



Analysis & Endorsement of Alameda County's 2014 Transportation Funding Measure June 3, 2014

Executive Summary

Alameda County voters face a big decision in November, and it is a decision they have made before. Transportation officials plan to ask voters to double the existing transportation sales tax (often known as “Measure B” or “BB”) and approve a \$7.8 billion plan for the next 30 years of spending. This would be the largest transportation funding measure ever in northern California.

This plan is almost the exact same measure that barely missed passage in 2012, gaining 66.53% of the vote, just shy of the 2/3 vote required. TransForm supported that 2012 measure.

Since 2012, the Alameda County Transportation Commission (ACTC) has made the measure better. Most importantly, the 2014 plan has a 30-year sunset, while the 2012 tax would have continued in perpetuity. That perpetuity clause was unpopular with some voters and good-government advocates such as the League of Women Voters.

On advice from communications consultants, ACTC changed the titles of a few components of the spending plan: “BART, Bus, Senior, and Youth Transit” instead of “Mass Transit.” These changes make no difference from a policy perspective: all the projects and programs get the same amounts in the 2014 plan as in the 2012 plan.

The only substantial change to an individual project is a positive one: the funds for the Dumbarton Corridor will now be used for express bus services, not for a proposed rail project that was projected to be low-performing. There are a few other small but positive changes in language regarding use of express lane revenues, mitigation of displacement, and using performance and cost-effectiveness to evaluate the plan's projects and programs.

Combined, these changes make the 2014 plan better than the 2012 plan. If it passes, the new measure would fund numerous important improvements: restore cut bus service, start a new youth bus pass program, repair potholes, help maintain BART's existing system, and make unprecedented investments for pedestrian and bicycle safety and infrastructure as well as for transit-oriented development.

As with the 2012 plan, the biggest concern remains the proposed BART to Livermore project. By leaving a large funding gap to build this incredibly expensive project, it could divert future funding away from fixing BART and place even more burdens on an already-stressed system. But even this concern has lessened over the past two years. We've made major strides in getting BART to recognize it needs to protect its existing system and to fully investigate more flexible alternatives before committing to any specific project for Livermore.

The 2014 measure is better than the 2012 plan and deserves TransForm's support. We will devote significant staff time to supporting a Yes vote in November.

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A. Background: Measure B/BB & TransForm, 1986-2012

The Alameda County Transportation Commission (ACTC) plans to put a measure on the November 2014 ballot to ask voters to double the existing 0.5% transportation sales tax to 1%, extend it another 30 years (instead of the current expiration in 2022), and approve a \$7.8 billion plan. This would be the largest transportation funding measure ever in northern California.

Transportation sales taxes are very important. Transportation sales taxes are one of the most flexible funding sources – they can be used for anything remotely transportation-related. Once voters approve the measure, however, the spending is (mostly) locked in. Since most sales tax projects are only partially funded, the expenditure plan has a tremendous influence on how other discretionary money is spent. The stakes are very high.

A1. The First Measure B: 1986

In 1986, Alameda County passed one of the first ½-cent county transportation sales taxes in the state (56% Yes, when it needed only a majority vote). The vast majority of the money went for capital projects, with a small portion for AC Transit and paratransit (11.5%). The measure ran from 1987-2002.

A2. The Second Measure B: failed in 1998, passed in 2000

In 1998, Alameda County voters rejected a proposed 15-year, \$1.1B renewal (58% Yes, but it needed 2/3). Sierra Club and Environmental Defense, along with then-Assemblymember Don Perata, were the major opposition, concerned about individual capital projects and a sense that we could do better. A weak economy and anemic campaign also contributed to the failure.

In 2000, voters approved (81% Yes) a 20-year \$1.4B renewal, to run from 2002-2022. This measure is sometimes called “B2”, as it was a renewal of the 1986 measure. TransForm (then known as the Bay Area Transportation and Land Use Coalition), led a coalition with BOSS, Sierra Club, and Environmental Defense, with support from others, to influence and then pass the measure. Since the 2000 plan was for a longer time, it had a larger expenditure plan than in 1998 (\$1.4B vs. \$1.1B). Most of the added funds went to programs and projects our coalition supported. We did not succeed in removing from the plan the projects that the environmental groups had objected to in the 1998 plan. We did get some language restricting how the BART-Warm Springs extension would proceed, but not on the Oakland Airport Connector. With a wide array of interests supporting the final plan, and no organized opposition, it passed easily.

A3. The Third Measure: "BB" failed at the November 2012 ballot

ACTC placed a new measure ("BB") onto the November 2012 ballot, following a two-year process to develop the spending plan. Measure BB would have increased the sales tax from ½% to 1%, extended the tax in perpetuity, and included a 30-year \$7.8 billion spending plan.

