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April 08, 2024

The Honorable Dave Cortese
Chair, Senate Transportation Committee
State Capitol, Room 405
Sacramento, CA 95814

The Honorable Steve Glazer
Chair, Senate Revenue and Taxation Committee
State Capitol, Room 407
Sacramento, CA 95814

RE: San Mateo County Transit District Letter of Concern Regarding SB 1031

Dear Chairs Cortese and Glazer:

On April 3, the San Mateo County Transit District (SamTrans) Board of Directors (Board) took an **Oppose-Unless Amended position** on Senate Bill 1031 (Wiener and Wahab). We appreciate the authors' focus on the need to enable new transportation funding for the nine-county Bay Area, particularly to support public transit in the wake of shifting commute patterns following the Covid-19 pandemic. However, in its current form, SB 1031 goes well beyond revenue generation.

SamTrans is San Mateo County's mobility manager; owner and operator of the SamTrans fixed-route bus system, Redi-Wheels and RediCoast paratransit systems, and RidePlus microtransit; managing agency of the Peninsula Corridor Joint Powers Board (Caltrain); managing agency of the San Mateo County Transportation Authority, and co-managing agency of the San Mateo County Express Lanes Joint Powers Authority.

SamTrans' bus service carries the lowest-income riders in the Bay Area, per MTC's Transit Passenger Survey (2014-2019). According to the onboard 2021 SamTrans' Triennial Customer Survey, the average income of SamTrans' riders is \$46,506. When household size is accounted for, 91% of SamTrans' riders qualify as low-income and 64% are extremely low income (earning less than two times the Federal Poverty Limit). In addition, 74% of SamTrans' riders do not have access to a car and 19% speak little to no English. For the

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most part, SamTrans' passengers are not regional transit riders. Only 12% of SamTrans riders transfer to Caltrain, Muni, VTA or BART.

San Mateo County is a "self-help" county, with two SamTrans sales taxes and a separate San Mateo County Transportation Authority sales tax. San Mateo County also is one of three county participants in the Caltrain sales tax. One of San Mateo County's half-cent sales taxes will sunset in less than 10 years, and our best chance to ensure continuity of funding support would be going back to the voters to get an extension in 2028 as further discussed below.

SamTrans participates in all MTC-led and operator co-led regional transit initiatives, and has been working in good faith with fellow Bay Area transit operators and MTC to establish and make good use of the new Regional Network Manager Council (RNM Council), including the effort to develop clear accountability measures for all transit operators.

Below, we detail SamTrans' significant concerns with the scope and language of SB 1031:

1. Arbitrary Directive to Consolidate

SamTrans and other transit agencies have been working closely with MTC on developing mechanisms for improved transit agency coordination and resource-sharing. Based on SamTrans' extensive experience as an operating and managing agency for multiple transit and transportation agencies and functions, SamTrans' leaders know well the costs and benefits of regional transportation management, as well as the challenges associated with efforts to study and then change how agencies work together. We believe a study on consolidation – or even more limited regional coordination – must be well thought-out, with sufficient staff and financial resources to support its timely delivery and utility. However, SB 1031 requires a full consolidation study on an extremely tight timeframe, with no cost estimate or source of funds, and a pre-determined outcome.

SamTrans maintains that any study contemplated in SB 1031 should focus on how we can better provide mobility within and throughout the region, without presuming from the start that consolidation of agencies has merit over all other options. Having said that, we would note that SB 1031 lacks any structure for implementing a potential regional consolidation, or funding sources to support consolidation implementation. We support removing the consolidation elements of SB 1031.

2. No Assurance or Plan for Fair Funding Distribution

SB 1031 proposes a range of mechanisms to fund transportation in the Bay Area. No matter which option is ultimately selected, significant funding would be generated in San Mateo County with no assurance that a significant amount of funding be designated for the benefit of San Mateo County and its residents. Currently, SB 1031 assumes new revenues of \$1-1.5 billion annually, with \$750M set aside for transit operations, and focuses these funds on agencies with the highest number of riders and greatest impending

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funding needs. Based on ridership and anticipated "fiscal cliffs" in peer agencies' financial models, we anticipate a significant majority of these funds will go to BART (which serves a very small portion of San Mateo County), SF MUNI (which connects with SamTrans) and other agencies operating entirely outside of San Mateo County.

This fund distribution approach penalizes San Mateo County and similarly-situated communities. SamTrans' constituents have taxed themselves multiple times to fund transportation. In addition, we have streamlined SamTrans service, cutting wasteful and inefficient routes, and focused on the needs of our riders requiring public transit the most, resulting in adult ridership at over 100% of pre-pandemic levels. With the help of our voter-approved funds and remarkable transit ridership recovery, SamTrans' operating budget is balanced. That said, SamTrans will face operational cost increases with the transition to zero emission technology, which current revenues will not fully support.

