SFTP 2050: STRATEGIC TOPIC PAPER

Transportation Revenues

Introduction

San Francisco depends on its multimodal transportation system. Each day the streets, rails, sidewalks, and ferry piers in the city provide mobility to millions of residents, visitors, and workers. The San Francisco Transportation Plan 2050 (SFTP 2050) offers a long-term vision for the future of San Francisco's multimodal transportation system by identifying specific projects and programmatic investments to help the city meet its accountability, economic vitality, safety and livability, and environmental sustainability goals. Through its Investment Plan, the SFTP 2050 proposes how to invest the federal, state, regional and local revenues that are anticipated to come to San Francisco over the next 30 years most effectively to make progress toward our goals. Most of the $80 billion assumed in the Investment Plan are already committed to specific uses or projects, with about $13 billion in discretionary or more flexible revenues. The SFTP also includes a Vision Plan to guide the allocation of an additional $15 billion in potential new transportation revenues through 2050 to help get San Francisco closer toward its long-term goals.

While the SFTP 2050 Investment Plan helps move the city toward our long-term transportation goals, there is not enough funding expected through 2050 to meet the city's goals for providing robust levels of transit service, maintaining the current transportation system in a state of good repair, and planning to meet the needs of both today's San Franciscans and of expected population and employment growth. This mismatch between needs and available funding has been the case for previous SFTPs and previous versions of Plan Bay Area, the Regional Transportation Plan/ Sustainable Communities Strategy. For example, costs to maintain the transit system in a good condition (e.g. where assets are replaced at the end of their useful life and regularly maintained) outpaced available revenues. This forced prioritization of certain investments, typically urgent needs like bus and train replacement and track repair, while other preventative or lifecycle maintenance needs were partially addressed or deferred. However, what is new and of significant concern is that this SFTP cycle is the first time the SFTP could not identify sufficient operations funding to maintain or grow transit service levels from the base year over the life of the plan. The COVID-19 pandemic brought significantly lower ridership demand and corresponding loss of fare revenue, declines in other key revenues like parking revenues, and increased operating costs that have created unprecedented financial deficits for all transit operators in the region, and for some operators brought to light structural deficits. The sticking power of remote work with fewer commute trips is having a disproportionate impact on San Francisco and on transit operators serving San Francisco including BART, Caltrain, and SFMTA.

Local revenue sources are absolutely critical to meeting San Francisco's transportation needs. Even with recent increases in federal and state funding for transportation, the majority of the burden of paying for San Francisco's transportation systems falls on the shoulders of local and regional governments. As stewards of local revenues for transportation projects, the SFCTA focuses on the need to use limited resources wisely through investment prioritization, maximizing leveraging, and finding new revenues to support the vision for San Francisco's transportation system. Local transportation revenues are important to increase the city's competitiveness for existing regional, state, and federal revenues; to provide required local matching funds; and to enable the city to be nimble when new opportunities appear.

This white paper provides general context on our transportation funding needs and existing fund sources, and some recommendations for addressing the need for additional revenues.

Transportation Funding Needs

The transportation networks' funding needs are greater than current funding sources are able to address. San Francisco's transportation systems consist of street, transit, bicycle and pedestrian networks. The SFMTA, BART, and Caltrain each operate systems, and private transportation providers are playing an important role in the city's transportation ecosystem as well. Different funding needs require different funding solutions, because many funding sources are restricted in their use (e.g. competitive state and federal grants that are only able to fund transit expansion capital investments, not transit maintenance or operations). This section provides a high-level overview of the types of funding needs facing San Francisco's transportation systems. More detail on project and program funding needs can be found in the SFTP 2050 Investment Plan and Vision Plan.

TRANSIT OPERATING FISCAL CLIFFS

The financial models used to fund transit operations in San Francisco and the region have significant shortcomings that became more apparent with the pandemic's impact on travel, particularly on commute and commute-related trips to/from San Francisco. For instance, agencies like BART and Caltrain rely heavily on fares for operating revenue, which is a more challenging model in the face of increasing remote work options for employees. Similarly, with more people working remotely more often, buying a monthly transit pass may no longer prove to be a financially attractive option. With federal COVID relief funds running out, the Bay Area region faces an estimated transit operating shortfall of $2 billion over the next five years. BART, Golden Gate Transit, Caltrain, WETA and the SFMTA have the largest shortfalls as a percent of their total operating expenses.

