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**as of 11-07-2024**

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November 6, 2024

Commissioner Jim Spering  
Chair, MTC Transportation Revenue Select Committee  
375 Beale Street, Suite 800  
San Francisco, CA, 94105

Dear Commissioner Spering:

San Mateo County leaders recognize the importance of maintaining a strong regional public transit network in the Bay Area. Together we must not allow our rail systems to fail. However, solutions must be fair, likely to pass the muster of voters, and must not jeopardize local transportation systems and priorities.

Transportation agencies in San Mateo County are interwoven and interdependent; we understand the importance of collaboration and stakeholder engagement. This also means it takes our five independent Boards, agencies, elected officials, appointed officials, and community stakeholders sufficient time to build consensus.

Each of the following agencies has a vested interest in the outcome of this process and may take a position on any legislation that will be introduced. The San Mateo County Transit District (SMCTD) is the mobility manager overseeing the principal transportation systems and programs in San Mateo County. The District is governed by the SamTrans Board of Directors. SMCTD is also the managing agency for Caltrain and the San Mateo County Transportation Authority (SMCTA) under the direction of their independent Boards. Additionally, the District provides staffing in several functions for the San Mateo County Express Lanes JPA. Meanwhile, The City/County Association of Governments (C/CAG) serves as the Congestion Management Agency (CMA) and provides staffing support for the Express Lanes jointly with SMCTA staff.

**Top priorities for San Mateo County leaders include:**

- **Voluntary participation:** The region must not include San Mateo County voters in a revenue measure without the consent of our elected representatives. San Mateo County should only be included in the enabling legislation for a regional measure if the county approves such an action. It is also important that voters pass the revenue measure by the required vote threshold within San Mateo County (e.g. 2/3 majority for specific tax, 50% +1 for Citizens' Initiative) to impose the local tax.
- **Continued responsible fiscal management of SamTrans Bus and its suite of services:** Although SamTrans does not currently confront an operational deficit, costs and inflation continue to rise. We also have significant unfunded capital needs, including State mandates to convert our fleet of transit vehicles to 100% zero emission by 2040, and other infrastructure upgrades to address sea level rise and climate change. A new revenue measure must include flexible funds for SamTrans. Our leaders consistently oppose revenue measures that do not provide fair return-to-source funding for San Mateo County and require us to become a "donor county."
- **Protection of Caltrain service:** SamTrans is the managing agency for Caltrain. San Mateo County is committed to proportionally funding Caltrain under the structure of the Joint Powers Agreement that established and continues to govern Caltrain as a

supplement to Measure RR revenues. All three counties that govern Caltrain (Santa Clara, San Francisco, and San Mateo) must participate in any new revenue measure. Each county’s participation must be clear and guaranteed.

- **Protection of local transportation revenue measures:** Existing voter-approved and locally developed expenditure plans include critical funding for Caltrain, BART, SamTrans bus, paratransit, shuttles, ferry service, maintenance for local city streets and roads, Caltrain grade separation projects, bicycle and pedestrian investments, regional transit connections, highways, safe routes to school, mitigation for traffic congestion and water pollution. Even a 0.125% (1/8) sales tax increase will raise eight of our 20 cities (40%) to an overall 10% sales tax rate. Any new regional measure must not jeopardize the reauthorization of local funding measures.

**The following dates include estimated renewal years in advance of each measure’s expiration:**

Title	Est. Renewal Year	Est. Annual Revenue	Type	Administered by:
Measure A	2028	\$120M	.5% sales tax	SMCTA
Measure M	2032	\$7M	\$10 vehicle registration fee	C/CAG
Measure W	2044	\$120M	.5% sales tax	SMCTA & SamTrans
Measure RR	2048	\$30M	.125% sales tax	Caltrain

**1. A successful regional ballot measure must:**

- Have a simple and limited scope.
- Preserve and protect the ability to self-fund.
- Prioritize fair geographic distribution.
- Enhance accountability and oversight.
- Give counties authority over funding decisions.

**2. San Mateo County’s financial responsibility to our regional rail systems:**

**Caltrain:** As the managing agency for Caltrain and one of three member agencies of the JPB, SamTrans has a legal responsibility to fund our proportional share of Caltrain. We recognize Caltrain serves commuters throughout the entire length of San Mateo County.

**BART:** While BART provides important service in five (25%) of our cities and throughout the region, San Mateo County is not a member of the BART District. SamTrans has an existing agreement with BART and MTC that clearly defines San Mateo County’s past, present, and future operational and capital funding obligations to BART. This 2007 negotiated agreement considered the significant investment that SamTrans and San Mateo County riders have and will continue to pay into the system and considered the hundreds of millions of dollars’ worth of capital contributions, SFO Extension project contributions including design and construction costs, and land value ripe for transit-oriented development that SamTrans transferred to BART at zero cost. SamTrans has fully complied with the existing agreement.

- We recognize no one could have predicted the pandemic and its impact on public transit, especially to BART and Caltrain.
- Any additional financial contributions to BART considered by San Mateo County voters and their elected representatives will be voluntary and should be met with improvements and accountability.
- We disagree with MTC/BART’s calculation of San Mateo County’s proposed fair-share contribution to BART that would fund operational deficits. We are also concerned that agencies calculate operational deficits differently, which will directly impact the benefit they receive from a regional revenue measure.
- Third Party Reviewer: we recommend an independent Third-Party Reviewer of budget deficits and proposed fair-share calculations for each agency named in the regional revenue measure. This will ensure full transparency,

consistent modeling, and resolve discrepancies about how to calculate fair-share contributions and operational deficits.

