



AGENDA ITEM 10 STATE LEGISLATION - AUGUST 2025

(Updated August 29, 2025)

To view documents associated with the bill, click the bill number link.

Staff is not recommending any new positions on state legislation this month.

Table 1 provides an update on Senate Bill (SB) 63 (Wiener, Arreguín), on which the Transportation Authority has a Support position. Letters sent by Senators Wiener and Arreguín on July 23 and August 5 with information on the proposed expenditure plan and accountability provisions are provided as **Attachments 1 and 2**, respectively. Discussions are ongoing on SB 63 as the deadline to pass bills out of the Legislature approaches. Staff will provide the latest updates at the September 3rd CAC meeting.

Table 2 shows the status of active bills on which the Board has already taken a position or that staff have been monitoring as part of the Watch list.



Table 1. Notable Updates on Bills in the 2025-2026 Session

Current Position	Bill # Author	Title and Update
Support	SB 63 Wiener D, Arreguín D	<p>San Francisco Bay area: local revenue measure: transportation funding.</p> <p>On July 23, Senators Scott Wiener and Jesse Arreguín released a proposed expenditure plan for a five-county, 14-year regional transportation revenue measure that would generate approximately \$1 billion annually based on a half-cent sales tax rate in Alameda, Contra Costa, San Mateo, and Santa Clara counties and a one-cent rate in San Francisco. In Fiscal Year 2003/31, the major operators are projected to receive the following amounts:</p> <ul style="list-style-type: none">• AC Transit - \$51 million• BART - \$330 million• Caltrain - \$75 million• Muni - \$170 million <p>Funding would also be made available to: the Metropolitan Transportation Commission (MTC) for administration and rider-focused improvements; other transit operators; and county transportation entities for discretionary public transportation uses.</p> <p>On August 5, the authors released a letter proposing an accountability and efficiency study framework. On August 6 and 7, the SamTrans and Santa Clara Valley Transportation Authority (VTA) Boards voted to opt in to the revenue measure geography on behalf of the counties of San Mateo and Santa Clara, respectively, which would bring participating counties up to five total.</p> <p>The bill passed out of the Assembly Transportation and Revenue and Taxation Committees on July 7 and July 14, respectively. The bill is expected to be heard in the Assembly Appropriations Committee on August 29 and in the Transportation Committee in early September. We will continue working with the bill authors, other counties, transit operators, and MTC on the development of bill language and will provide regular updates at Board meetings. The last day for bills to pass out of the Legislature is September 12.</p>



Table 2. Bill Status for Positions Taken in the 2025-26 Session

Below are updates for the two-year bills for which the Transportation Authority has taken a position or identified as a bill to watch. Updates to bills since the Board's last state legislative update are italicized.

Adopted Positions / Monitoring Status	Bill # Author	Bill Title and Description	Update to Bill Status ¹ (as of 08/29/2025)
Support	AB 891 Zbur D	Quick-Build Pilot Program. Establish a state Quick-Build Pilot Program and commit to funding a minimum of 6 quick-build improvements statewide by the end of 2028.	<i>Senate Appropriations</i>
	AB 1085 Stefani D	License plates: obstruction or alteration. Prohibits manufacturing and sale of devices that shield license plates from detection.	<i>Enrolled</i>
	AB 1532 Communications and Conveyance Committee	Public Utilities Commission. Among other things, extends the expiration date of the TNC Access for All program from 2026 to 2032.	<i>Senate Appropriations</i>
	SB 63 Wiener D, Arreguín D	San Francisco Bay area: local revenue measure: transportation funding. Authorizes MTC to pursue a regional revenue measure for transit.	<i>Assembly Appropriations</i>
	SB 71 Wiener D	California Environmental Quality Act: exemptions: environmental leadership transit projects. Makes permanent and extends the sunset date for certain existing California Environmental Quality Act (CEQA) exemptions for specified types of sustainable transportation plans and projects.	<i>Assembly Appropriations</i>



	SB 572 Gonzalez D	Vehicles: advanced driver assistance system: crash reports. Requires manufacturers of Level 2 autonomous vehicles to report crash data to the Department of Motor Vehicles (DMV) if no longer required at the federal level.	<i>Assembly Appropriations</i>
Watch	AB 939 Schultz D	The Safe, Sustainable, Traffic-Reducing Transportation Bond Act of 2026. Places a \$20 billion state transportation bond measure on the November 2026 ballot.	Two-Year Bill

¹Under this column, “Chaptered” means the bill is now law, “Dead” means the bill is no longer viable this session, and “Enrolled” means it has passed both Houses of the Legislature. Bill status at a House’s “Desk” means it is pending referral to a Committee, and “Two Year Bill” means the bill didn’t meet its statutory deadlines but is eligible to proceed in the second year of the two-year session.

