Executive Summary

Alameda County faces a big decision in November. Transportation officials plan to ask voters to double the existing transportation sales tax (often known as “Measure B”), extend it in perpetuity, 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.

TransForm was intimately engaged in efforts to shape the spending plan, working with a diverse coalition since 2010. The final plan, passed in January, included some of the changes we and others recommended. We recognize that it is extremely unlikely that the plan will change before it is placed on the ballot by the County Board of Supervisors. Now is the time to decide whether or not to support the final plan.

If the plan passes, it would fund numerous important improvements: restore cut bus service, start a new youth bus pass program, repair potholes, and make unprecedented investments for pedestrian and bicycle safety and infrastructure as well as for transit-oriented development. At the same time, the plan has some components that raise concern: most significantly, a proposed BART to Livermore project could divert other needed funds from fixing BART and place even more burdens on an already-stressed system.

We are now considering our position on the measure. In doing so, two key considerations are:

- What happens if the new Measure B plan passes?
- If the new Measure B does not pass, what would happen? Are there other potential fund sources to address the same needs? When would a revised plan come back to voters? Would that revised plan be better or worse than the plan now in front of us?

TransForm staff and Board of Directors are using this analysis as we consider our position. We are releasing this analysis before finalizing our position to provide information to others who are following the process and to solicit feedback that may inform our own position.

In the meantime, TransForm will also work in other venues to secure funding and protections that were not included in the final sales tax plan, particularly regarding BART. We will:

- Advocate for the BART Board to take additional steps to prioritize the system’s State of Good Repair and to ensure that BART’s alternatives analysis for the proposed Livermore project includes a full range of alternatives; and
- Advocate at MTC that the construction phase of the Livermore project is not included in Plan Bay Area, the upcoming update of the Regional Transportation Plan. BART intends to begin an alternatives analysis and environmental review to identify the preferred project for the I-580 corridor and Livermore residents, and that will identify the preferred project for the corridor and the level of funding needed.
- Advocate at MTC that BART improvements should focus on BART Metro (the most cost-effective project in the region) to improve BART’s core capacity, as well as urgently needed funding for the maintenance shortfalls of BART and other transit agencies.

How these issues are resolved will contribute to TransForm’s final position on Measure B.
This analysis includes the following sections:

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A. Background: Measure B, TransForm and Transportation Sales Taxes

The Alameda County Transportation Commission (ACTC) plans to put a measure on the November 2012 ballot to ask voters to double the existing ½% transportation sales tax, extend it in perpetuity (instead of the current expiration in 2022), 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.

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.


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. Key Components of the Third Proposed Measure B ("B3")

In 2010, ACTC began plans to put a new measure on the ballot ("B3"), with three key features:

- Increase the sales tax from ½% to 1%
- Extend the tax in perpetuity
- Pass a 30-year $7.8 billion spending plan (2012-2042), with voter approval needed to do a "comprehensive update" to the spending plan by 2042 and every 20 years thereafter. Future voter approvals would be majority vote, not 2/3.

A4. Why is ACTC proposing a longer & larger B3?

First, ACTC has built or gotten under construction most of 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 through 2042.

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.

B. The Campaign to influence the B3 Spending Plan

Starting in summer 2010, TransForm and many other community groups participated in a Community Advisory Working Group convened by ACTC to gather input on the proposed B3 plan. Urban Habitat coordinated a coalition to influence the measure, starting with a general platform with strong principles and few specifics.

In early November 2011, ACTC released a draft plan. The coalition responded, coming together behind a "Community Vision Platform" (CVP) with a specific numerical proposal and concerns about numerous capital projects. Key players in the coalition were Urban Habitat, TransForm, Genesis, East Bay Bicycle Coalition, and Greenbelt Alliance, with many other groups also involved. The coalition also worked closely with several ACTC Board members. Representatives of the Sierra Club and League of Women Voters participated in many conversations but did not sign on to the CVP platform.

The joint platform recommended an array of changes intended to: expand transit service after years of cuts; fix local streets; keep transit affordable, especially for youth; fully fund the countywide bicycle plan; and save BART from its pending fiscal crisis (for details, see CVP platform link at end of this memo). TransForm's largest concern was about BART's tremendous maintenance shortfalls and the additional burden and competition for funding that could result from the proposed extension of BART to Livermore.

During November 2011-January 2012, dozens of group representatives spoke out at public meetings and over 200 people sent emails to ACTC Board members. Working with the CVP coalition, we also spoke directly with ACTC Board members and staff, discussing ways to change the draft plan to address our concerns.

By the time ACTC passed the final B3 plan on January 26, 2012, it included several changes we had asked for (increases in funding for AC Transit and BART maintenance, complete streets requirements for bike-ped, some language restrictions on the Livermore project, some language on the youth bus pass), some we did not want (TOD program funding was reduced in order to increase AC Transit funding and part of the Livermore project description actually got worse), and it did not make other changes we had requested. For details, see the analysis below.
C. Analysis of the Overall Package

This section presents the basic facts about the spending plan in the B3 package: first the distribution of funds to several main categories, and then a discussion of how the B3 plan compares to the plan currently in place.

