



## Memorandum

**DATE:** June 28, 2022

**TO:** Transportation Authority Board: Commissioners Mandelman (Chair), Chan, Dorsey, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani, and Walton

**FROM:** Tilly Chang - Executive Director

**SUBJECT:** 06/28/2022 Board Meeting: Executive Director's Report – **INFORMATION**

### **REGIONAL, STATE AND FEDERAL ISSUES**

**State Budget Deal for Transportation Reached:** Over the weekend, the Governor and legislative leaders announced a multi-year, multi-billion-dollar transportation funding package which contains significant investments in public transit and clean transportation projects. Some of the highlights include: \$4 billion (in FYs 23/24-24/25) for transit capital projects statewide, allocated via population-based formulas; \$1.5 billion for high-priority transit and rail infrastructure projects to be awarded through a competitive program; \$1.1 billion for the Active Transportation Program; \$198 million for local climate adaption projects; and \$350 million for grade separation projects conditioned on the Legislature and the Administration reaching an agreement on funding for the California high-speed rail project. The budget also has \$3.53 billion for zero-emission vehicle deployment and charging/refueling infrastructure, including \$100 million for zero-emission transit buses and supporting infrastructure. The budget bills do not currently contain funding to advance free transit proposals introduced in Assembly Bill (AB) 1919 (Holden) nor do they provide much needed funding to support transit operations. The Legislature is expected to vote on the budget this week. Key bills include Senate Bill (SB) (Skinner)/AB (Ting) and SB 198 (Committee on Budget and Fiscal Review)/AB 198 (Committee on Budget). We will provide an update on this significant state budget investment in transportation as part of our federal and state legislative update at the July 12 Board meeting.

**Federal Advocacy - Metropolitan Transportation Commission (MTC) Leads Annual Trip to Washington, D.C.:** Earlier this month, I joined Nick Josefowitz, MTC's Vice Chair and San Francisco representative, as well as other MTC Commissioners on the agency's annual federal



advocacy trip. This year the group's focus was on a set of regional priorities for the numerous funding opportunities available as the result of the passage of the Infrastructure Investment and Jobs Act (IIJA) last year. For San Francisco, MTC's adopted priorities include Muni and BART Core Capacity projects, Caltrain Electrification, and the Caltrain Downtown Extension. I joined MTC's meetings with Congressional offices including Speaker Pelosi and Senator Padialla, and US Department of Transportation officials to discuss the TJPA's Downtown Rail Extension, Caltrain Electrification and other Bay Area transportation priorities. I also had the opportunity to speak with staff from the Federal Transit Administration Research and Capital Investment Grant programs, the House Transportation and Infrastructure Committee, and the Build America Bureau. I want to thank FTA Administrator Nuria Fernandez and her staff for meeting with our delegation, and pass on FTA's appreciation to our modeling team led by Deputy Director Joe Castiglione and TJPA staff for their excellent work on travel demand forecasts for DTX.

**Senate Bill (SB) 917 (Becker) - Recent Amendments Address Several Outstanding Concerns:**

Over the past months, Senator Becker's staff has been negotiating with transit operators, Seamless Bay Area (the bill's sponsor) and MTC on language that would advance connectivity of the Bay Area's transit system while avoiding opposition, in particular from the transit operators that would be charged with implementing the bill's provisions. On June 20, SB 917 was amended to incorporate text that would maintain the authority of transit boards to approve fare and service changes and would make transit fare integration and transfer policies subject to funding availability, as well as other changes. We will provide a more detailed report on these amendments and their impact on San Francisco's transit operators at your July 12 meeting.

**LOCAL ISSUES**

**California Transportation Foundation (CTF) -Tilly Chang named Person of the Year; SFMTA awarded Transit Project of the Year and SF Environment's Emergency Ride Home Program Recognized:**

Late last month, I was honored to receive the Person of the Year award from the California Transportation Foundation at their awards ceremony on May 26. The award is given each year to an "individual who exemplifies excellence and has made a significant contribution to the transportation profession." At the same ceremony, the SFMTA won Transit



Project of the Year for its Geary Rapid project and COVID Response efforts. The SF Environment's Emergency Ride Home Program also won CTF's Operational Efficiency Program Award. The Transportation Authority congratulates SFMTA and SF Environment and was proud to support both agencies' program with half-cent sales tax for transportation funds.

**One Bay Area Grant Cycle 3 (OBAG 3) Call for Projects - Applications Due July 1:** On May 12, following the Board's first read of the OBAG 3 framework, we released a call for projects to nominate up to \$52.857 million in federal funds over four years (Fiscal Years 2022/23 to 2025/26) to projects focused on advancing the implementation of Plan Bay Area 2050. Only public agencies are eligible to apply and a variety of project types are eligible from transit capacity and enhancements to pedestrian and bicycle safety to street resurfacing. Applications are due by July 1, and we anticipate bringing the project recommendations to the Community Advisory Community and Board in September to meet MTC's September 30 submittal deadline. MTC will identify the projects for funding in January 2023 after applying an extensive list of region evaluation criteria. For more information please visit: [www.sfcta.org/funding/one-bay-area-grant-program](http://www.sfcta.org/funding/one-bay-area-grant-program).

## **MANAGEMENT AND ADMINISTRATION**

**Sales Tax and TNC Tax (Prop D) Revenues - Continuing Upward Recovery Trend:** Sales tax revenues of \$7.2 million received for April 2022 are 9% higher compared to April 2021 but 16% lower than the April revenues in pre-pandemic times in April 2019. However, total FY 2021/22 collected to-date are 9.5% higher than the prorated FY 2021/22 Budget amount for ten months and is a great indicator of a recovering economy. We continue to closely monitor revenue streams and see an overall increasing trend in sales tax revenues which we hope will continue to rise as the economy continues to recover at moderate levels.

TNC tax revenues have seen some variability over the last few months, but are continuing to rise, with April 2022 total collections at \$1.3 million, up from an average of \$944,264 for January through March.

**Financial Outlook - Transportation Authority Credit Rating Affirmed:** I am very pleased to announce that earlier this month Fitch Ratings affirmed the Transportation Authority's implied sales tax revenue bonds with a rating of AAA, the highest level possible, and a stable financial



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outlook. The affirmation reflects the agency's very strong resilience and financial capacity despite the sharp drop in sales taxes due to the pandemic. Fiscal year 2022 revenue performance has been solid with strong year-to-year recovery in each month through March 2022. Congratulations and thank you to Deputy Director for Finance and Administration Cynthia Fong and her team.