

1 [Initiative Ordinance - Business and Tax Regulations Code - Half-Cent Sales Tax Increase for
2 Transportation]

3 **Ordinance amending the Business and Tax Regulations Code to impose a transactions**
4 **(sales) and use tax at the rate of one-half of one percent (0.5%) for 25 years, to be**
5 **imposed by the San Francisco County Transportation Authority and administered by**
6 **the State Board of Equalization; adopt the San Francisco Transportation Expenditure**
7 **Plan; designate the Transportation Authority as the independent agency to oversee**
8 **implementation of the San Francisco Transportation Expenditure Plan; authorize the**
9 **issuance of bonds or other obligations to finance the projects identified in the**
10 **Expenditure Plan; and establish an appropriations limit; and directing submission of**
11 **the tax for voter approval at the November 8, 2016 general municipal election.**

12 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
13 **Additions to Codes** are in *single-underline italics Times New Roman font*.
14 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
15 **Board amendment additions** are in double-underlined Arial font.
16 **Board amendment deletions** are in ~~strikethrough Arial font~~.
17 **Asterisks (* * * *)** indicate the omission of unchanged Code
18 subsections or parts of tables.

19 Be it ordained by the People of the City and County of San Francisco:

20 Section 1. The Board of Supervisors hereby submits the following ordinance to the
21 voters of the City and County of San Francisco, at the general municipal election to be held on
22 November 8, 2016.

23 Section 2. The Business and Tax Regulations Code is hereby amended by adding
24 Article 14-A, consisting of Sections 1430 through 1446, to read as follows:
25

1 **SEC. 1430. TITLE.**

2 This Article 14-A shall be known as the San Francisco Transportation Expenditure Plan
3 Ordinance. The San Francisco County Transportation Authority hereinafter shall be called
4 "Authority." This Article shall be applicable in the City and County of San Francisco, which shall be
5 referred to herein as "District" or "City."

6
7 **SEC. 1431. OPERATIVE DATE.**

8 "Operative Date" means the first day of the first calendar quarter commencing more than 120
9 days after the effective date of this Article 14-A.

10
11 **SEC. 1432. PURPOSES.**

12 This Article 14-A is adopted to achieve the following, among other purposes, and directs that
13 the provisions hereof be interpreted in order to accomplish those purposes:

14 (a) To impose a retail transactions and use tax in accordance with the provisions of
15 Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code and Section
16 131000 et seq. of the Public Utilities Code, which authorize the City to adopt this tax ordinance which
17 shall be operative if a two-thirds majority of the electors voting on the measure vote to approve the
18 imposition of the tax at an election called for that purpose.

19 (b) To adopt a retail transactions and use tax ordinance that incorporates provisions
20 identical to those of the Sales and Use Tax Law of the State of California insofar as those provisions
21 are not inconsistent with the requirements and limitations contained in Part 1.6 of Division 2 of the
22 Revenue and Taxation Code.

23 (c) To adopt a retail transactions and use tax ordinance that imposes a tax and
24 provides a measure therefor that can be administered and collected by the State Board of Equalization
25 in a manner that adapts itself as fully as practicable to, and requires the least possible deviation from,

1 the existing statutory and administrative procedures followed by the State Board of Equalization in
2 administering and collecting the California State Sales and Use Taxes.

3 (d) To adopt a retail transactions and use tax ordinance that can be administered in
4 a manner that will be, to the greatest degree possible, consistent with the provisions of Part 1.6 of
5 Division 2 of the Revenue and Taxation Code, minimize the cost of collecting the transactions and use
6 taxes, and at the same time, minimize the burden of recordkeeping upon persons subject to taxation
7 under the provisions of this Article 14-A.

8 (e) To adopt an appropriations limit, as required by Article XIII B of the California
9 Constitution, of \$500,000,000.

10
11 **SEC. 1433. CONTRACT WITH STATE.**

12 Prior to the operative date, the Authority shall contract with the State Board of Equalization to
13 perform all functions incident to the administration and operation of this Article 14-A; provided, that if
14 the Authority shall not have contracted with the State Board of Equalization prior to the operative date,
15 it shall nevertheless so contract and in such a case the operative date shall be the first day of the first
16 calendar quarter following the execution of such a contract.

17
18 **SEC. 1434. TRANSACTIONS TAX RATE.**

19 For the privilege of selling tangible personal property at retail, a tax is hereby imposed upon all
20 retailers in the District at the rate of 0.5% of the gross receipts of any retailer from the sale of all
21 tangible personal property sold at retail in said District on and after the operative date of this Article
22 14-A. This tax is additional to any other existing or future sales and use tax imposed under the
23 authority of Revenue and Taxation Code Division 2, Parts 1.6 or 1.7.