The pandemic exacerbated SFMTA's financial situation. The SFMTA had a growing budget deficit prior to the pandemic. The revenues from fares, parking, and Prop B General Fund that the SFMTA relies on to fund the transportation system cannot alone cover ongoing expenses for transit service, infrastructure maintenance, and safety improvements for people walking and biking. The pandemic only exacerbated longstanding and growing structural deficits at the SFMTA. Before the pandemic, transit fare and parking revenues declined as a share of the overall SFMTA budget, from 58% in 2013 to 47% in 2018. This led to increasing, unsustainable, one-time transfers to sustain service and operations. Deficits were plugged by one-time sources like federal COVID relief. The SFMTA's federal COVID relief funding will be exhausted sometime in calendar year 2025, at which point the agency will not be able to provide transit operations at current levels without a new source of funding.

MTC, the region's transit operators, county transportation authorities, and other stakeholders will have to work together to identify solutions to avoid significant transit service cuts throughout the Bay Area. This will likely have to include local and/or regional funding measures, which will face many competing interests looking to the 2024 and 2026 ballots. The region will need the support of the state and federal government as well — there is no single revenue source that can address the operating issue on its own, nor the extensive needs for transit, streets and roads, bicycle, and pedestrian infrastructure maintenance and enhancements.

MTC and stakeholders have been discussing a regional funding measure for transportation, but authorizing state legislation would be required before anything could go to the ballot, and the region is already planning for a regional housing revenue measure in 2024. Local measures, such as a SFMTA revenue measure, or sub-regional measures, like another BART bond, also have been discussed for 2024. MTC is leading coordinated efforts to seek state funding for up to the next five years to help address near term transit operations funding gaps and to fund enhancements to attract new riders across the state, while potential local and regional funding measures are considered and developed for the long-term sustainability of transit in the region.

CAPITAL MAINTENANCE NEEDS

Underinvestment in maintaining the existing systems leads to higher operating costs as agencies are forced to invest in emergency repairs and replacements rather than making lower-cost, ongoing maintenance investments. For transit, this can lead to service disruptions, reductions in service, and even catastrophic system failures. On roadways, declining Pavement Condition Indexes (PCI) can cost drivers hundreds of dollars in automobile maintenance and repair costs, as well as lead to significant travel time delays, congestion, and even crashes and increased risk of mortality. Deferred roadway maintenance can also lead to roads that are more costly to repair than if the work was done as part of a regular maintenance program.

The condition of our transportation system has a real impact on people's lives and on the environment. People rely on transit and roads to get to work, to school, the grocery store, medical appointments, etc., and the condition of local streets greatly impacts neighborhoods' livability. When transit systems break down, millions of dollars are lost in worker productivity. Further, without safe and reliable transit, and safe streets, sidewalks and paths for pedestrians and cyclists, San Francisco won't be able to meet its safety and livability, and environmental sustainability goals.

