



SAN JOSE
MAYOR
MATT
MAHAN

April 23, 2024

RE: MTC April 24, 2024 Meeting – Item 11b. Regional Transportation Measure Authorizing Legislation

Dear Chair Pedroza and Commissioners,

As a fellow Commissioner and Mayor of the largest city in the Bay Area, I am writing to express my concerns with Senate Bill (SB) 1031, authored by Senators Wiener and Wahab. I appreciate the Senators for their leadership and significant efforts to advance SB 1031: a multifaceted proposal to generate much-needed revenue for transit operations, study transit consolidation, mandate employer-based commuter benefits, and authorize regional network management authority. While the legislation would enable Bay Area voters to raise revenue for critical transit operations in the region, it would also create a future of uncertainty for local transit riders in the South Bay and ask them to provide an unfair level of subsidy to operators primarily serving other parts of the region. As a result, I am joining the Santa Clara Valley Transportation Authority (VTA) and Caltrain Peninsula Corridor Joint Powers Board in opposing the legislation unless it is amended as outlined below.

I appreciate MTC's staff effort to craft an expenditure framework to address the near-term, dire need for transit operations funding for agencies facing a fiscal cliff. However, this effort must not come at the expense of transit services in Santa Clara County (SCC). As currently authored, SB 1031 might enable a regional ballot measure that would negatively impact SCC's ability to renew and expand our local sales taxes measures – three of which sunset in coming years and all of which are critical to maintaining current transit service levels.

SCC taxpayers currently provide \$978 million *per year* in local sales taxes to support VTA transit service and capital projects, as well as BART and Caltrain service in our County. Currently, this funding allows VTA to provide about 1.1 transit service hours per capita. Roughly 80% of riders using these services are low-income and depend on transit to commute to and from work. One of SCC's top priorities is to increase transit service to a level commensurate with our neighboring operators, which requires first and foremost that we renew existing revenue streams. This work would be put at risk if a competing regional measure had the effect of generating voter fatigue and undermining support for renewal of existing measures that our community has relied on for more than 40 years to fund vital bus and light rail services.

We cannot simply ignore the potential risk of adding a competing sales tax measure to our county ballot. Despite raising this concern at the Commission, we have not received suggestions for how to mitigate this risk. **Additional guardrails around planning for a regional measure need to be included in the legislation. I urge MTC to request that the Legislature time-limit a regional funding measure to sunset no later than December 2035 and eliminate the option for bonding against a future regional measure. I also urge the authors to amend the bill to include an opt-out provision that any county, including SCC, can exercise.** Without these provisions, I fear the South Bay's transit system may also be at risk of being thrown over a fiscal cliff itself in the coming years.



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As a participating member of MTC's Blue-Ribbon Transit Recovery Task Force, our County supports the goals and ongoing work to improve user experience and increase transit ridership regionwide. I appreciate MTC's work to develop an expenditure framework aimed at funding transformative transportation enhancements. However, the proposed expenditure framework will not appeal to voters in SCC with an initial 70% benefit return to source. The region must commit to a fair return to source formula to ensure that a future measure does not pit voters in one county against those in another county. **SCC needs a guarantee that our existing local revenue base will be safeguarded and an initial return to source of at least 90%.**

Finally, with expanded regional network management authority given through SB 1031, I am concerned that our county may be at risk of being stripped of further existing discretionary resources such as State Transportation Act (STA) and Transportation Development Act (TDA) funding, all currently used by our County to deliver equitable and much-needed transit service to our communities.

For these reasons, I strongly urge the authors of SB 1031 to amend the bill. Without amendment, I regretfully will not be able to support the legislation or the commission's endorsement.

Sincerely,

Mayor Matt Mahan
City of San José