ACTC proposed Measure BB for two main reasons. First, ACTC has built or started construction on almost all the capital projects listed in the 2000 measure. Passing a longer and larger measure would allow ACTC to build more capital projects by issuing new bonds against future revenues. Second, sales tax revenues are lower than predicted. So "Programs" (transit operations, local street maintenance, etc.) that get a set % of annual revenues are getting less than expected. Passing a larger measure would give more funds for these programs.

TransForm and numerous allies engaged in an intense campaign, detailed in our 2012 analysis, to influence the plan. TransForm and some allies endorsed the 2012 measure, while some other allies remained neutral. Measure BB failed by the narrowest of margins, gaining 66.53% of the vote, about 800 votes below the required 2/3.

Explanations for the narrow defeat are numerous. Some blamed a lackluster and poorly organized campaign. Others felt that the perpetuity clause deterred some voters. Many noted that, unlike other previous countywide tax measures, the measure didn't get the overwhelming (80%+) vote in north county (Oakland-Berkeley-Emeryville) that helps counteract lower support in more conservative southern and eastern parts of the county.

B. Heading back to the November 2014 ballot

With such a narrow defeat, ACTC decided to go back to the ballot with very few changes and a (hopefully) better campaign. The biggest change is introducing a 30-year sunset clause, instead of the perpetuity provision in the 2012 measure.

TransForm and others mounted some efforts to influence the revised version, but ACTC's Board agreed early on that they would not re-open debate over the contents of the plan. During 2013-2014, the ACTC Chair has been Supervisor Scott Haggerty. He is particularly resistant to the types of changes TransForm would support. As a result, the 2014 measure includes no changes to funding amounts for projects or programs.

The following summarizes the few changes from the 2012 to 2014 measures, and TransForm staff's analysis of these changes.

B1. 30-year Sunset Instead of Perpetuity

The biggest change is that the new measure places a 30-year sunset on the tax, while the 2012 measure installed the tax in perpetuity.

Analysis: Positive. This is definitely good from a political perspective, as the perpetuity provision was one of the major objections of the League of Women Voters. It may also be good from a policy perspective, as the perpetuity provision would have decreased the ability of TransForm and other advocacy groups to influence future revisions.

B2. Better Communications

Based on advice from pollsters and communications consultants, the 2014 plan renamed the titles of several funding categories (for example, "BART, Bus, Senior and Youth Transit" instead

of “Mass Transit”, and “Traffic Relief on Highways” instead of “Highways Efficiency, Freight and Economic Development”). These language changes have no impact on the distribution of funds in the plan.

Analysis: Positive change. This does not change the numbers but uses more descriptive language.

B3. Express Bus and Other Changes for Dumbarton Corridor

The Dumbarton corridor project was renamed “Dumbarton Corridor Area Transportation Improvement projects” and revised to support express bus services in the corridor across the Dumbarton Bridge and state that the project will support TOD and PDAs, local streets, and bike-ped improvements in Fremont, Newark, and Union City. This is instead of the 2012 plan’s support of a rail project in the corridor.

Analysis: Positive. the proposed Dumbarton rail project was identified as a “low-performing project” in a recent analysis by the Metropolitan Transportation Commission and it has been losing support from the public and elected officials. The corridor needs continued express bus service, and this new language will help provide it. The most substantial change in the spending plan, it only occurred because the primary proponent of the rail project, former Union City Mayor Mark Green (and 2011-2012 ACTC Chair), stepped down at the end of 2012.

B4. Small Changes on HOT Revenues, Anti-Displacement and Performance

The spending plan includes a few minor changes, all of which are positive or neutral changes from TransForm’s perspective:

- **HOT lane net revenues for transit:** A new sentence clarifies that “In highway corridors where sales tax investments will be made to implement high occupancy toll (HOT) or express lanes, the net toll revenues generated will be used to fund addition improvements within those corridors, including transit capital projects and operations.”
Analysis: Positive but small. This is a positive but small change: “including” could mean anything from a tiny fraction of the net revenues to all of them. But it establishes intent.
- **Anti-displacement provision:** Another new sentence, about the 4% of funds dedicated to Community Development Investments, states that “For transportation projects funded in this Plan to promote the development of housing and jobs near transit areas, project sponsors will mitigate direct displacement as a result of projects.”
Analysis: Positive but small.
- **Performance measures and cost effectiveness:** The spending plan states that ACTC “will evaluate performance and cost-effectiveness of programs and projects, as they are being implemented” and that the Independent Watchdog Committee will review this information periodically.
Analysis: Positive but small.