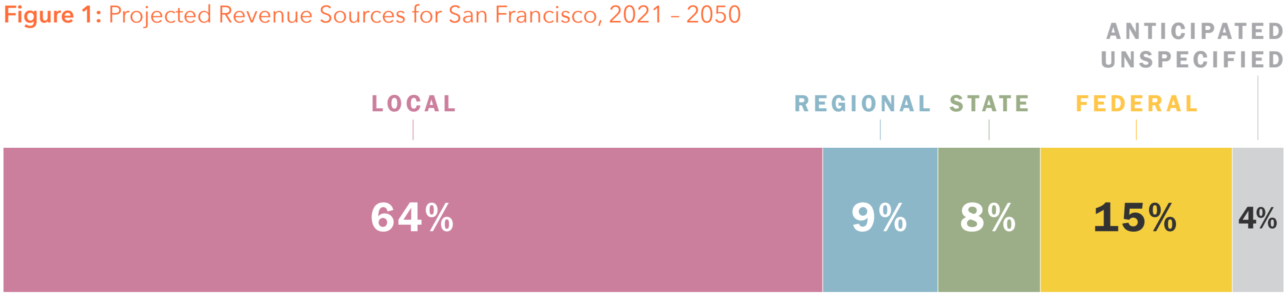
CAPITAL ENHANCEMENTS AND EXPANSION NEEDS

Compared to 2019, San Francisco is expected to see a 34% increase in population and 29% increase in employment by 2050. Investments in transportation infrastructure will be needd to keep it in a state of good repair and to keep up with this projected growth. This includes needs to expand and enhance the transportation system including more buses to provide more frequent service, extending rail lines to support growing population and employment centers, building more bike lanes and safer pedestrian spaces to help the city meet Vision Zero goals. Operations and maintenance needs often take the first call on revenues, which leads to less available funding for expansion and improvement projects. There are discretionary funding sources that are dedicated to these uses, such as the state's Active Transportation Program and Transit and Intercity Rail Capital Program and the Federal Capital Investment Program, but they are extremely competitive and typically require local matching funds. Being strategic about using local funds to prepare projects so that they are competitive for these federal, state and regional discretionary sources helps attract more of these limited dollars for capital enhancements and expansion needs to San Francisco.

Transportation Revenue Sources

Funding to meet the varied capital and operation needs of the transportation system is a complex mix of local, regional, state, federal, and private sources, all of which often come with their own unique eligibility and other requirements such as minimum local match amounts and deadlines by which funds must be expended. Given the transportation needs far exceed available revenues, identifying and securing additional revenues – often through competitive grant applications – is an ongoing activity to help maintain and enhance our transportation system. This section offers an overview of the existing federal, state, regional, and local funding structures that support San Francisco's transportation system.

Figure 1: Projected Revenue Sources for San Francisco, 2021 – 2050



Source: SFCTA San Francisco Transportation Plan 2050 Analysis

As a part of the Plan Bay Area 2050, the MTC developed a regional transportation revenue estimate for the 30-year period from 2020 to 2050 to provide a financial constraint for counties when considering their next generation of transportation projects. The Plan Bay Area 2050 revenue assumptions serve as the foundation for the revenue assumptions for SFTP 2050.

The SFTP 2050 estimates that San Francisco will see $78.9 billion in transportation funding (in constant 2020 dollars) over the thirty years of the plan. This forecast was put together based on:

- Anticipated San Francisco "share" of revenues included in Plan Bay Area 2050 (e.g. regional transportation measures)
- Past performance in competitive funding programs (e.g. the state Active Transportation Program)
- Local agency budgets and forecasts (e.g. Muni and Public Works budgets)
- Existing commitments to project funding plans (e.g. funding for the Downtown Rail Extension (DTX) approved by voters in Regional Measure 3)
- Existing voter-approved measures (e.g. funding for DTX as mentioned above, or Proposition AA Vehicle Registration Fee revenues)
- Anticipated but unspecified other funds, such as previously unavailable additional state or federal funding made available for transportation purposes (e.g., the state Senate Bill 1 funding in 2017 or federal Bipartisan Infrastructure Law funding in 2022)

Specific assumptions by revenue source can be found in Appendix A.

The SFTP classifies funding into two categories: committed and discretionary. For the purposes of this plan, committed funds are funds that have been approved for use on specific projects (e.g. Prop K sales tax funds allocated to a SFMTA's Potrero Yard Modernization project), funds that are managed by a local agency for specific purposes (e.g. gas tax subventions to Public Works for roadway maintenance), or funding in voter-approved expenditure plans dedicated to specific projects or purposes (e.g. regional bridge tolls approved by voters to fund BART vehicles). Discretionary funds are those sources with multiple types of eligible projects and/or eligible sponsors (e.g. One Bay Area Grant Program funds), or competitive fund sources where it is assumed San Francisco will receive grant funding during the 30-year SFTP period (e.g. future federal Capital Investment Grant program funds). The majority of funds available for transportation projects are considered committed, with only 17% of funds in the SFTP 2050 Investment Plan considered discretionary. The SFTP 2050 Vision Plan considers additional funding beyond that anticipated in the Investment Plan; all Vision Plan revenues are considered discretionary.

