

Financial Detail on Scenario 1 and Hybrid Scenario

Background

Since the agenda and materials were released for the September 23 Select Committee meeting, staff have received requests for more detailed information on the financial details related to revenues generated and distribution of funding in the two funding frameworks. The attached tables provide those details based on the current revenue assumptions. It's important to note that the revenue projections are based on 2022 figures and if the revenue forecast is updated to the measure's Fiscal Year 2026-27 start, the funding on the expenditure side will be updated as well. Below is a brief description of each.

Table 1

This table summarizes the revenues and expenditures in the four core counties in Scenario 1 by each phase (Years 1-8, Years 9-15 and Years 16-30). It provides 30-year totals and the funding provided to the four operators funded in Scenario 1 in Years 1-8 and Years 9-15.

In Years 9-15 of Scenario 1, supplemental funding for transit operations within the core counties is guaranteed at \$380 million/year from either the revenue measure or a new non-local funding source, such as new state funding. The extent to which this minimum guaranteed funding for transit operations is provided by the revenue measure or a new non-local source, determines how much of the measure's funding is available for the County Flex category.

Table 2

This table summarizes the revenues and expenditures for the five potential opt-in counties in Scenario 1. Note that while 90% of the funding generated within the counties is retained as flexible funding for use within the county, there is a requirement that at least 30% of these flexible funds be spent on public transit over the life of the measure. Additionally, one of the terms for opt-in counties to join the measure is that they contribute towards offsetting transit operating deficits for operators serving their county, taking into consideration any existing agreements and subject to negotiation with MTC and relevant transit operator(s).

Table 3

This table illustrates the distribution of funds in the Hybrid Scenario showing how the sales tax would be distributed in Alameda, Contra Costa, San Francisco and San Mateo over the different phases (Years 1-8, 9-15 and 16-30) along with the payroll tax, which follows the same distribution for Years 1-30. Because the Hybrid Scenario builds on Scenario 1, the distribution of funds for the other five counties is different, following the same structure for all 30 years, and is illustrated in the bottom table. The main difference for the other five counties in the Hybrid Scenario, as compared to Scenario 1, is that they are automatically included in the measure, and they are no longer required to contribute 30% of their County Flex funds on public transportation (due to the ongoing funding for transit operations from the payroll tax).

Table 4

This table summarizes the 30-year total revenues and expenditures by county in the Hybrid Scenario, detailing those components that are distributed at the county level (“subventions to counties”) and those that are regionally distributed. The bottom table illustrates an estimate of how much funding each transit operator would receive over the first 15 years. There would be a regional process in FY 14-15 to calculate the allocation of transit funding in Years 16-30. Consideration for funding would not be limited to operators receiving funding in years 1-15.

Scenario 1: 4-County Annual Revenues and Expenditures

Table 1

Annual Revenues and Expenditures

(Dollars in millions)	Revenue Generation	Years 1-8 FY27-FY34		Years 9-15, FY35-FY41				Years 16-30 , FY42-FY56		30-Year Total			
		Trans-formation (10%)	Transit Funding (90%)	Trans-formation (10%)	Transit Funding*	Min. Remaining to County Flex (20%)**	Max. Remaining to County Flex (50%)**	Trans-formation (10%)	Remaining to County Flex (90%)	Trans-formation (10%)	Transit Funding*	Min Remaining to County Flex**	Max Remaining to County Flex**
Core Counties	1/2 Cent Sales Tax												
Alameda	220	22	198	22	154	44	110	22	198	661	2,665	3,282	3,744
Contra Costa	112	11	101	11	79	22	56	11	101	337	1,358	1,672	1,907
San Francisco	98	10	88	10	69	20	49	10	88	294	1,184	1,458	1,664
San Mateo	109	11	98	11	76	22	55	11	98	328	1,322	1,628	1,857
4-County Totals	540	54	486	54	378	108	270	54	486	1,619	6,529	8,040	9,173

Sales Tax Revenue Source: 2022 taxable sales information provided by Sperry Consulting

*Transit funding in years 9-15 may include some new, non-local, sources of funds. The minimum amount proposed from the measure is \$220M per year.

**If no new, non-local funding is raised, then measure provides \$380M for Transit and County Flex receives 20% of the measure in that year. If \$160M or more is received, then County Flex receives 50% of county-generated revenue.