C1. What is in the final B3 Plan?

The following table provides a summary of the funding in the B3 plan, according to eight main categories. See the end of this paper for a link to the full spending plan on the ACTC website. This table uses different overall categories in a different order than you will find in ACTC’s summary of the plan, to reflect TransForm’s main areas of interest. For example, we separate Transit & Paratransit Operations from Transit Capital and re-combine the two categories of “Freight” spending that had been separated in ACTC’s summary. But this summary is based on the same underlying numbers as ACTC’s final plan.

<table>
<thead>
<tr>
<th>Category</th>
<th>2012 B3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\text{(millions)}$</td>
</tr>
<tr>
<td>Transit/Paratransit Operations</td>
<td>2,442</td>
</tr>
<tr>
<td>Innovative Transit/Youth Pass</td>
<td>190</td>
</tr>
<tr>
<td>Bike-Ped</td>
<td>651</td>
</tr>
<tr>
<td>TOD</td>
<td>300</td>
</tr>
<tr>
<td>Local Street Maint./Road Projects</td>
<td>2,187</td>
</tr>
<tr>
<td>Transit Capital</td>
<td>1,100</td>
</tr>
<tr>
<td>Highways &amp; Freight</td>
<td>838</td>
</tr>
<tr>
<td>Technology program</td>
<td>77</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>7,785</strong></td>
</tr>
</tbody>
</table>

C2. B3 has lots more money, in better proportions, than B2

If the B3 plan had not been developed, or if it does not pass at the ballot box, the existing Measure B (B2) would continue to be in place through 2022. Here is a straight comparison of the new proposed B3 plan to the B2 plan currently in place:

<table>
<thead>
<tr>
<th>Category</th>
<th>2012 B3 (2012-2042, 1% tax)</th>
<th>2000 B2 (2002-2022, ½% tax)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\text{(millions)}$</td>
<td>%</td>
</tr>
<tr>
<td>Transit/Paratransit Operations</td>
<td>2,442</td>
<td>31%</td>
</tr>
<tr>
<td>Innovative Transit/Youth Pass</td>
<td>190</td>
<td>2%</td>
</tr>
<tr>
<td>Bike-Ped</td>
<td>651</td>
<td>8%</td>
</tr>
<tr>
<td>TOD</td>
<td>300</td>
<td>4%</td>
</tr>
<tr>
<td>Local Street Maint./Road Projects</td>
<td>2,187</td>
<td>28%</td>
</tr>
<tr>
<td>Transit Capital</td>
<td>1,100</td>
<td>14%</td>
</tr>
<tr>
<td>Highways &amp; Freight</td>
<td>838</td>
<td>11%</td>
</tr>
<tr>
<td>Technology program</td>
<td>77</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>7,785</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
This table shows the huge increases in funding in the new plan. These huge increases are what is motivating such widespread support for B3 from local governments starved for cash. But there are three HUGE caveats:

- Both plans list spending in the Year of Expenditure (YOE), so inflation makes the B3 numbers all look bigger;
- B3’s spending plan is for 30 years; B2’s plan was for 20 years; and
- B3 is a 1% tax; B2 was a ½% tax.

We think a more meaningful comparison is to compare B3 to a possible future in which B2 would get reauthorized at the same ½% level for the same time frame (2012-2042), but with the same distribution as the B2 package. We’ll call that possible plan the “Extended B2” package. While the “Extended B2” package is not something anyone is voting on, and any actual package to come before voters would go through a public process that would undoubtedly yield a different package, this comparison helps us understand the impacts of doubling the revenue and of the different emphases in the spending plans. The comparison in the table below shows the biggest winners in the development of the new measure, compared to the made-up “Extended B2” package:

- Transit/paratransit operations funding would almost double;
- Bike-ped would more than triple;
- TOD funds would skyrocket (from very small numbers);
- Local street maintenance/road projects would more than double;
- Funds for Transit Capital would increase, but by much less than the increase in the overall package; the share of the package would be lower in B3 (14%) than in Extended B2 (20%); and
- Funds for Highway/Freight would go up some, but much less than the increase in the overall package; the share of the package would be much lower in B3 (11%) than in Extended B2 (17%).