FEDERAL FUNDING

The federal government has historically played a significant role in funding transportation improvements and maintenance; however, over time the relative contribution of federal funds has declined. Now, local funds are the predominant source of transportation funding in the Bay Area. Specifically, between 2021 and 2050, federal funding is expected to account for around 15% of transportation funding in San Francisco. Since the initial development of the Interstate Highway System in the 1950s, the federal government has set aside revenues from the federal gasoline and diesel excise taxes into the federal Highway Trust Fund (HTF). Revenues in the HTF are dedicated to funding road, transit, and non-motorized transportation improvements and maintenance. Since 1993 the federal gasoline excise tax has been set at 18.4 cents per gallon while the diesel excise tax has remained set at 24.4 cents per gallon. Due to inflation alone, over the more than 20 years since the gasoline or diesel excise taxes were last adjusted, the buying power of the HTF has decreased by over one third.

The HTF has served as the primary funding source for the federal surface transportation program, which was most recently reauthorized as part of the Bipartisan Infrastructure Law (BIL). In November 2021, President Biden signed the BIL (also known as the 2021 Infrastructure Investment and Jobs Act) into law, allocating roughly $1 trillion for infrastructure investments. Total amounts from the BIL by infrastructure category are detailed in Figure 2.

Figure 2: Bipartisan Infrastructure Law Act Spending Categories (in Billions of $)

INFRASTRUCTURE CATEGORY	FUNDING AMOUNT
Surface Transportation	**$639**
Program reauthorization	$477
Stimulus supplemental spending	$157
Electric & Low Emission School Buses	$5
Airports	**$25**
Ports and Waterways	**$17**
Water Infrastructure	**$91**
Broadband	**$65**
Power Infrastructure	**$65**
Resilience, Western Water Storage, and Environmental Remediation	**$71**
Transportation Total	**$681**
Other Infrastructure Total	**$292**
TOTAL	**$973**

Source: MTC analysis, Eno Transportation Weekly, and White House Fact Sheet

At $477 billion over five-years, the BIL surface transportation authorization spending represents an increase of 56% above the prior five-year authorization, the Fixing America's Surface Transportation (FAST) Act. The BIL represents historic levels of transportation investments, directed through multiple programs including both formula funds to regions and transit agencies and competitive grant programs. Both program types are incredibly important.

Federal formula funding includes both transit and highway/road funding. Transit funding is primarily for maintenance and repair of existing systems. Funding is administered through the MTC directly to the region's transit operators through the regional Transit Capital Priorities program. Even with historic increases in this funding in the BIL, the Transit Capital Priorities program is oversubscribed with the region's transit maintenance needs far exceeding available revenues particularly in the San Francisco-Oakland urban area. As a result, MTC often only has enough funds for the highest scoring types of transit maintenance projects — purchase of new transit vehicles to replace ones that have reached the end of their useful life and fixed guideway replacement and rehabilitation projects such as replacing worn out rails or overhead wire systems.

Highway formula funding is more flexible in how it can be used, though still insufficient to meet the region's needs. The majority of this funding is administered by MTC through its One Bay Area Grant (OBAG) program, while smaller amounts contribute to various state programs such as the Active Transportation Program (ATP). Both the OBAG and ATP programs are competitive, and ATP consistently receives significantly more in funding requests than funds available. In San Francisco, OBAG has funded a wide range of projects from procurement of Muni light rail vehicles to street safety improvements on Mansell and Masonic to the Caltrain Peninsula Corridor Electrification Project. ATP-funded projects include bike and pedestrian improvements at the Alemany Interchange and on Geneva Avenue.

Federal discretionary grants and one-time federal appropriations have provided critical transportation funding in San Francisco in recent years as well. For example, the Capital Investments Grant (CIG) Program, which includes the New Starts, Small Starts, and Core Capacity grant programs, is a discretionary transportation funding program that has been a major source of funding for capital capacity-expanding projects, in particular. In recent years, the CIG program has provided $75 million in Small Starts funding for Van Ness Bus Rapid Transit, and nearly $1 billion in New Starts funding for the Central Subway. These one-time federal funding sources and discretionary programs are a tremendous benefit to the projects that receive them and also tend to be highly competitive: for every grant awarded, there are many more projects that don't get funded or that are delayed waiting to compete in a future funding cycle.

