



Memorandum

Date: January 18, 2018
To: Transportation Authority Board
From: Maria Lombardo – Chief Deputy Director
Subject: San Francisco Transportation 2045 Task Force Report

<p>RECOMMENDATION <input checked="" type="checkbox"/> Information <input type="checkbox"/> Action</p> <p>None. This is an information item.</p> <p>SUMMARY</p> <p>In early 2017, San Francisco Mayor Edwin M. Lee and the Board of Supervisors jointly announced the creation of a Transportation 2045 Task Force, to identify transportation funding needs and gaps in resources and explore the potential for new local transportation revenue measures from now through the year 2045. Meeting over the course of seven months, and building on the work of the city’s previous transportation planning efforts, the Task Force developed a menu of options that could help close the transportation funding gap. The Task Force process concluded in December 2017 with five recommendations to be submitted to the Transportation Authority Board, the Board of Supervisors, the Mayor’s office and the San Francisco Municipal Transportation Agency (SFMTA) Board. At the January 23 Board meeting, we will present the enclosed draft final report.</p>	<p><input type="checkbox"/> Fund Allocation</p> <p><input type="checkbox"/> Fund Programming</p> <p><input type="checkbox"/> Policy/Legislation</p> <p><input type="checkbox"/> Plan/Study</p> <p><input type="checkbox"/> Capital Project Oversight/Delivery</p> <p><input type="checkbox"/> Budget/Finance</p> <p><input type="checkbox"/> Contract/Agreement</p> <p><input checked="" type="checkbox"/> Other: <u>Task Force Report</u></p>
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DISCUSSION

The city’s transportation system is multi-modal, multi-operator, complex—and crucial to the livability and affordability of San Francisco. The city has seen a boom in population, employment and tourism since 2010, and by 2040, San Francisco is expected to add an additional 73,400 housing units and 275,000 new jobs. As the city continues to grow, both in population and employment, the transportation system struggles to keep up with an increasing demand for mobility and accessibility. It is imperative today to identify and advance solutions to these shortfalls if we seek to ensure a continued vibrant and sustainable city into the future.

The Transportation 2045 Task Force was comprised of nearly 60 representatives of the city’s neighborhoods, businesses, civic organizations, advocacy groups and agency staff who were asked to provide their perspectives on San Francisco’ transportation system’s needs and potential revenue sources to help meet those needs.

The text below summarizes the key content of the draft final Task Force Report.

Chapter 2: Transportation System Needs Assessment. This chapter elaborates on the projects and programs that need funding based on a comprehensive needs assessment that staff from agencies including the SFMTA, San Francisco Public Works and the Transportation Authority compiled. The needs assessment was largely based on existing information such as the 2017 San Francisco Transportation Plan and SFMTA's Capital Improvement Program.

In all, after netting out existing and anticipated revenues for transportation, agency staff presented an estimated \$22 billion funding gap for San Francisco's transportation system through 2045. That estimate of unfunded need encompasses everything from roadway maintenance needs and unfunded bicycle projects, to Muni service and facility upgrade and expansion to funding gaps for large regional projects like the Caltrain Downtown Extension.

Task Force members each had a varied set of priorities, but overall recognized that these investments are crucial to every aspect of life in San Francisco.

Chapter 3: Potential Revenue Sources for Transportation. The T2045 Task Force reviewed a list of nearly 30 locally-controlled revenue sources (see Appendix B in the enclosed report for a detailed list of all sources) that could help San Francisco better meet its transportation funding needs. This chapter provides details on each source, and presents various factors to consider when debating between sources to pursue. The diverse voices on the Task Force were brought together to reflect the broader community's perspectives, and in doing so, brought to light disparate views about how transportation projects should be funded.

Chapter 4: Task Force Recommendations. The report's recommendations reflect both the Task Force's agreements about the need for additional funding for a wide range of transportation investments, and the passionate discussions on potential sources for those revenues. The group successfully narrowed down this long list to four that were most promising for a 2018 ballot, without reaching a consensus on a single source.

The final recommendations present the proceedings of the Task Force, and are intended to provide policy-makers with insight into various viewpoints, as they grapple with these very same questions.

Recommendation #1: Base the Expenditure Plan on the November 2016 Proposition J's Six Investment Categories

These investment categories were broadly supported by Task Force members.

1. Transit Service and Affordability
2. Muni Fleet, Facilities and Infrastructure
3. Transit Optimization and Expansion
4. Regional Transit and Smart Systems Management
5. Vision Zero, Safer and Complete Streets
6. Street Resurfacing

Recommendation #2: Seek a package of local revenues sources, and continue to advocate for additional federal, state and regional funds, to support San Francisco's transportation priorities

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Task Force members recognized the needs of the city's transportation system far exceed what existing revenue sources can meet. Further, they recognized that while local revenue sources are tremendously important, they alone cannot close the funding gap. Using local revenue sources as leverage as much as possible non-local funds is an essential part of the solution, and local revenues allow San Francisco to remain competitive for nonlocal funds.

Recommendation #3: Top 2018 revenue sources

Four potential revenue sources for 2018 received a significantly higher numbers of votes from Task Force members than the other potential sources, though none has a clear majority of support at this time. These four sources are:

- Sales Tax, estimated annual revenue = \$50-\$150 million
- Gross Receipts: Commercial Property Rent Tax Increase, estimated annual revenue = \$13-\$100 million
- Vehicle License Fee (VLF) - San Francisco (SB 1492), estimated annual revenue = \$12-\$73 million
- Gross Receipts: Platform/Gig Economy Tax, estimated annual revenue = \$8-\$30 million

Recommendation #4: Continue research, development, and, as appropriate, seek state legislation for Congestion Pricing and Transportation Network Companies Fees

Congestion pricing is a system that uses fees to control roadway demand, and uses revenues to fund a package of transportation improvements. Transportation Network Companies Fees would charge per-trip or per-vehicle fees on companies that use online-enabled platforms to connect passengers with drivers using personal, non-commercial vehicles for trips, such as Uber and Lyft. Many Task Force members support these revenue sources for San Francisco, though the city would require state authorization before they could be implemented locally. There would also need to be further research and development to better understand how to structure and administer these revenue sources to meet the city's goals.

Recommendation #5: Support a General Obligation bond in 2024 for Transportation

This was a recommendation of the T2030 Task Force in 2013. It is included in the City's Capital Plan, and received overwhelming support from T2045 Task Force members.

Next Steps: The final Task Force report and its recommendations will be submitted to the Mayor's office, the Board of Supervisors, the SFMTA Board and our Board. This will memorialize the contributions of the Task Force. Further, as the conversation about local revenues for transportation in San Francisco continues, this report will continue to serve as a resource to help provide an understanding of the trade-offs between different sources and different transportation investments, with the hopes of enabling a higher level of investment in our city's transportation systems.

FINANCIAL IMPACT

None. This is an information item.

CAC POSITION

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None. This is an information item. We will be presenting this item to the CAC at its January 24 meeting along with the voter survey results that the Board will hear on January 23.

SUPPLEMENTAL MATERIALS

Enclosure 1 – San Francisco Transportation 2045 Task Force Report