Supplemental Materials:

- Attachment 1 - Senators Wiener and Arreguín Letter on Proposed 5-County Expenditure Plan, dated July 23, 2025
- Attachment 2 - Senators Wiener and Arreguín Letter on Accountability Provisions in SB 63 Plan, dated July 23, 2025

ATTACHMENT 1

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California State Senate

SENATOR
JESSE ARREGUÍN

SEVENTH SENATE DISTRICT



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July 23, 2025

Sue Noack

Chair, Metropolitan Transportation Commission (MTC)

David Haubert

Chair, Alameda County Transportation Commission (ACTC)

Aaron Meadows

Chair, Contra Costa Transportation Authority (CCTA)

Myrna Melgar

Chair, San Francisco County Transportation Authority (SFCTA) and MTC Commissioner

Jeff Gee

Chair, San Mateo County Transportation District (SMCTD)

Carlos Romero

Chair, San Mateo County Transportation Authority (SMCTA)

Sergio Lopez

Chair, Santa Clara Valley Transportation Authority (SCVTA)

Re: Senate Bill 63 (Wiener, Arreguin) - Proposed Five-County Expenditure Plan

Dear Chairs Noack, Haubert, Meadows, Melgar, Gee, Romero, and Lopez,

We write with an update regarding our work to provide critically needed revenue to preserve and improve public transportation service in the Bay Area. Our region's major public transportation

systems — including BART, AC Transit, Caltrain, and Muni — are at a crossroads. These public transit operators face the prospect of devastating service cuts that would force them into a death spiral after emergency federal and state assistance runs out in the next few years. Other operators — such as SamTrans and VTA — may also face growing financial needs in the coming years as they seek to sustain and enhance services or invest in transit capital projects.

A future with severely diminished public transportation is unacceptable for the Bay Area's residents, visitors, and economy. Close to 60% of Bay Area public transportation riders use transit five or more days per week and 91% expect to ride transit the same or more next year.¹ According to recent polling, two thirds of likely Bay Area voters agree that Bay Area public transit needs more operations funding, and a majority of likely voters in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties would support a sales tax to provide this critically needed funding.²

We introduced SB 63 to authorize a Bay Area sales tax measure that would — in combination with other local strategies — prevent these devastating service cuts while improving the rider experience. Over the past several years, both before and since introducing SB 63, we have engaged with numerous local stakeholders to ensure we understand key considerations related to a potential regional transportation revenue measure. This led us to propose a three-county sales tax measure, with the opportunity for San Mateo and Santa Clara counties to opt in to the measure. We resolved to seek technical assistance from staff at the five county transportation authorities that may be part of the measure, transit operators, and other stakeholders in order to inform a potential expenditure plan.

In order to provide counties with the information they need to determine whether to opt in to the sales tax measure proposed by SB 63, these counties — as well as all of the other counties that are in the measure — need to understand what the expenditure plan would be. **To that end, we propose the following five-county expenditure plan for an SB 63 sales tax measure.** This expenditure plan does *not* contemplate a three- or four-county measure should San Mateo or Santa Clara counties not opt in to a measure. Separate conversations are necessary to determine an expenditure plan for a three- or four-county measure.

Proposed Expenditure Plan Informed by Local Input and Technical Assistance

We would like to thank county transportation authority and transit operator staff for their technical assistance while SB 63 has proceeded through the legislative process. Staff responded in a timely manner to our requests for information related to operator deficits, ridership data, and different ridership-based methodologies for attributing responsibility for operator deficits amongst counties for the purposes of SB 63. We also appreciate MTC for engaging, at the request of various counties, in an independent third-party review of BART's, Caltrain's, Muni's, and AC Transit's deficits. We also thank MTC for providing technical assistance on various measure administrative costs and working to develop more consensus at the commission level on potential transit transformation expenditures and levels. Finally, we appreciate staff at Caltrain

¹ [MTC Travel Survey Summary](#)

² [MTC Polling Report](#)

and its member agencies for socializing and discussing a variety of options to address Caltrain's reported deficit. To date, this specific expenditure plan was not provided or explicitly endorsed by specific staff or local boards, but it is informed by the described technical assistance.

Existing transit funding relationships among Bay Area counties and transit operators are complex and varied, making it especially challenging to develop an expenditure plan for a regional measure that both addresses key transit needs and is as fair and consistent as possible. This technical assistance we received from local agency staff and policy makers was instrumental in helping us develop an expenditure plan that results in counties paying for systems their residents use in a fair manner.

We acknowledge the complexity and long history behind existing Bay Area public transportation agency funding relationships. This expenditure plan is not intended to set a new precedent for locally governed funding relationships. Rather, it provides medium-term stability for public transit systems in a manner that is as fair and consistent as possible, allowing transit systems to maintain service while longer term conversations over local funding relationships can continue as needed.