BIPARTISAN INFRASTRUCTURE LAW (BIL) FUNDING SOURCES

Federal transportation investments have traditionally been funded by motor fuels taxes, which are deposited in the protected Highway Trust Fund (HTF). However, since the last increase in that tax in 1993, federal spending has risen and the HTF's purchasing power has declined significantly. The new spending in the BIL is paid for through a variety of non-HTF sources including $205 billion from repurposed (one-time) COVID relief funds, $49 billion from delayed Medicare rebates, and $56 billion in economic growth from returns on long-term infrastructure investments to name a few. Motor fuels taxes will continue to see diminishing returns particularly at the federal level, as they do not increase with inflation, and as vehicles become more fuel-efficient or transition to all-electric to support climate and sustainability goals. This long-coming trend has stimulated evaluation of other potential sources of federal revenues to compliment or backfill declining motor vehicle fuel taxes. For more on a potential alternative for funding transportation projects, see Appendix G.

The overwhelming majority of federal transportation funding remains dedicated to capital projects and state of good repair of our existing transportation system. Historically more federal funding was available for transit operations but the trend over the last decades (even with the recent influx of federal funds) has been to focus federal funding on capital projects. Most federal funding that can still be used for operations is the result of diverting funds from federal transit capital programs with no net increase in funds leading to difficult trade-off decisions about whether to defer capital projects to fund operations.

The notable exception to the federal focus on capital investments is the relief funding provided to transit operators in the first years of the COVID-19 pandemic. The Bay Area region alone received over $2 billion in transit funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Coronavirus Response and Relief Appropriations Act (CRRSAA). However, this was one-time funding responding to the health and economic emergencies brought on by the pandemic. Another round of federal transit operations funding is not anticipated anytime soon, and as noted in the Transit Operating Fiscal Cliffs section above, a longer-term, sustainable solution for funding transit operations would ideally involve some contribution of federal funds along with state, regional, and local funds since no single source can fill the gap on its own and all levels of government benefit from a well-functioning transit system.

STATE FUNDING

The State of California has traditionally funded a wide variety of road, transit, and non-motorized transportation programs at the state-level through a range of dedicated taxes and fees, in addition to administering a number of federally funded programs (e.g., the Highway Bridge Program, the State Highway Operation and Protection Program and others). On April 6, 2017, the California State Legislature approved a major statewide transportation funding package with ongoing revenues from transportation-related fees and taxes that significantly boosted state contributions to transportation. Senate Bill (SB) 1 (Beall and Frazier), or the Road Repair and Accountability Act of 2017, was estimated to generate $52.4 billion annually over ten years, with funding sources continuing in perpetuity and indexed to inflation.

SB 1 is the first time since 1983 that the State Legislature has voted to increase fuel taxes. The law also eliminates the annual excise tax rate adjustments, which had resulted in highly volatile revenues and a significant decline in revenues since 2010 when the policy was first put in place. SB 1 includes an annual adjustment to the gas tax to keep pace with inflation starting in 2020. These elements combined should have the effect of helping to stabilize the state transportation funding that is derived from fuel taxes.