1 **SEC. 1435. PLACE OF SALE.**

2 *For the purposes of this Article 14-A, all retail sales are consummated at the place of business*
3 *of the retailer unless the tangible personal property sold is delivered by the retailer or his agent to an*
4 *out-of-state destination or to a common carrier for delivery to an out-of-state destination. The gross*
5 *receipts from such sales shall include delivery charges, when such charges are subject to the state sales*
6 *and use tax, regardless of the place to which delivery is made. In the event a retailer has no permanent*
7 *place of business in the State or has more than one place of business, the place or places at which the*
8 *retail sales are consummated shall be determined under rules and regulations to be prescribed and*
9 *adopted by the State Board of Equalization.*

10
11 **SEC. 1436. USE TAX RATE.**

12 *An excise tax is hereby imposed on the storage, use, or other consumption in the District of*
13 *tangible personal property purchased from any retailer on and after the operative date of this Article*
14 *14-A for storage, use, or other consumption in said District at the rate of 0.5% of the sales price of the*
15 *property. This tax is additional to any other existing or future sales and use tax imposed under the*
16 *authority of Revenue and Taxation Code Division 2, Parts 1.6 or 1.7. The sales price shall include*
17 *delivery charges when such charges are subject to state sales or use tax regardless of the place to*
18 *which delivery is made.*

19
20 **SEC. 1437. ADOPTION OF PROVISIONS OF STATE LAW.**

21 *Except as otherwise provided in this Article 14-A and except insofar as they are inconsistent*
22 *with the provisions of Part 1.6 of Division 2 of the Revenue and Taxation Code, all of the provisions of*
23 *Part 1 (commencing with Section 6001) of Division 2 of the Revenue and Taxation Code are hereby*
24 *adopted and made a part of this Article 14-A as though fully set forth herein.*

1 **SEC. 1438. LIMITATIONS ON ADOPTION OF STATE LAW AND COLLECTION OF USE**

2 **TAXES.**

3 In adopting the provisions of Part 1 of Division 2 of the Revenue and Taxation Code:

4 (a) Wherever the State of California is named or referred to as the taxing agency,
5 the name of this Authority shall be substituted therefor. However, the substitution shall not be made
6 when:

7 (1) The word "State" is used as a part of the title of the State Controller,
8 State Treasurer, Victim Compensation and Government Claims Board, State Board of Equalization,
9 State Treasury, or the Constitution of the State of California;

10 (2) The result of that substitution would require action to be taken by or
11 against this Authority or any agency, officer, or employee thereof rather than by or against the State
12 Board of Equalization, in performing the functions incident to the administration or operation of this
13 Article 14-A;

14 (3) In those sections, including, but not necessarily limited to sections
15 referring to the exterior boundaries of the State of California, where the result of the substitution would
16 be to:

17 (A) Provide an exemption from this tax with respect to certain sales,
18 storage, use, or other consumption of tangible personal property which would not otherwise be exempt
19 from this tax while such sales, storage, use, or other consumption remain subject to tax by the State
20 under the provisions of Part 1 of Division 2 of the Revenue and Taxation Code; or

21 (B) Impose this tax with respect to certain sales, storage, use, or other
22 consumption of tangible personal property which would not be subject to tax by the State under the said
23 provision of that code.

24 (4) In Sections 6701, 6702 (except in the last sentence thereof), 6711, 6715,
25 6737, 6797, or 6828 of the Revenue and Taxation Code.

1 **(b)** *The word "District" shall be substituted for the word "State" in the phrase*
2 *"retailer engaged in business in this State" in Section 6203 and in the definition of that phrase in*
3 *Section 6203 of the Revenue and Taxation Code.*

4
5 **SEC. 1439. PERMIT NOT REQUIRED.**

6 *If a seller's permit has been issued to a retailer under Section 6067 of the Revenue and Taxation*
7 *Code, an additional transactor's permit shall not be required by this Article 14-A.*

8
9 **SEC. 1440. EXEMPTIONS AND EXCLUSIONS.**

10 **(a)** *There shall be excluded from the measure of the transactions tax and the use tax*
11 *the amount of any sales tax or use tax imposed by the State of California or by any city, city and county,*
12 *or county pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law or the amount of any*
13 *state-administered transactions or use tax.*

14 **(b)** *There are exempted from the computation of the amount of transactions tax the*
15 *gross receipts from:*