Revenue Measure Overview

Revenue Mechanism: Sales Tax

Geography: Counties of Alameda, Contra Costa, San Mateo, and Santa Clara and the City and County of San Francisco

Rates: ½ cent in Alameda, Contra Costa, San Mateo, and Santa Clara Counties and one cent in San Francisco

Duration: 14 years

Expenditure Plan Overview

The expenditure plan included in SB 63 will dedicate a specified *percentage of the total measure* for each recipient referenced in the expenditure plan. These target funding amounts are informed by technical assistance received during the expenditure plan development process. The designated recipients are:

- The Transportation Revenue Measure District (TRMD) created by the bill, for administration
 - The administrative allocation is 0.22% (calculated as the sum of 0.25% of each county's ½-cent revenue generation)
 - In addition to an annual administrative allocation, one-time administrative costs to be taken off the top of the measure, including the financial efficiency review and ballot-related expenses
- MTC, to implement rider-focused transit improvements, consistent with the Bay Area's 2021 Transit Transformation Action Plan (T-TAP):
 - Fare programs (Clipper START and free/discounted transfers)
 - Accessibility
 - Transit Priority (including Transit Signal Priority) and Mapping and Wayfinding

- The Transit Transformation allocation is 4.4% (calculated as the sum of 5% of each county's ½-cent revenue generation)
- MTC to allocate to the following operators for public transit operations expenses. Note that additional conversations related to accountability of such funds continue and will be further socialized prior to planned opt-in votes by counties. For example, the language regarding the financial efficiency review is being finalized. Also, San Mateo County partners have expressed a desire for additional accountability measures. The operators to receive their specified allocations from MTC are:
 - BART
 - Caltrain
 - Caltrain figure is based on a distribution discussed at the most recent Caltrain ad hoc meeting. Additional conversations by Caltrain member agencies to confirm this figure continue. The Caltrain funding amount shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.
 - AC Transit
 - Muni
 - SF Bay Ferry
 - Golden Gate Transit
 - Alameda County small bus operators dedicated pot (LAVTA and Union City Transit)
 - The magnitude of the allocations to each individual operator identified in this pot determined by ACTC on an annual basis
 - Contra Costa County small bus operators dedicated pot (County Connection, Tri Delta Transit, and WestCAT)
 - The magnitude of the allocations to each individual operator identified in this pot determined by CCTA on an annual basis
- The following county transportation entities receive all remaining funds – if any – generated in their counties not used for the transit operators/initiatives in the expenditure plan, for public transportation expenses, with no ability for the TRMD/MTC to withhold these funds
 - ACTC
 - CCTA
 - SFCTA
 - SMCTD
 - SCVTA

Expenditure Plan – Annual TRMD/MTC Funding

Entity/Purpose	% of Measure	FY 31 \$s (\$millions)
TRMD, Administration	0.22%	\$2.32
MTC, rider-focused T-TAP	4.4%	\$46.40

In the bill, MTC Transit Transformation amounts will be split up into the below programs:

MTC Transit Transformation Detailed Breakdown

Program/Investments	% of Measure	FY 31 \$s (\$millions)
Clipper START/Free Transfers	2.5%	\$25.78
Accessibility	1.0%	\$10.31
Transit Priority (i.e. TSP) and Mapping and Wayfinding	1.0%	\$10.31
Totals	4.4%	\$46.40

Operator Recipients (percents and dollars rounded to the nearest whole number, except when percentage is under 3%, where it is rounded to the nearest tenth, or dollar amount is under \$30, where it is rounded to the nearest hundredth)

Operator	% of Measure	FY 31 \$s (\$millions)
BART*	31%	\$330
AC Transit	5%	\$51
Muni*	16%	\$170
Caltrain**	7%	\$75
Alameda County Small Bus Operators (LAVTA and Union City Transit)	0.5%	\$5.25
Contra Costa County Small Bus Operators (County Connection, Tri Delta Transit, and WestCAT)	1.5%	\$15.75
SF Bay Ferry	0.7%	\$7
Golden Gate Transit	0.1%	\$1

*Conversations with specific counties regarding accountability related to BART and Muni continue. The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

**The Caltrain funding figure is provisional pending further confirmation from member agencies. The Caltrain funding figure shall be resolved prior to planned San Mateo and Santa Clara board meetings where relevant boards will discuss opting in to the measure.

County Transportation Entities (percents and dollars rounded to the nearest whole number, except when percentage is under 3%, where it is rounded to the nearest tenth, or dollar amount is under \$30, where it is rounded to the nearest hundredth)

Entity	% of Measure	FY 31 (\$\$\$) (\$millions)
ACTC	1.0%	\$10.26
CCTA	2.5%	\$26.51
SFCTA	0%	\$0
SMCTD	4.7%	\$50.00
VTA	25.1%	\$264.07

Resolution Related to Accountability and Financial Efficiency is Necessary

Separate from the discussion of the expenditure plan, we continue to work with local stakeholders to finalize the financial efficiency review language in the bill. Additionally, San Mateo County partners have expressed a desire for additional accountability measures. We will be in touch with relevant staff and stakeholders on this language. The legislative approach to accountability shall be resolved prior to planned San Mateo and Santa Clara meetings where relevant boards will discuss opting in to the measure.