<table>
<thead>
<tr>
<th>Category</th>
<th>2012 B3 2012-2042, 1% tax</th>
<th>Extended B2 30yrs, ½% tax</th>
<th>B3 over Extended B2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ (millions)</td>
<td>%</td>
<td>$ (millions)</td>
</tr>
<tr>
<td>Transit/Paratransit Operations</td>
<td>2,442</td>
<td>31%</td>
<td>1,262</td>
</tr>
<tr>
<td>Innovative Transit/Youth Pass</td>
<td>190</td>
<td>2%</td>
<td>n/a</td>
</tr>
<tr>
<td>Bike-Ped</td>
<td>651</td>
<td>8%</td>
<td>207</td>
</tr>
<tr>
<td>TOD</td>
<td>300</td>
<td>4%</td>
<td>38</td>
</tr>
<tr>
<td>Local Street Maint./Road Projects</td>
<td>2,187</td>
<td>28%</td>
<td>944</td>
</tr>
<tr>
<td>Transit Capital</td>
<td>1,100</td>
<td>14%</td>
<td>765</td>
</tr>
<tr>
<td>Highways &amp; Freight</td>
<td>838</td>
<td>11%</td>
<td>664</td>
</tr>
<tr>
<td>Technology program</td>
<td>77</td>
<td>1%</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>7,785</strong></td>
<td><strong>100%</strong></td>
<td><strong>3,880</strong></td>
</tr>
</tbody>
</table>
D. Analysis of the Plan’s Detailed Funding: Pros & Cons

The plan has a lot of funding for programs and projects TransForm supports: transit/paratransit operations, bike-ped improvements, a youth pass program, local street repair, TOD, and some good transit capital projects, to name a few. It also funds several highway expansions that will increase traffic and greenhouse gas emissions and some transit capital projects that not only may not be the best use of taxpayer funds, but that also could draw other funding sources away from our single biggest need: protecting the well-being of the existing transportation system.

The following sections look at each major category of funding and discuss TransForm’s impression of the positive impacts and/or concerns raised in each category.

D1. Analysis by Funding Category

Transit/Paratransit Operations

Every bus operator in the county, especially AC Transit, would be able to put a big dent in their operating shortfalls if B3 passes. Here are the expected 30-year funding amounts for each of the transit operators:

<table>
<thead>
<tr>
<th>Transit Operator</th>
<th>2012 B3 ($)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mass Transit Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AC Transit</td>
<td>1,455.15</td>
<td>18.8%</td>
</tr>
<tr>
<td>LAVTA (Tri-Valley)</td>
<td>38.70</td>
<td>0.5%</td>
</tr>
<tr>
<td>Union City Transit</td>
<td>38.70</td>
<td>0.5%</td>
</tr>
<tr>
<td>Altamont Commuter Express</td>
<td>77.40</td>
<td>1.0%</td>
</tr>
<tr>
<td>Ferries</td>
<td>38.70</td>
<td>0.5%</td>
</tr>
<tr>
<td>Paratransit: Specialized Transit for Seniors and Persons with Disabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Bay Paratransit – AC Transit</td>
<td>348.31</td>
<td>4.5%</td>
</tr>
<tr>
<td>East Bay Paratransit – BART</td>
<td>116.10</td>
<td>1.5%</td>
</tr>
<tr>
<td>City-based and Locally-Mandated</td>
<td>232.20</td>
<td>3.0%</td>
</tr>
<tr>
<td>Coordination and Gap Grants</td>
<td>77.40</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

Between transit and paratransit funds, AC Transit staff predicts B3 funding levels would allow them to restore the majority of the service hours cut in 2009. That is much more than could be expected from any other funding opportunities in the foreseeable future. Without these new investments, AC Transit and other bus operators will continue to have to make significant service cuts and/or fare hikes. For example, AC Transit currently has a $10 million “structural deficit” that, if nothing else changes, would require cutting service by about 5%.

At the same time, this new funding still does nothing to address public transit’s fundamental long-term operating problem: costs are rising much faster than any measure of productivity. ACTC plans to adopt a set of performance and accountability measures, but we don’t yet know what those are and whether they will make any difference.

There are also possible ways to address this outside of B3: MTC is concluding a Transit Sustainability Project that proposes a target of a 10% reduction in operating cost per revenue hour over the course of five years for the seven major operators in the region, including BART

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1 Note: See elsewhere in this analysis for discussion of two other categories of funds that ACTC includes in their “Mass Transit: Operations, Maintenance, and Safety Program”: BART Maintenance and the “Innovative grant funds” program that will provide support for the youth pass.
and AC Transit. While both operators have already achieved some of these savings in the last three years, and those savings would be counted towards the target, the final target may change. This target is scheduled for adoption by May 2012.

With an increasing and aging population, the county has significant and growing needs for specialized transit for seniors and people with disabilities, or paratransit. Increased funds in B3 for paratransit would mostly support operations by the major bus operators and by BART, all of whom are required to provide paratransit as part of the Americans with Disabilities Act. The B3 plan also includes a first-ever small set-aside to support BART maintenance (see the Transit Capital section below for more information).

**Innovative Transit/Youth Pass**

B3 includes a new “Innovative Grant Funds” program. Within this category, there is a definite commitment of $15 million for a 3-year “Access to School” youth bus pass program, which if successful will have first priority for the other $175M dedicated to this program over the life of the measure. To develop the program, a broad-based committee has begun meeting to design the initial program. The committee includes proponents of the youth pass, school districts, transit agencies, and ACTC, aims to have the program in place for the 2013-2014 school year.