Each of these changes is positive from TransForm’s perspective, but small. Mostly they establish intent that TransForm and others could use in future campaigns to try to influence how project sponsors or ACTC behaves, but they do not change how sales tax funds will be spent.

C. What’s in the 2014 Spending Plan?

The overall spending plan is unchanged from the 2012 measure. The following table provides a summary of the plan’s funding, according to ACTC’s categories. See the end of this paper for a link to the full spending plan on the ACTC website.

2014 Plan		
Category	\$\$ (millions)	%
Mass Transit		
BART	749	10%
Bus	1,548	20%
Commuter Rail	432	6%
Ferry	39	1%
Transit for Youth & Seniors		
Affordable Youth Transit to School and Transit Innovation	190	2%
Affordable Transit for Seniors and People with Disabilities	774	10%
Streets & Highways		
City/County Streets	2,348	30%
Highway Projects	677	9%
Bike-Ped	651	8%
Community Development / TOD	300	4%
Technology & Innovation program	77	1%
Totals	7,785	100%

This list uses the same categories as the ACTC spending plan.

As we showed in our 2012 analysis, this is not just much more funding than the 2000 measure, it is also a better mix of funding than if the 2000 measure were simply extended over the same time frame. A comparison to a hypothetical extension of the 2000 measure shows the biggest winners in the 2014 measure:

- Bus & paratransit operations funding would almost double;
- Bike-ped funding would more than triple;
- TOD funds would skyrocket (from very small numbers);
- Local street maintenance funds would more than double;
- Funds for BART, Commuter Rail, and Ferry would increase, but by much less than the increase in the overall package; the share of the 2014 package (14%) would be lower than in the existing 2000 measure (20%); and
- Funds for Highways would go up some, but much less than the increase in the overall package; the *share* of the package would be much lower in the 2014 measure (9%) than in 2000 measure (17%).

For those of you going deep into this, please note that our 2012 analysis used a slightly different mix of categories, based on our 2011-2012 campaign to influence the spending plan. If you're confused, please contact us to ask about details.

D. Remaining Concerns

TransForm remains concerned about a few aspects of the 2014 measure.

Of course we would have preferred to get more funding for individual components we support, and less for projects that we do not support. But that is to be expected in an \$8 billion package.

Our biggest concern is the proposed Livermore project, but we have made some progress on getting BART to face reality about the proposed project to connect Livermore to the BART system, so this is less of a concern than it was in 2012.

We also have three overarching issues that remain concerns, but that are not large enough to cause us to withhold support from the measure. In part, this is because each is a problem common to many county funding measures, and with the overall transportation funding system. The system needs reform, but these problems are larger than Alameda County.

DI. BART and Livermore

TransForm's biggest concern with the 2014 measure, as with the 2012 measure, is the proposed Livermore project.

Most of the analysis we wrote in 2012 still applies. BART has multi-billion dollar shortfalls to maintain their existing system. These shortfalls are already causing maintenance and capacity problems. If BART does not refocus its attention on maintaining the existing system, the problems will get worse, endanger rider and worker safety, slow down the trains, make it even more cramped, and reduce the number of people BART can carry at rush hour.

Extending BART technology, as Livermore wants, is extremely expensive: \$1.2 billion or more to add just 5 miles of track to an Isabel Avenue station in the middle of the freeway median at the western edge of Livermore (aka "Phase 1") and \$3 billion-plus to either Greenville Road or downtown Livermore ("Phase 2"). An MTC analysis found Phase 1 to yield \$0.96 in benefits for every \$1.00 in costs, and Phase 2 was found to be a "low-performing project" that was eliminated from the regional plan. BART and Alameda County cannot afford to spend billions extending BART technology to Livermore. They should refocus attention on designing a rapid transit solution we can afford.

Fortunately, over the past two years BART has taken some steps that make it more likely that this project will not damage the BART system. BART is the lead agency on the Livermore project EIR. In February 2014 BART approved moving forward with several alternatives for the EIR, including a high-quality Bus Rapid Transit option that would have a direct bus ramp from the I-580 carpool lanes into the existing Dublin-Pleasanton BART station.

Further, the Oakland Airport Connector (OAC) is providing BART directors a real-time example of past bad decisions. The OAC will dig a \$7-8 billion hole in BART's FY2015 budget. Some directors, particularly ones elected since the OAC decision, have said that they intend to make sure BART doesn't make the same mistake again.

The result is still uncertain: the safeguards in this measure are helpful and the new direction of BART Board and Management are positive. The final language allows for the right thing to happen, but it does not guarantee it. TransForm and other advocates for good planning must continue to watchdog BART to ensure that BART demonstrates a strong commitment to protecting its existing system and to fully investigating the alternatives before committing to any specific project for Livermore.