Thank you for your consideration of the proposed five-county SB 63 expenditure plan. Should you have any questions, please reach out to us directly or to Raayan Mohtashemi or Luis Amezcua on our staff at raayan.mohtashemi@sen.ca.gov or luis.amezcua@sen.ca.gov.

Sincerely,



Scott Wiener
Senator, 11th District



Jesse Arreguin
Senator, 7th District

Cc:

President Pro Tempore Mike McGuire - Member, Bay Area Caucus

Speaker Robert Rivas - Member, Bay Area Caucus

Senator Josh Becker - Chair, Bay Area Caucus

Assemblymember Buffy Wicks - Vice-Chair, Bay Area Caucus and Chair, Assembly Appropriations Committee

Senator Dave Cortese - Chair, Senate Transportation Committee

Assemblymember Lori Wilson - Chair, Assembly Transportation Committee

Senator Jerry McNerney - Chair, Senate Revenue and Taxation Committee

Assemblymember Mike Gipson - Chair, Assembly Revenue and Taxation Committee

Senator Anna Caballero - Chair, Senate Appropriations Committee

Candace Andersen, President, Contra Costa County Board of Supervisors and MTC Commissioner
Rafael Mandelman, President, City and County of San Francisco Board of Supervisors
David Canepa, President, San Mateo County Board of Supervisors and MTC Commissioner
Otto Lee, President, Santa Clara County Board of Supervisors
Barbara Lee, Mayor, City of Oakland and MTC Commissioner
Daniel Lurie, Mayor, City and County of San Francisco
Matt Mahan, Mayor, City of San Jose and MTC Commissioner
Gary Singh - Mayor, City of Union City
Margaret Abe-Koga, MTC Commissioner
Marilyn Ezzy Ashcraft, MTC Commissioner
Pat Burt, MTC Commissioner
Alicia John-Baptiste, MTC Commissioner
Nate Miley, MTC Commissioner
Gina Papan, MTC Commissioner
Adam Rak - Chair, City/County Association of Governments of San Mateo County (C/CAG)
Mark Foley - Chair, Bay Area Rapid Transit District (BART)
Diane Shaw - President, Alameda-Contra Costa Transit District (AC Transit)
Janet Tarlov - Chair, San Francisco Municipal Transportation Agency (SFMTA) Board of Directors
Steve Heminger - Chair, Peninsula Corridor Joint Powers Board (Caltrain)
Kevin Wilk - Chair, Central Contra Costa Transit Authority (County Connection)
Diane Burgis - Chair, Eastern Contra Costa Transit Authority (Tri Delta Transit)
Tiffany Grimsley - Chair, Western Contra Costa Transit Authority (WestCAT)
Julie Testa - Chair, Livermore Amador Valley Transit Authority (LAVTA)
Jim Wunderman - Chair, San Francisco Bay Ferry
Gerald D. Cochran - President, Golden Gate Bridge Highway and Transportation District
Andrew Fremier - Executive Director, MTC
Tony Tavares - Executive Director, ACTC
Timothy Haile - Executive Director, CCTA
Tilly Chang - Executive Director, SFCTA
April Chan - General Manager/CEO, SMCTD and Executive Director, SMCTA
Carolyn Gonot - General Manager/CEO, SCVTA
Sean Charpentier - Executive Director, C/CAG
Robert Powers - General Manager, BART
Salvador Llamas - General Manager/CEO, AC Transit
Julie Kirschbaum - Director of Transportation, SFMTA
Michelle Bouchard - Executive Director, Caltrain
Bill Churchill - General Manager, County Connection
Rashidi Barnes - CEO, Tri Delta Transit
Rob Thompson - General Manager, WestCAT
Christy Wegener - Executive Director, LAVTA
Stephen Adams - Transit Manager, Union City Transit
Seamus Murphy - Executive Director, San Francisco Bay Ferry
Denis Mulligan - General Manager, Golden Gate Bridge Highway and Transportation District

Chairs Noack, Haubert, Meadows, Melgar, Gee, Romero, and Lopez

July 23, 2025

Page 8

Senator Christopher Cabaldon - Member, Bay Area Caucus

Senator Tim Grayson - Member, Bay Area Caucus

Senator Aisha Wahab - Member, Bay Area Caucus

Assemblymember Cecilia M. Aguiar-Curry - Member, Bay Area Caucus

Assemblymember Patrick J. Ahrens - Member, Bay Area Caucus

Assemblymember Anamarie Avila Farias - Member, Bay Area Caucus

Assemblymember Rebecca Bauer-Kahan - Member, Bay Area Caucus

Assemblymember Marc Berman - Member, Bay Area Caucus

Assemblymember Mia Bonta - Member, Bay Area Caucus

Assemblymember Damon Connolly - Member, Bay Area Caucus

Assemblymember Matt Haney - Member, Bay Area Caucus

Assemblymember Ash Kalra - Member, Bay Area Caucus

Assemblymember Alex Lee - Member, Bay Area Caucus

Assemblymember Liz Ortega - Member, Bay Area Caucus

Assemblymember Diane Papan - Member, Bay Area Caucus

Assemblymember Gail Pellerin - Member, Bay Area Caucus

Assemblymember Chris Rogers - Member, Bay Area Caucus

Assemblymember Catherine Stefani - Member, Bay Area Caucus

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ATTACHMENT 2

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ELEVENTH SENATE DISTRICT



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August 5, 2025

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Myrna Melgar

Chair, San Francisco County Transportation Authority (SFCTA)