**Bicycle & Pedestrian Infrastructure and Safety**

B3 has a huge increase in support for bike-ped improvements. The numbers in the plan even understate the victory, because of two other improvements in the final plan. All B3 funds would be subject to a Complete Streets policy AND there is a requirement that at least 15% of local streets and roads fund are spent on “project elements directly benefitting bicyclists and pedestrians.” Combined with the dedicated bike-ped funds, that means a total of 11% of the measure would be spent on bike-ped.

**Transit-Oriented Development (TOD)**

B3 initiates a new pot of funds for “Sustainable Land Use & Transportation Linkages.” The new funds have wide eligibility and list “examples” of eligible station areas. Most of these are important investments that have the potential to increase transit ridership and the efficiency of our transit system.

There were also some missed opportunities. As the plan evolved during November-January, the increases for public transit mostly came at the expense of a part of the TOD program that would have funded station area planning. Station area plans were then made an eligible expense of the Technology program, but that program is very small. Also, the final plan did not include provisions to support affordable housing or anti-displacement policies.

**Local streets & roads**

The huge increase in funding for local streets and roads means that more potholes would be filled and more streets will be repaved. This would reduce, but not eliminate, the cities’ streets maintenance shortfalls. This would have direct benefits in those cities. It would also benefit our overall work on regional transportation planning: lower city shortfalls for local streets and roads would mean less competition for precious regional discretionary funds in the Regional Transportation Plan.
TransForm’s Analysis of Proposed Reauthorization of Alameda County Measure B

Transit Capital Projects: Connecting Livermore to BART

TransForm’s biggest concern with B3 has been the proposed Livermore project. BART has huge long-term shortfalls ($7.5B-plus) to maintain their existing system. Left unchecked, these shortfalls could result in more breakdowns, more crowded trains, and combined with other factors such as increased crowding could slow trains by 10-15% and dramatically reduce BART’s capacity during commute hours. TransForm believes that investing in BART’s State of Good Repair should be BART’s top priority. If passed, the $400M that B3 would put towards a Livermore project would give project backers a hunting license to seek the other $700M (or more) that would be needed for what they are calling the “phase I” extension. This is a problem for two main reasons: first, BART needs that money to maintain its existing system, not to invest in low-performing extensions. And second, “phase I” would cost $1.2 billion or more, just to move BART five miles down the highway, to a station in the freeway median, at the western edge of Livermore, with limited ridership generation potential.

The debate about how BART can best serve the Tri-Valley area clearly needs to be resolved before BART moves forward with any plan. BART adopted a preferred alignment for going to downtown Livermore. By contrast, the city of Livermore wants stations to stay along the freeway median. BART’s policies describe freeway median stations as low quality, as they do not support transit-oriented development and degrade the riders’ experience. These conflicts need to be resolved before going forward with any project.

The final B3 expenditure plan did include some safeguards:

- no funds can be spent on construction until the project has full funding and passes environmental review;
- funds must be used on “the most effective and efficient technology”; and
- environmental review is supposed to include “a detailed alternative assessment of all fundable and feasible alternatives.”

Those move us in the right direction, but they still leave problems:

- The plan describes the project as “within the I-580 corridor freeway alignment to the vicinity of the I-580/Isable Avenue interchange.” We would have preferred a description that focused on serving the whole Livermore Valley. But we also recognize that this description does not preclude a robust express bus alternative.

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2 For details, see two November 2011 presentations to the BART Board. One was by BART staff on the system's maintenance needs, available at [http://www.transformca.org/files/sogr__bart_2011_11_04.pdf](http://www.transformca.org/files/sogr__bart_2011_11_04.pdf). Another was by an independent team led by Prof. Elizabeth Deakin from UC Berkeley and with participation by the Bay Area Council and Cambridge Systematics. This presentation addressed the regional impacts if BART is not kept in good repair: how fares would rise, trains would slow down, and the system would lose riders. Available at [http://www.transformca.org/files/bart_sogr_regional_impacts_2011-11-04.pdf](http://www.transformca.org/files/bart_sogr_regional_impacts_2011-11-04.pdf)

3 The latest proposed “Phase I” project has a cost of $1.2B in current dollars. Available funding would be $400M from B3 and about $100M in remaining Regional Measure 2 funds. That means the project would need at least another $700M. This number would likely rise.

4 In a recent Project Performance Analysis by the Metropolitan Transportation Commission, the phase I project was estimated to yield $0.96 in benefits for every $1.00 in costs.

5 Project backers are citing wildly inflated ridership estimates, predicting that an Isabel station would attract 20,000 new riders. This is more than twice as many riders as use the current end-of-line station at Dublin-Pleasanton. The alternatives analysis should produce more realistic estimates.