Funding by Transit Operator

	Years 1-8 Annual	Years 9-15 Annual	15-Year Total
AC Transit	31	29	203
BART	307	283	1,981
Caltrain***	39	36	252
SFMTA	88	30	210
Others	4	-	-
Additional Funding to Distribute	17	-	-
Total	486	378	2,646

***Assumes Caltrain will receive partial funding of their deficit from the core counties, and the remainder from Santa Clara County. Exact amount from each still to be determined.

Golden Gate would receive funding if Marin/Sonoma opt in.

Date: 9/19/24

Scenario 1: Opt-in Counties

Table 2

<i>(Dollars in millions)</i>	Annual Funding		30-Year Total	
	Transformation 10%	County Flex 90% <i>(30% Min. for Transit)*</i>	Transformation 10%	County Flex 90% <i>(30% Min. for Transit)*</i>
Opt -In Counties				
Santa Clara	29	259	862	7,761
Marin	3	29	98	881
Napa	2	21	69	624
Solano	5	47	156	1,401
Sonoma	6	55	182	1,641
Opt-in Total	46	410	1,368	12,308

*To opt in to the measure, counties must provide funding to help close budget gaps for transit operators serving their county. There is also a requirement that 30% of County Flex is to be invested in transit capital, operations or maintenance over the life of measure. Funding for the county's operator shortfalls would count towards the 30% County Flex transit investment.

Hybrid Scenario, Annual Revenues and Expenditure by County

Table 3

<i>(Dollars in millions)</i>	Revenue Generation	Years 1-8 FY27-FY34		Years 9-15 FY35-FY41			Years 16-30 FY42-FY56	
		Transformation (10%)	Transit Operations (90%)	Transformation (10%)	Transit Operations (40%)	Remaining to County Flex (50%)	Transformation (10%)	Remaining to County Flex (90%)
Alameda	220	22	198	22	88	110	22	198
Contra Costa	112	11	101	11	45	56	11	101
San Francisco	98	10	88	10	39	49	10	88
San Mateo	109	11	98	11	44	55	11	98
4 County Totals	540	54	486	54	216	270	54	486

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Years 1-30			
	Payroll Tax	Employee Commuter Benefit Program*	Support for Regional Transit Operations**
Alameda	97	39	58
Contra Costa	47	19	28
San Francisco	95	38	57
San Mateo	54	22	33
4 County Totals	292	117	175

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Years 1-30					
	1/2 cent Sales Tax + Payroll Tax	From Sales Tax		From Payroll Tax	
		Transformation	County Flex	Employee Commuter Benefit Program*	Support for Regional Transit Operations**
Santa Clara	434	29	259	59	88
Marin	46	3	29	5	8
Napa	33	2	21	4	6
Solano	67	5	47	6	9
Sonoma	86	6	55	10	15
Remaining Counties	666	46	410	84	126

*Funding for Employee program equals 40% of payroll tax and is distributed to counties based on the amount collected in that county.

**There would be a regional process in FY 14-15 to calculate the allocation of transit funding in Years 16-30. Consideration for funding would not be limited to operators receiving funding in years 1-15.

Sales tax and payroll tax information provided by Sperry Consulting. Sales tax based on 2022 taxable sales.

Hybrid Scenario, 30-Year Totals and Funding by Transit Operator

Table 4

<i>(Dollars in millions)</i>	Subvention to Counties		Regionally Distributed			Total
	County Flex	Employee Benefit	Support for Regional Transit Operations	Transit Operations	Transformation	
Counties						
Alameda	3,744	1,162	1,743	2,203	661	9,513
Contra Costa	1,907	559	839	1,122	337	4,765
San Francisco	1,664	1,134	1,701	979	294	5,771
San Mateo	1,857	652	978	1,093	328	4,909
Santa Clara	7,761	1,756	2,634		862	13,014
Marin	881	158	237		98	1,373
Napa	624	117	175		69	985
Solano	1,401	179	269		156	2,005
Sonoma	1,641	307	460		182	2,590
Grand Total	21,481	6,024	9,036	5,396	2,986	44,924

Funding by Transit Operator

	Years 1-8 Annual	Years 9-15 Annual	15-Year Total
BART	347	250	4,524
Caltrain	72	52	940
Golden Gate Transit	45	21	502
SFMTA	252	142	3,009
AC Transit	54	39	705
ACE	4	3	47
LAVTA	2	1	24
NVTA	2	1	24
Soltrans	4	3	47
WestCat	5	4	71
ECCTA	2	1	24
Total	787	517	9,915

*Note: Totals by operators are only calculated for the first 15 years.