Jeff Gee

Chair, San Mateo County Transportation District (SMCTD)

Sergio Lopez

Chair, Santa Clara Valley Transportation Authority (SCVTA)

Carlos Romero

Chair, San Mateo County Transportation Authority

Adam Rak

Chair, City/County Association of Governments of San Mateo County (C/CAG)

Re: Accountability Provisions in SB 63

Dear Chairs Noack, Haubert, Meadows, Melgar, Gee, Romero, and Lopez,

Thank you for your engagement on SB 63. Accountability for public transit operators has been a consistent theme throughout this legislative process and in prior legislative and budget-related transit funding efforts. We agree that Bay Area public transit should be safe, clean, reliable, more seamlessly integrated, and set up to improve financial efficiency to provide enhanced service for riders. Further, we agree that there should be oversight to ensure that SB 63 revenue measure funds are spent in accordance with all legislative requirements and that transit operators treat all

participating counties fairly and consistently. This letter outlines various existing accountability requirements, as well as accountability provisions we are committing to include in SB 63.

Existing Accountability Provisions

We introduced SB 63 with multiple accountability measures - including the following:

Independent Third-Party Financial Efficiency Review

SB 63 subjects BART, Muni, Caltrain, and AC Transit to a mandatory independent third-party financial efficiency review that identifies cost-saving opportunities and efficiencies. The bill requires these operators to adopt an implementation plan detailing which cost-saving opportunities and efficiencies they will take to continue receiving SB 63 revenues.

Regional Network Management

Reflecting elected officials' and the public's long-standing desire for more effective transit coordination for a seamless and positive rider experience, SB 63 provides real teeth to the enforcement of regional network management policies developed under the existing regional network management framework. These policies and programs include initiatives such as free and discounted transfers, the popular Bay Pass program, and other policies to ensure greater coordination on schedules, fares, and other standards, while providing flexibility for these policies to evolve to meet rider needs.

SB 63 requires BART, Muni, Caltrain, AC Transit, SF Bay Ferry, County Connection, WestCAT, Tri Delta Transit, LAVTA, and Union City Transit to comply with these policies and programs to receive SB 63 revenues.

Strong Legal Requirements on Distribution of Revenues

SB 63 prescribes how the Transportation Revenue Measure District (TRMD) and Metropolitan Transportation Commission (MTC) shall distribute SB 63 revenues. Specifically, the TRMD and MTC are responsible for distributing specified revenues to county transportation entities and transit operators, respectively, at the levels proposed in the SB 63 expenditure plan. SB 63 specifies that the TRMD has no ability to withhold the funds it is responsible for allocating - meaning that the county transportation entities will get their return to source funds. Further, SB 63 specifies how MTC is or is not to condition the funds it must allocate to the transit operators, providing operators with clear expectations of expected revenues while enforcing accountability.

Independent Oversight

Section 67754 added by the bill requires the establishment of an Independent Oversight Committee with membership appointed by the participating counties. The Independent Oversight Committee is tasked with ensuring that regional measure revenues are spent consistent with SB 63's requirements.

New and Enhanced Accountability Requirements

Relationships and Desires for Accountability Vary Across the Region

A regional transit measure as contemplated by SB 63 is inherently and understandably complicated by the varying perspectives, histories, and resulting concerns that different counties have of and with different transit operators. We acknowledge concerns that have been raised by San Mateo County stakeholders related to San Mateo County residents not having direct representation on the boards of some operators proposed to be funded by an SB 63 revenue measure (particularly BART and Muni), and an ensuing call for additional accountability measures beyond those required in the bill to ensure that operators fairly and consistently apply their adopted standards, policies, and commitments across participating counties. Given the significant, temporary increase in operating funding provided by SB 63 to transit, we believe that a broad desire for enhanced accountability is shared by counties throughout the region. Additionally, we have heard a strong call for enhanced financial efficiency measures in the bill from various public and elected stakeholders.