6 BART’s System Expansion Policy states that projects will be judged, among other criteria, on the basis of Station Context ([http://www.bart.gov/docs/planning/SYSTEM_EXPANSION.pdf](http://www.bart.gov/docs/planning/SYSTEM_EXPANSION.pdf)). BART’s metrics for staff recommendations uses freeway median stations as the example of a “low” quality station context.
• The B3 plan places no limit on soft costs; BART could spend too much on design and environmental review, giving too much momentum to an ineffective project.
• There’s little direction to BART on how to conduct the alternatives assessment.

All of this means the result is very uncertain: the safeguards in the plan are helpful, and the problems could be overcome. The final language in B3 allows for the right thing to happen, but it does not ensure it will happen. That means advocates for good planning need to make sure, in case B3 passes, that BART demonstrates strong commitment to protecting its existing system and to fully investigating the alternatives before committing to a specific project for Livermore.

Those discussions have already started at the BART Board. Initial results have been positive. BART’s new General Manager Grace Crunican is more focused on maintaining the existing system than her predecessors; many more people and most BART directors are picking up on the idea that “BART is a district, not a technology”; and BART staff and directors are increasingly concerned about BART’s State of Good Repair.

On February 9, the BART Board took several steps to protect the overall system while also moving forward with an alternatives analysis for a Livermore project that should consider a wide range of alternatives, including a robust express bus alternative using a drop ramp to/from the existing Dublin/Pleasanton station. This was a very important step in the right direction for BART, but there is certainly more that needs to be done. For the latest details, see TransForm’s “Save BART!” webpage: www.transformca.org/advocacy/savebart.

Transit Capital: Other BART projects

The other $377 million the B3 plan would invest in BART is much more positive than the Livermore project. TransForm supports the inclusion of a first-ever small set-aside to support BART Maintenance ($77M). This should be invested in maintenance, not daily operations, and it should set a precedent for other counties to invest as well. The Station Modernization and Capacity Improvements ($90M) are important and will contribute to maintaining BART’s State of Good Repair. The “Bay Fair Connector/BART METRO” project ($100M) has a very flexible description. This may include what is sometimes known as the “Bay Fair Y”, a set of tracks to allow trains to travel directly from the Dublin-Pleasanton line down towards the Fremont line and on to Santa Clara County. But the plan’s language allows the funds to be spent on the Alameda County portion of the project to “increase capacity and operational flexibility systemwide.” TransForm strongly supports BART’s Metro project. In a recently-completed Project Performance Analysis by MTC, BART Metro scored as the most cost-effective project in the entire Bay Area, with an estimated $60 in benefits for every $1 in costs.

Transit Capital: Other Projects

The other transit capital projects vary from projects TransForm strongly supports to ones that still need additional study to define and select the best project. Fortunately, all have flexible-enough descriptions that they could be used to deliver the most cost-effective projects. For example, the “Dumbarton Rail Corridor” project description ($120M) states that “the environmental process will determine the most effective service in this corridor.” To date, the most cost-effective service has been express bus improvements that are building ridership along the corridor. This funding is flexible enough to further support bus service if that is deemed most effective.
TransForm supported higher funding levels for Bus Rapid Transit projects, which combined would receive just $35M in the plan. This is a very small fraction of the funds needed to complete these projects.

Overall, the funding in this category will help improve the county’s transportation system and in many cases, such as the Union City station, support walkable, transit-oriented development.

**Highway Projects**

TransForm does not support the $600M dedicated to highway projects. We recognize that most of the proposed projects are interchange improvements. At the same time, the HOV/HOT lanes projects, and the one project that adds mixed-flow highway lanes, are likely to increase overall vehicle travel at a time when the county and the region are trying to move in the other direction.

**D2. Analysis: Transit and Local Streets Shortfalls**

TransForm believes that one of Measure B’s main intents should be to help the county “Fix it First.” To do so, we need a B3 plan that invests significant funding into addressing the large shortfalls for mass transit and local streets and roads maintenance. The B3 plan does significantly increase funding for these purposes and provides more funding than any other new funding sources on the horizon. This will go a long ways towards addressing the current shortfalls. It is also true that despite B3’s significant funding increases, huge shortfalls will still remain. A different spending plan could have focused even more funds on these shortfalls. But we recognize that even putting all of B3 towards transit and local streets would not eliminate those shortfalls. The question is whether the funding in B3’s spending plan are sufficient. Or put another way, are we likely to get significantly more funding from a future spending plan?

**D3. Analysis: Geographic Equity**

For basic fairness and to win voter support, the B3 plan needs to be distributed equitably to each part of the county. Previous expenditure plans were carefully balanced to ensure equitable distribution, based on each area’s population share. For this expenditure plan, there is no published comprehensive analysis of geographic equity for the final plan as a whole. From the partial analyses, discussed below, there is no clear evidence that the distribution will not be equitable. But there is also not enough good information available to be sure that the distribution will be equitable.