In addition, continued and improved public transit requires substantial capital investment. From delivering innovative service and customer-focused amenities, to transitioning to zero emission technology, to protecting our bus bases against rising sea levels, and maintaining a basic state of good repair, SamTrans' capital needs are extraordinary, and present a funding gap of hundreds of millions of dollars.

Fair geographic distribution of financial resources must be prioritized to ensure San Mateo and other counties are not taxed to fund benefits that will never come back to them. Funding distribution should be fair from the start, and also regularly reassessed as transit services and financial needs change.

3. New Election Risk

As drafted, SB 1031 would grant MTC broad authority to place a tax measure on the ballot in the nine Bay Area counties, or in a subset of them, with no restrictions on the number of times it can go to the ballot, when, or if certain polling thresholds must be met first.

This flexibility for MTC puts local tax measures at risk. For example, San Mateo County Transportation Authority's current Measure A will expire at the end of 2033. The 2028 election may be the best option for seeking voter approval to continue Measure A, which could be extremely difficult to achieve if there is a regional measure on the ballot at the same time. We cannot risk \$100M+ per year in local funding in favor of a regional measure that may only scarcely be available to our communities.

SamTrans has asked much of the local electorate and our riders in the past and has been fortunate to earn voters' confidence. It would be enormously detrimental for San Mateo County to lose future voter support for local transportation funding measures as a result of SB 1031.

These concerns are very real in San Mateo and in other local counties and must be taken seriously. We ask that you find a way to preserve and protect our ability to self-fund, such

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as by allowing counties to opt out of a regional measure, by limiting the reach of a new regional measure to only those communities represented by the BART Board of Directors (assuming the bulk of regional measure revenues will be spent in that area), or by restricting MTC from going to the ballot in a county where a local transportation measure also is being sought at the same election.

4. Proposed Accountability Tools and Governance Changes for MTC Go Too Far

Finally, we understand the need for accountability on the part of agencies receiving financial support through new regional sources, and for MTC to be equipped with the proper tools to provide regional oversight. However, SamTrans believes MTC's efforts should reflect the RNM process agreed to by local agencies and allow that process to evolve. The "governance" goals outlined in SB 1031 go significantly further than what local agencies agreed to, and the bill also grants MTC expanded authority to withhold historical state transit funds if MTC direction for achieving the bills goals is not followed.

For example, SB 1031 would expand MTC's authority to withhold State Transportation Assistance (STA) and Local Transportation Funds (LTF) in response to local agency actions such as changing branding at bus stops or adjusting fare prices. STA and LTF provide essential operational funding that agencies rely on, currently in the amount of about \$50 million annually for SamTrans. SamTrans believes MTC should not be given the authority to withhold existing State-generated transit operations funding, especially as there are other ways to ensure accountability, including placing restrictions on MTC discretionary funding and any new moneys coming from the Regional Transportation Measure.

In addition, any expansion of MTC's role must still ensure adequate consideration of the needs of local transit operators. We believe one option is to codify the RNM Council, which is made up of large operator and small operator representatives. This approach would guarantee that leaders who provide service, and who understand the intricacies of running transit systems of varying types and sizes, are always part of the conversation at MTC. It also would allow operators to hold each other accountable in achieving shared goals.

Furthermore, with any proposed expansions of MTC's role, there is a risk of new unfunded mandates from MTC. This would need to be mitigated through either an off-setting revenue source or off-ramps for situations when transit operators truly cannot afford to meet new requirements. In this vein, operators should maintain control over their own fares, within voluntary agreements on fare coordination.

In closing, preserving and protecting SamTrans' ability to deliver local services remain our top priority. We must stress that the concerns raised above are major issues for our agency. However, we remain committed to the RNM work that is already underway and to the continued collaboration on future amendments to SB 1031. Our Board will certainly revisit this bill as the language is modified and could change its position in the future.

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We thank you for your time and consideration of our concerns. Please do not hesitate to reach out to our Government and Community Affairs Director, Jessica Epstein, at EpsteinJ@samtrans.com for further discussion.

Sincerely,



Marina Fraser
Chair, SamTrans Board of Directors



April Chan
General Manager/CEO, SamTrans

Cc: San Mateo County Transit District Board of Directors
San Mateo County Transit District State Legislative Delegation
Alfredo Pedroza, Chair, Metropolitan Transportation Commission
Andrew Fremier, Executive Director, Metropolitan Transportation Commission
The Honorable Scott Wiener, California State Senate
The Honorable Aisha Wahab, California State Senate