16 **(1)** *Sales of tangible personal property, other than fuel or petroleum*
17 *products, to operators of aircraft to be used or consumed principally outside the County in which the*
18 *sale is made and directly and exclusively in the use of such aircraft as common carriers of persons or*
19 *property under the authority of the laws of this State, the United States, or any foreign government.*

20 **(2)** *Sales of property to be used outside the District which is shipped to a*
21 *point outside the District, pursuant to the contract of sale, by delivery to such point by the retailer or*
22 *his agent, or by delivery by the retailer to a carrier for shipment to a consignee at such point. For the*
23 *purposes of this subsection (b)(2), delivery to a point outside the District shall be satisfied:*

24 **(A)** *With respect to vehicles (other than commercial vehicles) subject*
25 *to registration pursuant to Chapter 1 (commencing with Section 4000) of Division 3 of the Vehicle*

1 Code, aircraft licensed in compliance with Section 21411 of the Public Utilities Code, and
2 undocumented vessels registered under Division 3.5 (commencing with Section 9840) of the Vehicle
3 Code by registration to an out-of-District address and by a declaration under penalty of perjury, signed
4 by the buyer, stating that such address is, in fact, his or her principal place of residence; and

5 (B) With respect to commercial vehicles, by registration to a place of
6 business out-of-District and declaration under penalty of perjury, signed by the buyer, that the vehicle
7 will be operated from that address.

8 (3) The sale of tangible personal property if the seller is obligated to furnish
9 the property for a fixed price pursuant to a contract entered into prior to the operative date of this
10 Article 14-A.

11 (4) A lease of tangible personal property which is a continuing sale of such
12 property, for any period of time for which the lessor is obligated to lease the property for an amount
13 fixed by the lease prior to the operative date of this Article 14-A.

14 (5) For the purposes of subsections (b)(3) and (b)(4) of this Section 1440, the
15 sale or lease of tangible personal property shall be deemed not to be obligated pursuant to a contract
16 or lease for any period of time for which any party to the contract or lease has the unconditional right
17 to terminate the contract or lease upon notice, whether or not such right is exercised.

18 (c) There are exempted from the use tax imposed by this Article 14-A, the storage,
19 use, or other consumption in this District of tangible personal property:

20 (1) The gross receipts from the sale of which have been subject to a
21 transactions tax under any state-administered transactions and use tax.

22 (2) Other than fuel or petroleum products purchased by operators of aircraft
23 and used or consumed by such operators directly and exclusively in the use of such aircraft as common
24 carriers of persons or property for hire or compensation under a certificate of public convenience and
25 necessity issued pursuant to the laws of this State, the United States, or any foreign government. This

1 exemption is in addition to the exemptions provided in Sections 6366 and 6366.1 of the Revenue and
2 Taxation Code.

3 (3) If the purchaser is obligated to purchase the property for a fixed price
4 pursuant to a contract entered into prior to the operative date of this Article 14-A.

5 (4) If the possession of, or the exercise of any right or power over, the
6 tangible personal property arises under a lease which is a continuing purchase of such property for
7 any period of time for which the lessee is obligated to lease the property for an amount fixed by a lease
8 prior to the operative date of this Article 14-A.

9 (5) For the purposes of subsections (c)(3) and (c)(4) of this section, storage,
10 use, or other consumption, or possession of, or exercise of any right or power over, tangible personal
11 property shall be deemed not to be obligated pursuant to a contract or lease for any period of time for
12 which any party to the contract or lease has the unconditional right to terminate the contract or lease
13 upon notice, whether or not such right is exercised.

14 (6) Except as provided in subsection (c)(7), a retailer engaged in business in
15 the District shall not be required to collect use tax from the purchaser of tangible personal property,
16 unless the retailer ships or delivers the property into the District or participates within the District in
17 making the sale of the property, including, but not limited to, soliciting or receiving the order, either
18 directly or indirectly, at a place of business of the retailer in the district or through any representative,
19 agent, canvasser, solicitor, subsidiary, or person in the District under the authority of the retailer.

20 (7) "A retailer engaged in business in the District" shall also include any
21 retailer of any of the following: vehicles subject to registration pursuant to Chapter 1 (commencing
22 with Section 4000) of Division 3 of the Vehicle Code, aircraft licensed in compliance with Section
23 21411 of the Public Utilities Code, or undocumented vessels registered under Division 3.5
24 (commencing with Section 9840) of the Vehicle Code. That retailer shall be required to collect use tax
25

1 from any purchaser who registers or licenses the vehicle, vessel, or aircraft at an address in the
2 District.