Defining “geographic equity” is difficult. ACTC did not try to define it, nor did it try to ensure that the full plan achieved some exact measure of geographic equity. This section discusses the geographic distribution of the plan as a whole and of the two elements that are distributed directly to individual jurisdictions.

For the whole plan, any analysis must recognize that some projects and programs serve multiple parts of the county. Any attempt to calculate the geographic distribution has to include many ultimately subjective judgments about which projects are of countywide significance vs. local significance. ACTC presented one analysis, based on the early November version of the plan. One can look at the projects and programs that staff counted towards individual planning areas (as opposed to countywide discretionary funding), and compare that total to each planning area’s population. By this analysis, North County and East County would have each received more than their population’s share in that plan, while South and Central County would have received less than their population’s share.
This analysis, however, has to be taken with a few caveats. First, it leaves out 25% of the plan that staff assigned to a “multi-area/countywide discretionary” category. Second, the final plan included some changes from the early November version. And third, and perhaps most importantly, this does not account for how the plan will leverage funds from other discretionary sources.

Another point of some debate has to do with the two categories of funding that would be distributed directly to individual cities and the county: Local Streets and Roads maintenance (or “LSR”, 20% of the total measure) and a portion of the Bike-Ped funds (3%). The LSR funds would be allocated according to a formula that includes population and road miles for each jurisdiction, the same as the formula in the current plan. The bike-ped funds would be allocated according to population. People from different parts of the county have each argued that the distribution does not fairly address their area’s concerns. Some argue the funding distribution should instead be based on need or population density, which would shift more of the funding to northern part of county. Others have suggested other bases, such as a ‘return-to-source’ allocation based on the sales tax receipts in each jurisdiction, which would shift funding differently. For these two programs, the population basis (or population plus lane miles for LSR) is far from perfect. But it is likely to be only way that is politically acceptable across the county.

E. Analysis of the B3 Plan’s Overall Structure

Besides the distribution of the funding, and the definition of individual projects and programs, there are several other elements of the plan that have attracted significant discussion and concern. The following section focuses on three elements of the B3 plan’s structure: extending the tax in perpetuity, the 30-year horizon for the spending plan, and how to judge whether B3 is regressive or progressive with respect to income.

E1. Extending tax in perpetuity means majority vote (not 2/3) on comprehensive updates

If B3 passes, the sales tax would exist “in perpetuity.” But the spending plan would only last for 30 years (2012-2042). At some point before 2042, ACTC would have to do a “comprehensive update” of the spending plan. When it does, the comprehensive update would require a majority vote by the public, instead of the 2/3 vote currently required.

Extending the tax in perpetuity is unusual but not unprecedented. Alameda County’s own vehicle registration fee, which passed in 2010 with support from TransForm and a wide array of many other groups, lasts in perpetuity. The same is true of transportation sales taxes in Los Angeles and Santa Cruz counties.

Many good government advocates, such as the League of Women Voters, contend that 2/3 voting requirements have made it difficult to fund necessary services in California. At the same time, moving to a simple majority vote in the future reduces the leverage for community groups that otherwise may have limited ability to influence the contents of future plans.

7Source: “Figure 7: Share of Total New Funding (2013-42), by Planning Area”, Attachment 06B1 to the Agenda packet for CAWG/TAWG Joint meeting, 11/10/2011. Available at http://www.alamedactc.org/files/managed/Document/5569/06b1_Figures1to12_TEPBreakdown_Handout_Nov11.pdf. The list of the programs and projects ACTC counted as “Multi-Area/Countywide Discretionary” makes sense; it includes the competitive grant programs, and projects that will occur in several parts of the county. Other projects are assigned to the planning area where they will be built/operated.
It is very hard to know whether this will have a positive or negative impact on the contents of future plans. The comprehensive update is likely to occur decades in the future, and it is difficult to predict how Alameda County’s political and planning context will change in that time; for example, concern over climate change and the needs to maintain the existing system may become stronger.

Note also that ACTC could take a comprehensive update to the ballot well before 2042. With the lower leverage inherent to the majority vote, it is possible a new plan could have a different spending plan, possibly worse than the proposed B3 plan.

**E2. Reconciling a 30-Year Spending Plan With a 10-Year Project List**

The B3 plan includes commitments for 30 years of funding for programs, but anticipates that all the ‘projects’ would be completed in the first 10 years. This means ACTC will borrow against future revenues to complete projects now. This raises some questions: What will ACTC do during the last 20 years of the new spending plan (2022-2042)? Will there be no new projects during that time, or will completion of the ‘projects’ in 2022 or so spur ACTC to go back to voters for a revised plan or for yet another different funding stream?

**E3. The Balance of Regressive Payments and Progressive Spending in Sales Taxes**

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 considering the rest of the measure including the bike/ped and local street maintenance components, TransForm believes the spending of the measure would have a progressive impact. But 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. We welcome any additional information or analysis to address this issue.

