, adopted in 2003, as of the operative date of the Ordinance, pursuant to Section 131105 of the California Public Utilities Code. As such it will bear responsibility for any outstanding debt incurred by the Proposition K program, and for reimbursement of eligible costs for outstanding balances on Proposition K grants. All assets of the Proposition K program shall become Prop **TBD** program assets.
 - D. Bonding Authority.** The Transportation Authority shall be authorized to issue, from time to time, limited tax bonds in a total outstanding aggregate amount not to exceed **[TO UPDATE \$1.88 billion]**, payable from the sales tax revenues generated pursuant to this plan. The Transportation Authority's bonding capacity shall be separate and distinct from that of the City and County of San Francisco.
 - E. Administration by the San Francisco County Transportation Authority.** The San Francisco County Transportation Authority, which currently allocates, administers, and oversees the expenditure of the existing Prop K sales tax for transportation, shall allocate, administer and oversee the expenditure of the Prop **TBD** sales tax funds.
 - F. Support of Adjacent Counties.** It is deemed unnecessary to seek the support of adjacent counties by requesting them to develop their own Transportation Expenditure Plans because San Mateo, Alameda, Contra Costa, Marin and San Mateo Counties have already adopted Transportation Expenditure Plans.
 - G. Environmental Review.** Environmental reporting, review and approval procedures as provided for under the National Environmental Policy Act (NEPA), and/or the California Environmental Quality Act (CEQA), and other applicable laws shall be carried out as a prerequisite to the implementation of any project to be funded partially or entirely with sales tax funds. No definite commitment to any activity or project is made by the adoption of the Expenditure Plan. The Expenditure Plan establishes a funding mechanism for transportation improvements which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The Expenditure Plan also does not limit the discretion of agencies proposing to carry out eligible projects to select a no action or a no project alternative.
3. **Expenditure Plan Summary Table.** Table 1 below summarizes the half-cent sales tax revenue proposed allocations by category, subcategory, and program in constant 2020 dollars. The New Expenditure Plan is fiscally constrained to the total funding expected to be available for each category (e.g., percent of revenues designated for each category) and by the funding caps established for each program. The financial constraint is further detailed within each program through the specification of funding priority levels (Priorities 1, 2 and **[TBD 3]**) (See Section 4 Description of Programs).

There are five categories, identified with capital letters (**A through E [FORMATTED TABLE PENDING]**). The first subdivision level under each category is known as a subcategory. Subcategories are indicated with lower case Roman numerals. The level below a subcategory is known as a program. This Expenditure Plan identifies eligible expenditures through a set of programs that guides the types of transportation projects that will be funded by the sales tax. The programs are set up to address allocation of funds to multi-year programs for a given

purpose, such as street resurfacing or street safety improvements, for which not all specific project locations or improvements can be anticipated or identified at the time of adoption of the Expenditure Plan. This provides certainty about the types of investments that will be made balanced with the flexibility needed for a 30-year plan.

Adoption of an ordinance to continue the existing half-cent sales tax is necessary in order to fund the programs listed in Table 1. The tax shall be continued for the period of implementation of the New Expenditure Plan

TABLE 1. New Expenditure Plan Summary Table

[TO BE INSERTED. FOR NOW SEE AGENDA ITEM 4, ATTACHMENT 2 - DRAFT EXPENDITURE PLAN SUMMARY TABLE]

4. **Description of Programs.** This section contains descriptions of the categories, subcategories, and programs in the New Expenditure Plan and the types of projects that are eligible for funding under each of them. It also identifies the sponsoring agency or agencies for each program. The Total Funding figures correspond to the Total Expected Funding column in the Expenditure Plan Summary Table provided in Section 3, above. The percentage allocation of sales tax funds to each of the major categories is as follows: Major Transit Projects - XX.X%, Transit Maintenance & Enhancements XX.X%, Paratransit - X.X%, Streets and Freeways - X.X%, and Transportation System Development & Management - X.X%.

[TO BE INSERTED. FOR NOW SEE AGENDA ITEM 4, ATTACHMENT 3 - DRAFT DESCRIPTION OF PROGRAMS]

5. **Implementation Provisions.**

- A. **Strategic Plan.** Subsequent to voter approval of the Expenditure Plan, the Transportation Authority shall prepare a 30-year Strategic Plan that will serve as the primary financial tool for administering the sales tax. It shall include policies to guide day-to-day program administration consistent with the Expenditure Plan; updated sales tax revenue projections; proposed sales tax expenditures by category, sub-category and program; and any associated financing needed to ensure funds are available to reimburse eligible expenditures. The Strategic Plan shall be prepared in concert with development of 5-Year Prioritization Programs (see Section 5.B.). The Transportation Authority Board shall adopt the Strategic Plan and updates thereof at least every 5 years.
- B. **Prioritization Process.** Prior to allocation of sales tax funds from any program, the Transportation Authority shall prepare, in close consultation with all other affected planning and implementation agencies, a 5-year prioritized program of projects or 5YPP including budget, scope and schedule consistent with the Strategic Plan, for review and adoption by the Transportation Authority Board. For programs with only one eligible sponsoring agency, the Transportation Authority may designate that agency as the agency that is to prepare the 5YPP. The proposed projects shall be consistent with the San Francisco Transportation Plan and with the City's General Plan.