3 (d) Any person subject to use tax under this Article 14-A may credit against that tax
4 any transactions tax or reimbursement for transactions tax paid to a district imposing, or retailer liable
5 for a transactions tax pursuant to Part 1.6 of Division 2 of the Revenue and Taxation Code with respect
6 to the sale to the person of the property the storage, use, or other consumption of which is subject to the
7 use tax.

8
9 **SEC. 1441. AMENDMENTS.**

10 All amendments subsequent to the effective date of this Article 14-A to Part 1 of Division 2 of
11 the Revenue and Taxation Code relating to sales and use taxes and which are not inconsistent with Part
12 1.6 and Part 1.7 of Division 2 of the Revenue and Taxation Code, and all amendments to Part 1.6 and
13 Part 1.7 of Division 2 of the Revenue and Taxation Code, shall automatically become a part of this
14 Article 14-A, provided however, that no such amendment shall operate so as to affect the rate of tax
15 imposed by this Article 14-A.

16
17 **SEC. 1442. ENJOINING COLLECTION FORBIDDEN.**

18 No injunction or writ of mandate or other legal or equitable process shall issue in any suit,
19 action, or proceeding in any court against the State or the Authority, or against any officer of the State
20 or the Authority, to prevent or enjoin the collection under this Article 14-A, or Part 1.6 of Division 2 of
21 the Revenue and Taxation Code, of any tax or any amount of tax required to be collected.

22
23 **SEC. 1443. ADOPTION AND ADMINISTRATION OF SAN FRANCISCO TRANSPORTATION**
24 **EXPENDITURE PLAN; EXPENDITURE OF PROCEEDS.**

1 The Authority shall administer, in accordance with Division 12.5 of the California Public
2 Utilities Code and other applicable law, the San Francisco Transportation Expenditure Plan adopted
3 by the San Francisco Board of Supervisors. Proceeds of the tax imposed by this Article 14-A shall be
4 spent only to implement the project components set forth in the Expenditure Plan, or as required or
5 permitted by law.

6
7 **SEC. 1444. AUTHORIZATION TO ISSUE BONDS.**

8 The Authority is hereby authorized to issue bonds as may be provided for in the adopted
9 Expenditure Plan and in compliance with applicable law (“Limited Tax Bonds” or “Bonds”). The
10 total outstanding aggregate amount of Bonds shall not exceed \$2,000,000,000, and shall be payable
11 solely from the proceeds of the tax imposed under this Article 14-A.

12
13 **SEC. 1445. SEVERABILITY.**

14 If any provision of this Article 14-A or the application thereof to any person or circumstance is
15 held invalid, the remainder of the Article 14-A and the application of such provision to other persons or
16 circumstances shall not be affected thereby.

17
18 **SEC. 1446. TERMINATION DATE.**

19 The authority to levy the tax imposed by this Article 14-A shall expire 25 years from the
20 Operative Date.

21
22 Section 3. Pursuant to Public Utilities Code § 131108, the Board of Supervisors hereby
23 adopts the following Transportation Expenditure Plan. The Board of Supervisors further
24 directs the Department of Elections to include in the voter information pamphlet mailed to the
25 voters the full proposition, as set forth in this ordinance, and the entire adopted San Francisco

1 Transportation Expenditure Plan, set forth in this Section 3 of this ordinance, but inserting the
2 ballot letter designation in place of the term “TBD.”

3
4 SAN FRANCISCO TRANSPORTATION EXPENDITURE PLAN

5
6 1. INTRODUCTION

7 A. SUMMARY

8 The San Francisco Transportation Expenditure Plan (SFTEP or Expenditure Plan)
9 identifies transportation improvements to be funded from a new half-cent transportation sales
10 tax. The projects and programs included in the Expenditure Plan are designed to be
11 implemented over the next 25 years. Provisions are also made for amendments to the
12 SFTEP. The SFTEP includes investments in six major categories: Muni Transit Service and
13 Affordability; Muni Fleet, Facilities and Infrastructure Repair and Improvement; Transit
14 Optimization and Expansion; Regional Transit and Smart System Management; Vision Zero
15 Safe and Complete Streets; and Street Resurfacing.

16 B. CONTEXT

17 In May 2016, the San Francisco Board of Supervisors (BOS) asked the San Francisco
18 County Transportation Authority (SFCTA) working in partnership with the Mayor’s Office and
19 the San Francisco Municipal Transportation Agency (SFMTA), which is administering the
20 Transportation 2030 program, to lead development of a SFTEP to specify the use of revenues
21 from a potential new half-cent sales tax for transportation for potential consideration for the
22 November 2016 ballot. Further, the BOS called for the SFTEP to build and expand on the
23 recommendations of the San Francisco Transportation Plan (SFTP, also known as the
24 Countywide Transportation Plan) and the Transportation 2030 (T2030) Report, including
25

1 priorities that emerged after T2030, including strategies to support equity, service
2 improvements and traffic safety.