**F. What Happens Next**

**F1. Measure B’s Steps to the Ballot**

During February-May, ACTC will proceed to each city, the county Board of Supervisors, BART, and AC Transit to present the plan and seek the cities’ approval to place the measure on the ballot. Most of these votes are likely to be unanimous votes in support of putting the measure on the ballot. In June or July, ACTC will ask the Board of Supervisors to officially place the measure on the ballot. Details about this timeline are available on TransForm’s webpage on Measure B: [www.transformca.org/advocacy/measureb](http://www.transformca.org/advocacy/measureb).

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8 Note that the Board of Supervisors will see the plan twice: once in late March, along with the other cities, to confirm support for ACTC’s final plan, and then again in June/July, to officially place the measure on the ballot.
F2. Taking Sides

During the same time frame, individual elected officials and community-based groups will decide on their positions. Some community groups, including some that were part of the Community Vision Platform, have indicated they plan to support the measure. Others have expressed deep concerns and are considering opposing the measure. As of this writing, no individual group that we know of has yet taken an official position to oppose or support the final measure.

F3. The Overall Climate for Passing a Tax Measure is not good

B3 will compete with several tax measures on the November ballot, at the state and possibly local levels. The largest potential competition is the high likelihood of a ballot measure to increase the state sales tax by ½%. This would mean that Alameda County voters would be faced with the potential of a full 1% sales tax increase.

Polling completed by ACTC in 2011, while it showed strong support, didn’t test how the measure would do with any negative arguments. Organized opposition would pose a significant threat to the measure.

On the other hand, November 2012 will be a presidential election, with likely higher-than-usual turnout. Although it is highly unlikely that turnout will approach the record-breaking levels of the 2008 election, higher turnout tends to lead to higher support for funding measures such as B3.

F4. The Plan is Unlikely to Change before Going on the Ballot

In order to put the plan on the ballot, ACTC must gain the approval of a majority of the cities representing a majority of the population of Alameda County. ACTC is likely to cross this threshold on March 6, when ACTC plans to seek approval from the Oakland City Council.

Any substantive changes to the plan would require ACTC to go back to the City Councils to seek their approval of a revised plan. This is not likely. The plan ACTC approved on January 26 is highly likely to be the plan that goes on the ballot.

G. Conclusion & TransForm’s Next Steps

The final B3 spending plan is a big package. If it passes, it would fund numerous important improvements described at length above. At the same time, it has some aspects that worry us. If BART responds to political pressure on the Livermore project and selects BART technology instead of a more cost-effective alternative, that will raise the danger of even more funding being drained away from the core system and creating more burdens on an already stressed BART system. The measure also has some missed opportunities: it could do more to fill looming shortfalls for transit and local streets and the TOD funding could come with strings attached to prevent displacement.

TransForm will look at B3 as a full package. We recognize that it is politically unrealistic to expect all the benefits of the larger B3 without some negative components. Our final analysis is based on an assumption that the plan will not change between now and the ballot.

As TransForm develops our position on the plan, two key considerations are:

- What happens if B3 passes?
• If B3 does not pass, what would happen? Are there other potential fund sources to address the same needs? When would a revised plan come back to ballot? Would that revised plan be better or worse than the current B3 package?

The following summarize TransForm’s thinking on these two considerations, followed by TransForm’s intended next steps.

G1. What Happens if B3 passes?

The following are the major changes that would happen if B3 passes:

• Bus transit agencies would be able to restore service that has been cut, roughly back to 2009 levels.
• Cities would have more funding to repair their local streets, which would not only fill potholes but would also reduce pressure to find that funding in the Regional Transportation Plan.
• A new youth transit pass program would start.
• There would be an unprecedented investment in bicycle and pedestrian safety and infrastructure.
• As BART enters into an alternatives analysis for how BART can provide better service to the Livermore Valley, the B3 funding would both give momentum and funding to using BART technology and also give Livermore backers a “hunting license” to find other funds, possibly at the expense of BART’s existing system or other deserving projects.
• Other capital projects, including both the several transit, bike-ped, and TOD improvements and the highway improvements, would happen earlier than they otherwise would.

G2. What Happens if B3 does not pass?

If B3 does not pass, for at least the few years before another plan could be crafted, we could expect the following:

• Transit agencies would continue to cut service.
• Cities would continue to be unable to keep up with repairing their local streets, putting more stress on city budgets and discretionary funds in the Regional Transportation Plan.
• There would be no youth transit pass program.
• The county and cities would continue to rely on existing insufficient funds for bicycle and pedestrian safety and infrastructure.
• The proposed Livermore project would enter into the alternatives analysis phase with less momentum and funding for BART technology. This would allow a more objective approach to the alternatives analysis and might allow more time for BART to get its financial priorities in order before deciding on another expensive extension.

Are there alternate potential funding sources to address the same needs?