- BART/MTC have suggested (per Commissioner Spering’s letter and subsequent presentations) that San Mateo County’s reasonable fair-share towards BART and Caltrain ranges between \$70-\$130M annually. This means San Mateo County’s annual fair-share for BART alone could equal up to \$100M annually. We understand this calculation assumes San Mateo County should fund the deficit incurred by the BART District, in accordance with the share of ridership from each BART county, minus what each county is currently contributing to BART in county revenues. We also understand BART’s costs used to calculate the counties’ share include “all-in” costs, which cover not only operations, but also capital, deferred maintenance, administrative overhead, and debt service.
- The proposed approach described above, as we understand it, treats San Mateo County as though it were a member of the BART District, disregards the past agreement between SamTrans, BART and MTC, and does not account for contributions to the system from this county, including the only county-specific surcharge in the region. The amount of funding San Mateo County provides to BART should not be equivalent to BART District counties and must be an amount our voters will support.
- San Mateo County elected leaders may be willing to consider contributing proportionally to BART’s **pandemic fare loss** in San Mateo County, in return for improvements to our BART stations—not the status quo.

**3. If San Mateo County elected officials decide to support a revenue measure that helps BART address its financial crisis, San Mateo County must gain in return from BART:**

- Ironclad agreements about how the money will be spent.
- Commitment to continue providing BART service at all San Mateo County stations at a level consistent with systemwide service and coordinating that service with Caltrain and SamTrans schedules to ensure seamless transfers.
- Clear benefits and improvements to San Mateo County BART stations so that taxpayers see and feel improvements to safety and “quality of life” issues resulting from their new investment (e.g. frequent cleaning, improved security, lighting, new fare gates).
- Accountability: full transparency regarding BART’s efforts to align service with existing post-pandemic ridership trends and scale its operations appropriately, plus responsible fiscal management of administrative overhead costs.
- Acknowledgement and full accounting of existing and historic contributions of San Mateo County into the BART system. It is vital to have a fair and transparent accounting of these investments to build consensus for a regional transportation measure in San Mateo County.

**4. Possible funding solutions:**

- Decisions about which type of revenue measure to place on the ballot must be data-driven and supported by robust polling data.
- Simpler revenue measures with clear expenditure plans have a higher likelihood of passing.
- In addition to evaluating and responding to the myriad of revenue proposals suggested by MTC, BART, Caltrain, Muni and individual legislators, San Mateo County leaders are thinking creatively about practical funding solutions grounded in equity and fairness. These solutions include taxes, fees, and/or modifications to existing expenditure plans. We are committed to engaging with community stakeholders before we publicly propose funding solutions.

- San Mateo County will propose funding solutions after we establish consensus with MTC about our county's appropriate fair-share contribution. Solutions must fit the problem.
- Although the SMCTA and SamTrans Board of Directors have not yet taken an official position on MTC's proposed regional revenue measures, recent feedback indicates that our elected leaders do not support MTC's current proposals.

In the coming weeks, San Mateo County leaders and stakeholders will continue to explore the pros and cons of revenue measures that include:

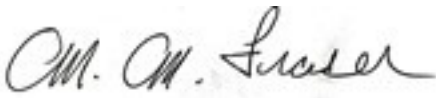
- MTC's Scenario 1, 1a, and 2
- SFMTA-led Operator Proposal, a.k.a. "Bay Area Transit Operators Partnership Funding Network"
- San Mateo County revenue measures, and/or other county-coordinated efforts

San Mateo County has a long history of being a collaborative regional partner. Our record demonstrates that San Mateo County stepped up to the plate and leveraged local taxpayer dollars for the greater regional good at critical moments when other agencies did not or could not. Here are three examples: 1) purchasing the railroad ROW from Union Pacific, giving birth to Caltrain for the mutual benefit of Santa Clara, San Francisco, and San Mateo Counties; 2) purchasing the Dumbarton Corridor to preserve the transit asset for the mutual benefit of Alameda and San Mateo Counties; and 3) funding capital and operations to realize the BART District's vision for an SFO Airport extension including four San Mateo County stations—which nearly sunk SamTrans financially until a fair exit strategy was negotiated—for the benefit of the regional BART system. And now, in 2024, San Mateo County leadership is considering creative financial solutions to voluntarily help regional transit operators with fiscal cliffs. Collaboration among cross-functional stakeholders is The San Mateo County Way and we will continue to work towards practical solutions.

Sincerely,



April Chan  
General Manager/CEO and Executive Director



Marina Fraser  
Chair, San Mateo County Transit District Board of Directors



Carlos Romero  
Chair, San Mateo County Transportation Authority Board of Directors

Cc: San Mateo County Transit District Board of Directors  
San Mateo County Transportation Authority Board of Directors  
David Canepa, Commissioner, Metropolitan Transportation Commission  
Gina Papan, Commissioner, Metropolitan Transportation Commission  
Andrew Fremier, Executive Director, Metropolitan Transportation Commission  
San Mateo County Transit District and San Mateo County Transportation Authority State Legislative Delegation