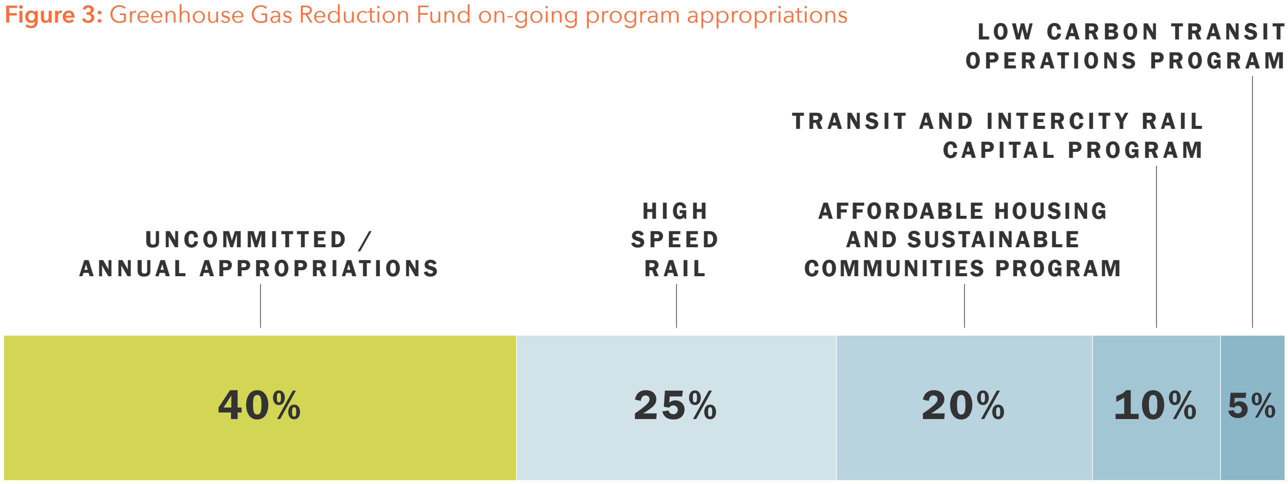
California's multi-year transportation capital improvement program, known as the State Transportation Improvement Program (STIP), programs a combination of state and federal transportation funding to individual projects. Prior to SB 1, STIP funding levels were quite volatile resulting in some years with multiple funding cycles and other years when projects were deleted due to lack of revenues. This made the STIP a poor choice for many projects that couldn't tolerate the uncertainty of when funds would be available

The 2017 SB1 transportation funding package stabilized the STIP as a revenue source, though at lower levels than needed. Further, since SB 1 relies on gas and diesel taxes (even though the gas tax is indexed to inflation), revenues are expected to decline over time with increasingly fuel-efficient vehicles on the road and increasing numbers of all-electric vehicles being purchased.

Other state transportation funds come from the state vehicle registration fee, sales tax revenues dedicated to transportation through the Transportation Development Act (TDA), a sales tax on diesel fuel to support the State Transit Assistance (STA) program, and a range of other fees and taxes. The TDA, of which STA is a component, is the key state program dedicated to supporting transit operations. California has also invested in transportation finance through the passage of statewide bonds including both 2006's Proposition 1B, which dedicated $19.9 billion for transportation projects including a wide range of transit state of good repair projects and new transportation facilities such as the Central Subway; and 2008's Proposition 1A which dedicated $9.95 billion for a statewide high-speed rail system. These sources will provide little funding in the future, as Proposition 1A is entirely committed to high-speed rail and, as of June 2021, Proposition 1B has only $241 million available in uncommitted funding, with most funding categories entirely closed out.

The state Cap-and-Trade program created a new source of significant revenues that are dedicated to transportation. California's landmark 2006 Global Warming Solutions Act (AB 32) authorized the program, placing a limit on total greenhouse gas emissions from specific sectors and then auctioning carbon allowances that allow entities to purchase the right to emit greenhouse gasses. Proceeds from the statewide cap-and-trade auction are deposited in the Greenhouse Gas Reduction Fund (GGRF) and are appropriated to state agencies and programs. Sustainable Communities and Clean Transportation programs receive at least 60% of the GGRF on an on-going basis, as seen in Figure 3.

Figure 3: Greenhouse Gas Reduction Fund on-going program appropriations



Source: California State Transportation Agency

The four Sustainable Communities and Clean Transportation programs that receive on-going appropriations from the Greenhouse Gas Reduction Fund are detailed in Figure 4. Energy Efficiency and Clean Energy and Natural Resources and Waste Diversion programs have received annual appropriations from the GGRF, though no long-term commitment has been made to these categories. These programs are all administered by state departments, and a significant portion is available through competitive grant processes, making it difficult for local agencies and transit providers to anticipate funding levels for a given year or project.

Governor Brown signed legislation extending California's cap-and-trade program in July 2017. This extended the program from 2020 through 2030. As of fall 2022, discussions about legislation extending the program past 2030 are beginning to take place. This would allow the state to program funding from future year proceeds to important priority projects across the state, particularly those seeking funding from the Transit and Intercity Rail Capital Program (e.g. the Downtown Rail Extension).