D2. Balancing a Regressive Sales Tax with a Progressive Spending Plan

The payments of sales taxes (or "incidence of the tax") are regressive. That is, low-income families pay a larger share of their income in sales taxes than upper-income households. So for the tax to be considered equitable, how the money is spent must be progressive. With nearly a third of the money going to transit operations and paratransit, and more than another third going to the bike/ped and local street maintenance components, TransForm believes the spending of the measure will have a progressive impact.

But we can't prove it. Calculating that balance of regressive payments and progressive spending would require an incredibly complex and speculative analysis of the costs and benefits by income category. That calculation is beyond our capacity. Our experience and intuition suggests that the benefits of better bus and paratransit service, the largest single category of funding in the measure, outweigh the additional costs of paying the tax for the poorest segments of society. And we don't see a more-progressive funding scheme on the horizon.

We welcome any additional information or analysis to address this issue.

D3. Reconciling a 30-year Tax with a 10-year Capital Projects List

As with the 2012 measure, the 2014 plan has a fundamental disconnect: the tax is in place for 30 years and has a 30-year commitment to the "programs" that receive a set percentage of the annual proceeds (street repair, bus operations, paratransit, etc.). But ACTC expects to complete all of the capital projects in the first 10 years of the measure.

This raises some questions: what will ACTC do for the last 20 years of the measure, during 2024-2044? Will there be no new projects during that time, or will completion of the 'projects' in 2024 or so spur ACTC to go back to voters for a revised plan or for yet another different funding stream?

Alameda County does not currently have a good answer to these questions. The only consolation is that every county with a transportation sales tax faces the same concern, so there are likely to be common efforts to address this problem.

D4. Performance-Based Planning

TransForm has long stood for making transportation planning and funding decisions based on performance measures and cost-effectiveness, not just on politics. We are seeing a slow change in this direction, as evidenced by much better performance measures in the latest regional plan (Plan Bay Area).

Sales tax spending plans have been slow to follow suit, largely because they must win a 2/3 vote at the ballot box. Agencies must consider what voters will support, particularly given the 2/3 voter threshold. And someone has to finance the "Yes" campaign, so elected officials have to consider what spending will attract major campaign donors.

Alameda County's took some steps to counteract this tendency. The plan was developed with input from a performance-based project evaluation process undertaken for the overall countywide transportation plan (CWTP). But this information simply informed the plan development process. ACTC did not establish targets for the plan and then choose among competing projects based on merit.

On the other hand, some other counties do an even worse job, not even considering performance information at all in the development of their spending plans. TransForm will continue to advocate for performance-based planning, but we cannot hold Alameda County to a much higher standard than any other county is even trying to reach.

E. TransForm Endorsement of the 2014 Funding Measure

TransForm endorses the 2014 proposed extension and expansion of Alameda County's transportation funding measure, including its \$7.8 billion spending plan.

If passed, the plan would dramatically increase funding for numerous important improvements: restore cut bus service, start a new youth bus pass program, repair potholes, help maintain BART's existing system, and make unprecedented investments for pedestrian and bicycle safety and infrastructure as well as for transit-oriented development.

As with the 2012 plan, the biggest concern remains the proposed BART to Livermore project. Over the past two years, we have made progress with the BART Board and believe there is potential to get BART to refocus its attention on maintaining its existing system and choose a responsible and affordable alternative to improve rapid transit service to Livermore. Our other major concerns are endemic to transportation funding measures, particularly ones that require a 2/3 vote, and should not stand in the way of supporting Alameda County's measure.

The 2014 measure is better than the 2012 plan and deserves TransForm's support. We will devote significant staff time to supporting a Yes vote in November.

For more information, contact:

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F. Additional Resources

The following are links to key resources about the 2014 plan:

- **Full expenditure plan:** If you really want to dig into all the details, you can download the full 44-page spending plan document, including all the project descriptions.
<http://www.alamedactc.org/2014Plan>

Additional background resources are available on two webpages on TransForm's website:

- **TransForm's Save BART! page:** This page includes information on TransForm's efforts to ensure BART is kept in good repair, BART's maintenance needs, and links to the latest news about the Livermore project, BART's budget, the Oakland Airport Connector, and more.
<http://www.transformca.org/advocacy/savebart>
- **TransForm Analysis of 2012 Measure B:** For a very detailed analysis of the 2012 measure and the campaign that led up to it, see TransForm's 16-page analysis published in March 2012.
http://www.transformca.org/files/transform_msr_b_analysis.pdf