Regional Accountability Committee

Acknowledging a need to establish enhanced accountability measures, we will include in SB 63 an Accountability Committee (see detailed proposal/text in Attachment A) that is composed of 2 representatives from each participating county and is tasked with ensuring that specified transit operators consistently and fairly apply adopted standards, policies, and commitments related to cleanliness, service changes, fare policy, and other relevant areas. The accountability committee provides a direct, equal, and fair venue for participating counties - including counties that do not have direct governing relationships with transit operators - to assess and adjudicate claims by county transportation entities that such standards, policies, or commitments are not being fairly and consistently applied across counties. By authorizing the accountability committee to require corrective action and withhold up to 5% of the funds from transit operators until that corrective action is taken, this framework provides unprecedented accountability for all counties onto these specified operators in a manner that upholds region-wide standards of accountability and fairness.

We believe this regional accountability approach provides a strong and equitable mechanism to address the oversight and representation concerns that San Mateo County stakeholders have raised with us while also benefiting and being able to garner support from all participating counties.

Strengthened Financial Efficiency Review

Pursuant to feedback received from various stakeholders - and in an effort to more closely align with similar efficiency review models - we will also update and strengthen the financial efficiency review language included in SB 63 (see Attachment B for detailed proposal/text). Specifically, we are updating the financial efficiency review language to include an early action phase to deliver near-term efficiency improvements in mid-2026, establishing an Oversight Committee composed of transit operators and independent experts to exercise approval authority over operator-prepared implementation plans based on the more comprehensive review phase, and establishing a requirement for operators to adhere to adopted implementation plan

commitments. We believe that these changes will increase the effectiveness of the financial efficiency review and help set our region's operators on a course toward long term fiscal sustainability.

In summary, we believe that our planned accountability refinements and additions provide a fair, region wide approach to accountability that is robust and flexible enough to address variation in governance and representation structures for all participating counties while conforming to principles of regional fairness and fair treatment. As reflected in recent correspondence provided to our offices, accountability approaches that involve the unilateral withholding of funds or mandating of bilateral agreements would set an uneven accountability playing field and is not sufficiently supported by the existing revenue measure district counties. It thus could not be incorporated into the legislation without posing a significant risk to the viability of a measure. While we are strongly supportive of enhanced accountability provisions and seek continued engagement with stakeholders, we could not entertain accountability provisions that allow a specific county to separately condition funds to BART, Muni, Caltrain, or AC Transit. Similarly, we are not willing to prescribe entry into bilateral agreements between specific operators or counties as a requirement within SB 63.

We appreciate the robust and heartfelt dialogue on accountability that SB 63 has engendered in the region and we trust that all stakeholders understand that we must ensure fairness and equal treatment for all participating jurisdictions.

Sincerely,



Scott Wiener
Senator, 11th District



Jesse Arreguin
Senator, 7th District

Cc:

Senator Josh Becker - Chair, Bay Area Caucus

Assemblymember Buffy Wicks - Vice-Chair, Bay Area Caucus and Chair, Assembly

Appropriations Committee

Senator Dave Cortese - Chair, Senate Transportation Committee

Assemblymember Lori Wilson - Chair, Assembly Transportation Committee

Senator Jerry McNerney - Chair, Senate Revenue and Taxation Committee

Assemblymember Mike Gipson - Chair, Assembly Revenue and Taxation Committee

Senator Anna Caballero - Chair, Senate Appropriations Committee

Margaret Abe-Koga, MTC Commissioner

Candace Andersen, MTC Commissioner

Marilyn Ezzy Ashcraft, MTC Commissioner

Pat Burt, MTC Commissioner

David Canepa, MTC Commissioner

Alicia John-Baptiste, MTC Commissioner

Mayor Barbara Lee, MTC Commissioner

Mayor Matt Mahan, MTC Commissioner

Nate Miley, MTC Commissioner

Gina Papan, MTC Commissioner

Mark Foley - Chair, Bay Area Rapid Transit District (BART)

Diane Shaw - President, Alameda-Contra Costa Transit District (AC Transit)

Janet Tarlov - Chair, San Francisco Municipal Transportation Agency (SFMTA) Board of Directors

Steve Heminger - Chair, Peninsula Corridor Joint Powers Board (Caltrain)

Andrew Fremier - Executive Director, MTC

Tony Tavares - Executive Director, ACTC

Timothy Haile - Executive Director, CCTA

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April Chan - General Manager/CEO, SMCTD and Executive Director, SMCTA