The 5YPPs shall at a minimum address, the following factors:

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1. Project readiness, including schedule for completion of environmental and design phases; well-documented preliminary cost estimates; documented community support as appropriate.
2. Funding plan, including sources other than the sales tax.
3. Compatibility with existing and planned land uses, and with adopted standards for urban design and for the provision of pedestrian amenities; and supportiveness of planned growth in transit-friendly housing, employment and services.
4. How the project would advance equity or seek to mitigate any impacts on equity.
5. Project benefits including but not limited to how the project advances the goals of San Francisco Transportation Plan.
6. A prioritization mechanism to rank projects within the 5YPP, that includes at a minimum, the following required criteria:
 - a. Relative level of need or urgency
 - b. Cost-effectiveness
 - c. A fair geographic distribution that takes into account the various needs of San Francisco's neighborhoods.
 - d. Level and diversity of community support. Projects with clear and diverse community support and/or identified through a community-based planning process will be prioritized. An example of a community-based plan is a neighborhood transportation plan, but not a countywide plan or agency capital improvement program.
 - e. Benefit to disadvantaged populations, whether the project is directly located in an Equity Priority Community or can demonstrate benefits to disadvantaged populations.

The Transportation Authority and any appropriate designated agencies shall conduct the required public outreach and engagement to ensure an inclusive planning process for the development of the 5YPPs, as well as General Plan referral or referral to any City Department or Commission as required. The Transportation Authority working with eligible sponsoring agencies shall also identify appropriate performance measures, such as increased system connectivity, increased transit ridership (net new riders), reductions in travel time for existing riders, and increased use of alternatives to the single-occupant automobile, along with a timeline for assessing the performance measures to inform the next 5YPP updates, which shall be at least every 5 years concurrent with Strategic Plan updates. These performance measures shall be consistent with Congestion Management Program requirements and guidelines issued by the Transportation Authority.

Designated agencies shall be eligible for planning funds from the relevant Expenditure Plan programs for the purpose of completing the development of the 5YPP. Sponsoring agencies will be encouraged to explore alternative and non-traditional methods for project and service delivery where they offer opportunities for increased cost-effectiveness and/or shortened project delivery timelines.

As part of the Strategic Plan development process, the Transportation Authority shall adopt, issue and update detailed guidelines for the development of 5YPPs.

- C. Project Delivery Oversight.** The Transportation Authority Board shall adopt project delivery oversight guidelines for major capital projects to be funded by the sales tax. The guidelines shall consider the total cost and complexity of a project in setting the definition of a major capital project. Objectives of these guidelines shall include supporting the cost effective and timely delivery of projects funded wholly or in part by the sales tax. Transportation Authority staff shall prepare a report at least annually, to the Transportation Authority Board, to communicate the status of these projects.
- D. Funding Priority Levels.** Each New Expenditure Plan program shall be funded using sales tax revenue up to the total amount for that program in Priority 1. If, after funding all Priority 1 programs in a subcategory, the latest Strategic Plan forecasts available revenues in excess of Priority 1 levels, the Transportation Authority Board may allow programming of Priority 2 revenues within the subcategory, subject to the category percentage caps and program dollar amount caps for Priority 2 established in the New Expenditure Plan. [TBD if EPAC Recommends Priority 3. After funding at least 80% of Priority 2 program dollar amounts, the Transportation Authority Board may program Priority 3 requests, if the latest Strategic Plan forecasts revenues beyond the total Priority 2 level.]
- E. Cost Savings and Remaining Funds.** If the eligible sponsoring agency or agencies complete delivery of an Expenditure Plan program or project or determine that they will no longer pursue implementation of the program or project with sales tax funds, the Transportation Authority Board may use any remaining sales tax funds in that program to fund one or more other Expenditure Plan programs in the same category that would otherwise be in compliance with the prioritization provisions set forth in Sections 5.B. and 5.D. To do so, the Transportation Authority Board must first hold a public hearing on the matter and then not sooner than 30 days after the hearing, the Transportation Authority Board may, by a 2/3 vote, direct all or a portion of the remaining funds to one or more Expenditure Plan programs.

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Attachment 1 - Draft Expenditure Plan Policies

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Attachment 1. Expenditure Plan Advisory Committee Roster

Amandeep Jawa, Chair	Advocacy: Environment
Anni Chung, Vice Chair	Advocacy: Seniors and People with Disabilities
Jay Bain	Neighborhoods/Communities
Rosa Chen	Equity Priority Community/Community Advisory Committee
Majeid Crawford	Equity Priority Community
Zack Deutsch-Gross	Advocacy: Transit
Jessie Fernandez	Advocacy: Equity
Mel Flores	Equity Priority Community
Rodney Fong	Business/Civic: Large Business
Sharky Laguana	Business/Civic: Small Business
Aaron P. Leifer	Neighborhood/Community
Jessica Lum	Business/Civic: Tourism/Visitors
Jodie Medeiros	Advocacy: Walk
Maryo Mogannam	Business/Civic: Small Business
Maelig Morvan	Neighborhood/Community
Susan Murphy	Equity Priority Community
Calvin Quick	Advocacy: Youth
Pi Ra	Advocacy: Seniors and People with Disabilities
Maurice Rivers	Equity Priority Community
Eric Rozell	Equity Priority Community
Earl Shaddix	Equity Priority Community
Yensing Sihapanya	Equity Priority Community
Sujata Srivastava	Business/Civic: Civic
Wesley Tam	Neighborhood/Community
Kim Tavaglione	Business/Civic: Labor
Joan Van Rijn	Neighborhood/Community
Chris White	Advocacy: Bike
Cassandra Costello	Alternate: Business/Civic: Tourism/Visitors
Cathy de Luca	Alternate: Advocacy: Seniors and People with Disabilities
Daniel Herzstein	Alternate: Business/Civic: Large Business
Sasha Hirji	Alternate: Advocacy: Youth
Melvin Parham	Alternate: Equity Priority Community
Maribel Ramirez	Alternate: Equity Priority Community