• There is no other new funding source on the horizon – even when looking at all levels from the local to the federal – that would support operating public transit and repairing local streets and roads at anything approaching the same levels as the B3 plan.
• This is even more true for new ideas such as the youth transit pass.
• Individual capital projects, including both ones we support and ones we do not support, would continue to seek funds from other sources. This would delay or prevent them from happening; experience suggests many would still progress, just more slowly.
• Given history, ongoing structural deficits in transit agencies, and the current state of discourse at the federal and state levels, any new funds that are generated at the state or federal level are likely to be less progressive and smaller than the B3 funding. In fact, we may even see reductions in funding from the state and federal levels.

**When could or would a revised plan come back to ballot?**
• A new B3 is unlikely to return until the 2016 ballot at the earliest.
• To consider the larger (1%) measure on a future ballot would require legislative approval and the governor’s signature. It is unclear whether that would happen, particularly if the state raises the sales tax in the November 2012 election. As a result, the county may not get another opportunity to consider a larger B3 plan.

**Would a revised version be likely to be better or worse than the current B3 package?**
• This is very difficult to predict, as it would depend greatly on the lessons that ACTC and elected officials draw from the results of this campaign and on who controls ACTC during the process to develop a revised plan.
• Note: several observers are comparing this situation to the evolution of the second Measure B from the 1998 defeat to the 2000 passage. TransForm was very involved in that evolution. We recognize that if B3 does not pass in 2012, there would be new debates about how to modify the measure. But there is no guarantee that process will work out the same way this time around. The revised measure might be better, but it could get worse.

**G3. TransForm’s next steps**

TransForm has not taken a position yet on the proposed B3 spending plan.

As TransForm staff and Board consider our position on Measure B and continue conversations with community partners throughout the county, we will ask ourselves two key questions:
• If B3 passes, will Alameda County be better off than we are now?
• If B3 does not pass, would it be likely to get better or worse in 2016 or whenever it comes back to the ballot (if ever)?

In the meantime, TransForm will work in other venues to secure funding and protections that were not included in the final sales tax plan, particularly regarding BART. These venues include:
1. **BART Board**: we will encourage the Board to take strong actions to:
   1a. Prioritize the system’s State of Good Repair;
   1b. Ensure BART’s alternatives analysis for the potential Livermore project include a full range of alternatives; and
   1c. Ensure that BART conducts the alternative analysis, not some other agency.
2. **MTC’s decisions on the draft investment package in Plan Bay Area, the upcoming update of the Regional Transportation Plan.**
   2a. TransForm strongly believes the RTP should not include funding for the construction component of the BART to Livermore project. BART intends to begin
an alternatives analysis and environmental review to identify the preferred project for the I-580 corridor and Livermore residents, and that will identify the preferred project for the corridor and the level of funding needed. There is already sufficient funding from existing sources dedicated to the corridor, from Regional Measure 2 funds and potential new B3 funds, to conduct the necessary studies of the project. The results of that analysis will have a dramatic impact on how much funding and what kind of funds will be needed to complete a connection from the Livermore Valley to BART. Until those analyses are complete, the RTP should not commit funding for construction.

2b. Instead, BART improvements in the RTP should focus on the BART Metro program to improve BART’s core capacity, as well as urgently needed funding for the maintenance shortfalls of BART and other transit agencies. MTC ranked the BART Metro project as the most cost-effective discretionary project in the entire region, with $60 in benefits for every $1 in costs.

We welcome comments, suggestions, and corrections about all the facts and opinions presented in this paper: contact Manolo González-Estay at 510-740-3150 x315 or manolo@transfomca.org.

H. Additional Resources

The following are links to key resources about the B3 plan and the campaign to influence it:

- **Final Spending plan numbers:** “Full List of TEP Investments by Mode” (4-page PDF). This is the basis of the table in our memo. Our memo presents numbers in slightly different groupings than ACTC did. Available at: [http://www.transformca.org/files/actc_tep_final_numbers_2012-01-26.pdf](http://www.transformca.org/files/actc_tep_final_numbers_2012-01-26.pdf)

- **Full expenditure plan:** If you really want to dig into all the details, here’s the full 44-page spending plan, including all the project descriptions. [http://www.transformca.org/files/actc_tep_full_final_2012-01-26.pdf](http://www.transformca.org/files/actc_tep_full_final_2012-01-26.pdf)

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

- **Measure B page:** [http://transformca.org/advocacy/measureb](http://transformca.org/advocacy/measureb). This page has summaries of public meetings and events that occurred during the campaign, plus links to several background documents.

- **Save BART! page:** [http://www.transformca.org/advocacy/savebart](http://www.transformca.org/advocacy/savebart). This page includes information on BART’s maintenance needs, including links to two November 2011 presentations to the BART Board that showed the magnitude of the problem and an independent analysis of how fares would rise, trains would slow down, and the system would lose riders, if BART is not kept in good repair. This page also has the latest status of the Livermore project.