LOCAL AND REGIONAL FUNDING

In San Francisco and around the Bay Area, local and regional revenues have become a critical piece of transportation funding in recent decades. These funds partially backfill declining contributions federal and state governments that may have covered the majority of costs for Bay Area transportation projects, but are not able to keep up with demand and/or cost inflation. As a result, local revenue measures are increasingly carrying the majority of the transportation burden. Examples of local measures include the Proposition K half-cent sales tax in San Francisco, which was approved by over 70% of the voters in 2003, toll revenues from the Bay Area's toll bridges, or a range of other local revenue. Figure 1 illustrates that up to 2050, San Francisco can expect 64% of all funding spent on transportation, including transit operations, maintenance and expansion, roadway maintenance, new capital projects, and programs will come from local or regional revenue sources.

Within San Francisco many different local revenue sources support the city's transportation system. The city's General Fund, transit fares, parking revenues and fines, BART sales and property taxes, vehicle registration fees, general obligation bonds, sales taxes, and development fees all play a role in operating, maintaining, and improving the transportation system.

Even with the multitude of sources used for funding our transportation systems, there are significant funding needs that go unmet. These needs cross all agencies and expenditure types, from maintaining the state of good repair of the existing systems, to funding capital improvements, to funding our transit services (see more on these needs in the SFTP 2050 report). Over the past decade there have been several concerted, coordinated efforts to raise additional revenues to help meet the significant unmet needs of the city's transportation system.

PROPOSITION 26

In November 2010 California voters approved Proposition 26 which refined the meaning of a "tax" under California law. As a result of Proposition 26 now any type of public revenue generating mechanism whose revenues are not used exclusively for the benefit of or fails to confer a privilege to (e.g., an entry fee to a public park or a fee to purchase a parking permit) the payer of the fee is considered a "tax". As a result, under California law any tax imposed by a special district or any tax that is not for the benefit of the general fund of a city or county must be approved by a 2/3 majority of voters. This 2/3 threshold is a much bigger lift than the prior simple majority (50%+1) for many dedicated revenue measures. Road tolls are exempt from this requirement, as they are considered a charge for use of government property.

Securing a new revenue measure, especially if it requires voter approval, is never an easy task. Several transportation revenue measures have been passed at the local and regional levels since the last update to the SFTP, in 2017:

- **Regional Measure 3, November 2018:** 55% of voters across the Bay Area approved Regional Measure 3 (RM3) in 2018. RM3 raises tolls on the region's state-owned toll bridges by $3 total, which will be phased in over 6 years beginning January 1, 2019. The Bay Area Toll Authority worked with regional stakeholders and the state legislature to authorize RM3 to finance $4.5 billion for a suite of highway and transit improvements. Though the region has begun collecting this toll from drivers crossing the region's bridges, the revenues are tied up in litigation until the California Supreme Court issues a decision in a case challenging the measure. The Howard Jarvis Taxpayers Association sued the Bay Area Toll Authority arguing that, because most of the money from the tolls would be used on transportation projects not related to the bridges, the toll should be considered a tax and require two-thirds voter approval. The defendants argued that the bridge tolls could be considered a charge to enter or use state property, which is not considered a tax under state law. The case remains pending as of December 2022.
- **Proposition D, November 2019:** The San Francisco Traffic Congestion Mitigation Tax imposes a special excise tax on fares charged for rides provided by transportation network companies (TNCs, e.g. Uber and Lyft), autonomous vehicles, and private transit services that originate in San Francisco to support transit and safer streets. The measure passed with 67.7% of the vote. However, shortly after the tax became effective, the COVID-19 pandemic shelter-in-place order was issued and revenues from the tax plummeted. While the tax was expected to generate approximately $30 million annually, the tax has generated only $5.7 million in FY 2020/21, largely due to a steep decline in the number of TNC trips in the city during the pandemic. In FY 2021/22, the tax generated $12.1 million, an increase over FY 2020/21 but still far short of the original revenue estimate. Half of the revenue goes to the SFMTA for transit improvements, and half is administered by the Transportation Authority for street safety improvements.
- **Caltrain Measure RR, November 2020:** Voters in San Francisco, Santa Clara, and San Mateo counties voted to increase the sales tax in those counties by one-eighth of a percentage point for thirty years and dedicate the revenue to Caltrain. The approval of Measure RR created the first dedicated funding for Caltrain, generating an estimated $108 million per year for both capital and operating expenses. The funding was intended to stabilize Caltrain operations funding, relieve the member counties transit operators from contributing to Caltrain operations annually, and position the railroad better in terms of funding for capital maintenance and enhancements. The timing of the measure was critical for Caltrain as it, along with federal COVID relief funds, has enabled Caltrain to weather the pandemic. Caltrain's ridership dropped significantly and has stayed lower as a percentage of pre-pandemic ridership than nearly all other regional transit providers.