Carolyn Gonot - General Manager/CEO, SCVTA

Sean Charpentier - Executive Director, C/CAG

Robert Powers - General Manager, BART

Salvador Llamas - General Manager/CEO, AC Transit

Julie Kirschbaum - Director of Transportation, SFMTA

Michelle Bouchard - Executive Director, Caltrain

Senator Christopher Cabaldon - Member, Bay Area Caucus

Senator Tim Grayson - Member, Bay Area Caucus

President Pro Tempore Mike McGuire - Member, Bay Area Caucus

Senator Aisha Wahab - Member, Bay Area Caucus

Assemblymember Cecilia M. Aguiar-Curry - Member, Bay Area Caucus

Assemblymember Patrick J. Ahrens - Member, Bay Area Caucus

Assemblymember Anamarie Avila Farias - Member, Bay Area Caucus

Assemblymember Rebecca Bauer-Kahan - Member, Bay Area Caucus

Assemblymember Marc Berman - Member, Bay Area Caucus

Assemblymember Mia Bonta - Member, Bay Area Caucus

Assemblymember Damon Connolly - Member, Bay Area Caucus

Assemblymember Matt Haney - Member, Bay Area Caucus

Assemblymember Ash Kalra - Member, Bay Area Caucus

Assemblymember Alex Lee - Member, Bay Area Caucus

Assemblymember Liz Ortega - Member, Bay Area Caucus

Assemblymember Diane Papan - Member, Bay Area Caucus

Assemblymember Gail Pellerin - Member, Bay Area Caucus

Speaker Robert Rivas - Member, Bay Area Caucus

Assemblymember Chris Rogers - Member, Bay Area Caucus

Assemblymember Catherine Stefani - Member, Bay Area Caucus

Attachment A

SB 63 Authors' Accountability Committee Proposal

Summary

This approach describes a regional oversight structure to ensure that transit operators receiving significant funding from a new SB 63 sales tax are accountable to the counties participating in the measure by requiring transit operators to apply their adopted policies, standards, or commitments consistently and fairly across all counties participating in the SB 63 measure, and requiring corrective action if issues are identified. Specifically, it provides participating counties a venue to raise concerns and seek redress while upholding region wide standards of accountability and fairness.

Definitions

Participating County Entity: Refers to the representative county transportation entity of a county included in the geography of the Transportation Revenue Measure District (TRMD) – aka a county that is participating in the revenue measure. Participating County Entities for a 5-County measure are: ACTC, CCTA, SFCTA, SMCTD, and VTA.

Subject Operator: Refers to an operator set to receive greater than \$50 million in FY 31 dollars from MTC through a Regional Transportation Revenue Measure as specified in GOV 67750(c) of SB 63: BART, Muni, AC Transit, and Caltrain.

Proposal Text:

- 1) SB 63 requires MTC to establish an Accountability Committee that consists of two commissioners from each of the participating counties.
- 2) The Accountability Committee shall be responsible for assessing and adjudicating petitions from a participating county entity regarding regionally inconsistent application or execution of a subject operator's adopted standards, policies, or commitments described in (3) across participating counties. This would occur in circumstances when:
 - (a) A subject operator is not consistently applying or achieving the standard, policy, or commitment in the participating county entity's geographic jurisdiction as reasonably compared to other participating county entity's geographic jurisdictions.
 - (b) The standard, policy, or commitment disproportionately disadvantages the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction and there is no compelling reason for that standard, policy, or commitment to disproportionately disadvantage the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction.
- 3) The scope of the adopted standards, policies, or commitments – or application of those standards, policies, or commitments – that may be the subject of the petition, assessment, and

adjudication are the following issues related to the operation or maintenance of the subject operator's transit system in the participating county entity's geographic jurisdiction:

- a) Service frequency or route changes
 - b) Fare policy, such as the assessment of surcharges
 - c) Station, facility, or vehicle cleanliness
 - d) Station or facility maintenance
 - e) Station or facility closures
 - f) Safety and Security
- 4) The participating county entity shall seek to address the issue that is the subject of a prospective petition directly with the subject operator, including providing the operator an opportunity to directly address the issue, prior to taking the board action required by (5).
 - 5) A participating county entity shall take a formal board action in order to petition the Accountability Committee.
 - 6) Assessment and Adjudication: If presented with a petition from a participating county entity, the Accountability Committee shall determine the following in consultation with the participating county entity and subject transit operator:
 - a) Whether the Accountability Committee agrees with the participating county entity's claim(s) in the petition.
 - b) Whether it shall recommend to the commission corrective action and a response/cure period by the subject operator to address the participating county entity's petition or if no further action is necessary.
 - 7) If the operator is non-responsive or the response is insufficient, the Accountability Committee shall determine whether or not to recommend that the commission withhold, in total at any given time, up to 5 percent of SB 63 regional revenue measure funding dedicated to the subject operator as specified in GOV 67750(c) in an amount the Accountability Committee deems proportionate to the issue that was the subject of the petition.
 - 8) Recommendations by the committee to withhold funds from a subject operator shall be approved by the commission unless rejected by a 2/3rd supermajority of its voting members.

Attachment B

SB 63 Authors' Financial Efficiency Review Proposal

This proposal requires the four transit operators receiving greater than \$50 million in regional revenue measure funds from MTC (BART, Caltrain, Muni, and AC Transit) to undergo a multi-phase comprehensive financial efficiency review that identifies cost-saving and service improvement opportunities for the transit operators, with regular compliance and verification that the operators are implementing these measures. In doing so, it improves financial efficiency for the transit operators, while moving them toward long-term fiscal sustainability, and results in more effective expenditure of taxpayer resources.