- **Proposition L, November 2022:** Since it first passed in 1989, San Francisco's half-cent sales tax has provided critical funding to maintain the city's transit system, repave and calm streets, improve sidewalks, build new bicycle facilities, provide paratransit service, and build critical new facilities like the Presidio Parkway and Central Subway. The first reauthorization of the measure, Proposition K, has allocated over $1 billion in local sales tax funding to the city's transportation system since it was approved by voters in 2003. Passing with nearly 72% of the vote, the November 2022 Proposition L extends the half-cent sales tax for 30-years and establishes a new expenditure plan for the revenues, superseding the Prop K expenditure plan on April 1, 2023.

However, not all revenue measures put on the ballot have passed:

- **Proposition J and Proposition K, November 2016:** In November 2016, San Francisco voters had two related but independent propositions on the ballot. Proposition J was a charter amendment to allocate funds to homeless service (approximately $50 million per year) and transportation (approximately $100 million per year) for 24 years. The measure passed with 67% of the vote. However, Proposition K, which would have increased the city's sales tax rate by 0.75 percent, was defeated, with 65% voting no. Proposition J allowed the Mayor to terminate the Proposition J charter set aside after a review of the city's financial condition, and given that there were no new revenues from Proposition K to support Proposition J expenditures, the charter amendment funds were terminated.

- **Proposition A, June 2022:** Dubbed the Muni Reliability and Street Safety Bond, Proposition A was a bond measure that would have authorized the city to borrow up to $400 million in general obligation bonds. The proposition received 65.1% of the vote falling just short of the 66.7% required for passage. The bond funding would have been spent on transportation infrastructure projects including:

$250 million	on the repair and renovation of SFMTA bus yards, facilities and equipment
$26 million	on traffic improvements, such as new traffic signals, wider sidewalks at bus stops, and dedicated traffic lanes
$10 million	on improvements to the Muni train system, including the train communication and control systems
$42 million	on traffic signal and street crossing improvements, such as more visible traffic and pedestrian signals, curb ramps, and signs
$42 million	on street redesigns that include wider sidewalks, raised crosswalks, protected bicycle lanes, bus lanes, boarding islands and better lighting
$30 million	on projects to manage traffic speeds, including lowered speed limits and speed radar signs

- **CA Proposition 30, November 2022:** As a statewide measure, Prop 30 would have imposed an additional 1.75% tax on individual incomes over $2 million, with proceeds going to incentives for electric vehicles, charging infrastructure, and wildfire protection. Though the proposition failed statewide, San Francisco was one of a handful of counties around the state that voted to support Prop 30.

Recommendations

As demonstrated by the SFTP 2050 Investment Plan and Vision Plan, there is a significant need for new transportation revenues to help fund critical transit services, state of good repair investments, and expansion and enhancement projects for current and future San Francisco residents. There is no one single solution. It is important that the city work across different levels of government to increase funding for all types of transportation investments. Specifically, recommendations for near-term funding related actions to build on the work done for the SFTP 2050 include:

- Working with MTC and the region's transit agencies on a statewide advocacy strategy for new ongoing (multi-year) state funding to address the transit operations fiscal cliff (focusing on bridge funding while a plan for a longer-term solution is developed), to support, and to attract new riders to the transit systems
- Partnering with MTC, other County Transportation Authorities, the region's transit agencies, and stakeholders on the development of a regional revenue measure for transportation, including state authorization to place a measure on the ballot at a future election.
- Pursuing local transportation measure(s) with local partners to support operating and capital transit investment needs and strategize on how to best compliment and leverage any potential new regional, state, and/or federal measures.
- Seek an extension of the state's Cap and Trade program past 2030 as a crucial step toward getting a multi-year funding commitment for our Transit and Intercity Rail Capital Program priorities