Specifically, the proposal does the following:

- Requires MTC to contract with a third party to conduct a two-part efficiency review consisting of:
 - An early action phase to improve service using existing resources
 - A more comprehensive phase, if the measure passes, to identify cost-saving measures and efficiencies that would reduce one-time and ongoing fixed and variable transit operator costs
- Requires BART, Muni, AC Transit, and Caltrain to commit to taking early actions identified in phase 1 of the review.
- Requires BART, Muni, AC Transit, and Caltrain to work with an Oversight Committee that includes independent public transit experts to adopt implementation plans detailing cost-saving measures identified in phase 2 of the review they will take.
- Requires the commission to work with transit operators to verify they adhere to their adopted implementation plans over the life of the measure, ensuring follow-through.

Replace Sections 67760 through 67767 in SB 63 with the following:

CHAPTER 4. Financial Transparency and Review

67760. *(a) The Legislature finds and declares that financial efficiency and transparency are imperative to build public confidence and support for public transportation.*

67762. *(a) The commission shall engage in a financial efficiency review of AC Transit, BART, Caltrain, and Muni pursuant to the timeline in Section 67766.*

(b) Phase One of the review shall exclusively identify the following:

(1) Cost-saving measures and efficiencies implemented by the transit operators subject to the review since January 1, 2020.

(2) Early action strategies that would assist the transit operators subject to the review in delivering increased or improved service and enhanced customer experiences with existing resources.

(c) Phase Two of the review shall identify a menu of cost-saving efficiencies that, if implemented, would reduce one-time and ongoing fixed and variable costs for the transit operators subject to the review.

(d) The scope of both phases of the review shall consider administrative, operating, and capital costs and shall clearly distinguish between any recommended actions that would not impact service and those that would require service realignments or reductions.

67764. *(a) The commission shall contract and manage a third party. The third party shall conduct one or both phases of the review in consultation with the transit operators subject to the review and an Oversight Committee established by the commission that consists of the following:*

- 1. The Chair of the commission, or another member of the commission designated by the chair*
- 2. The Board Chair, or another member of the board designated by the chair, of each transit operator that is subject to the review*
- 3. Four independent experts appointed by the California Secretary of Transportation with expertise in public transportation operations and finance*

67766. *(a) By May 1, 2026, the independent third party procured for Phase One shall complete the Phase One analysis described in subdivision (b) of section 67762 and transmit it to the Oversight Committee. The Oversight Committee shall approve the Phase One analysis and transmit it to the following entities:*

(1) The transit operators subject to the review

(3) The Legislature, in compliance with Section 9795

(4) The Transportation Agency

(5) Each of the county transportation entities identified in the SB 63 expenditure plan.

(b) By July 1, 2026 the transit operators subject to the review shall identify the specific strategies in the analysis described in subdivision (b) of section 67762 that they are willing to implement, and commit to such implementation.

(c) No later than 16 months after the election results are certified, and if the certified election results identify that the measure has passed, all of the following shall occur:

- (1) The independent third party procured for Phase Two shall complete the analysis described in subdivision (c) of section 67762 and transmit it to the Oversight Committee for transmittal to the entities described in paragraphs (1) to (4), inclusive, of subdivision (a)*
- (2) The Oversight Committee shall specify to the transit operators subject to the review what information, at a minimum, shall be included for each efficiency and cost-saving measure identified in the implementation plans required by this subdivision.*

(d) No later than 4 months after the the actions required by (c), each transit operator subject to the review shall submit to the Oversight Committee a draft implementation plan that describes all measurable efficiency and cost-saving measures the transit operator plans to implement, including all information related to those measures required by the Oversight Committee pursuant to (c). In developing the implementation plan, the transit operator shall balance financial efficiency, service, and system safety.

(e) The Oversight Committee shall review each draft implementation plan and either approve the plan or recommend revisions to further facilitate the implementation of recommendations identified in the Phase Two Analysis.

(f) No later than two months after the Oversight Committee takes action pursuant to (e), the transit operator's board shall do all of the following:

- (1) Incorporate Oversight Committee recommendations made pursuant to (e), if applicable.*
- (2) Adopt a final implementation plan and transmit it to the Oversight Committee and to the entities described in paragraphs (1) to (4), inclusive, of subdivision (a).*
- (3) Notwithstanding (1), an operator may reject including one or more of the Oversight Committee recommendations made pursuant to (e) if the operator makes a written finding when adopting the final implementation plan pursuant to (2) that the recommendation has an unacceptable impact on transit service or safety.*

(g) The Oversight Committee shall sunset after each transit operator subject to the review takes the actions required by (f). Each transit operator subject to the review shall adhere to the final implementation plan it adopted pursuant to (f) for the remainder of the life of the measure, until all specified actions have been completed or unless doing so is infeasible due to circumstances beyond the operator's control, in which case the operator shall make a good faith effort to comply.

(h) As a condition of receiving continued funding pursuant to Chapter 3 (commencing with Section 67750), the commission shall verify that each transit operator subject to the review is in compliance with the requirements of this Chapter.