3 In 2013, the SFCTA adopted the most recent update of the Countywide Transportation
4 Plan, which establishes the 30-year vision for San Francisco's transportation system. As
5 documented in the SFTP, San Francisco's needs for transportation funding far exceed
6 expected revenue from federal, state, regional and local sources. The SFTP, through its
7 investment scenarios and policy recommendations proposed ways to invest the dollars we
8 expect to have to most effectively make progress towards San Francisco's goals, but analysis
9 showed that this progress is limited unless new revenues are identified. Therefore, the SFTP
10 recommended a two-pronged revenue strategy: positioning San Francisco to compete well
11 for new regional, state and federal sources, and seeking new locally-controlled sources.

12 Building on the SFTP analysis and recommendations, the Mayor's T2030 Task Force
13 investigated what San Francisco could do to fix the transportation network and prepare it for
14 the future; confirming that anticipated revenues were inadequate to meet those needs. The
15 T2030 Report recommended a series of local funding sources (including two general
16 obligation bonds, a sales tax, and a vehicle license fee) that, if approved by voters, would
17 provide about \$3 billion to complete a suite of critical transportation infrastructure projects by
18 2030. San Francisco voters approved the first of the T2030 recommended measures in
19 November 2014 by approving \$500 million general obligation bond, which will fund a range of
20 projects that will reduce Muni travel time, make Muni less crowded and more reliable, and
21 enhance safety on San Francisco's streets. At the same election, San Francisco voters
22 approved Proposition B, which requires the city to adjust funding for transportation each year
23 based on population growth, and these funds are helping to improve transit and make our
24 streets safer for all.

1 While San Francisco is making real improvements in transit reliability, building safer
2 streets, and improving the pavement condition of the street network, the transportation system
3 is still in a need of significant investment to bring it into a state of good repair and to sustain it
4 at such a level, and there is an urgent need to invest in near and long-term projects that
5 relieve severe overcrowding on our local and regional transit systems such as Muni, BART
6 and Caltrain to better serve current residents, employees and visitors, as well as an urgent
7 need for the resources to efficiently expand service to fully utilize these capital resources and
8 to ensure equitable provision of transit service and infrastructure investment to our
9 community. These investments can be complemented with efforts and improvements to
10 promote equitable transit-oriented development. Lastly, there remains a need for stable
11 augmentation of funding to continue to invest in street resurfacing, safety improvements, and
12 the pedestrian and bicycle networks.

13 The SFTEP for the use of Prop TBD funds was developed by the SFCTA in close
14 coordination with the SFMTA, with technical assistance and input from other city agencies,
15 regional transit operators serving San Francisco, the Metropolitan Transportation
16 Commission, and others serving on the SFCTA Technical Working Group. The Expenditure
17 Plan was endorsed by the SFCTA Board on July 12, 2016.

18 By providing the required local match, Prop TBD is anticipated to leverage about \$12 to
19 \$19 billion in federal, state, regional and other local funding for transportation projects in
20 San Francisco.

21 The SFTEP is a list of transportation projects and programs that will be given priority
22 for Prop TBD funding. As such the SFTEP shall be amended into the Capital Improvement
23 Program of the Congestion Management Program, developed pursuant to section 65089 of
24 the California Government Code. These projects and programs are intended to help
25

1 implement the long-range vision for the development and improvement of San Francisco's
2 transportation system, as articulated in the SFTP and its updates.

3 The SFTP, San Francisco's Countywide Transportation Plan is a living document,
4 updated on a regular basis with input from San Francisco agencies, regional transit operators,
5 and regional and state transportation agencies, the public and other interested stakeholders to
6 identify and address changing needs and regional trends, and align them with available
7 funding.

8 C. GOALS

9 The purpose of the SFTEP is to implement the priorities of the Countywide
10 Transportation Plan and the Transportation 2030 Report through investment in a set of
11 projects and programs that include planning, maintenance and rehabilitation of, and
12 improvements to the city's multi-modal transportation system. Goals of the plan include:

- 13 • Maintain existing assets in a state-of-good repair;
- 14 • Improve travel time and reliability;
- 15 • Reduce costs and geographic and socio-economic disparities;
- 16 • Serve planned growth; and
- 17 • Improve safety and accessibility of the system.

18 In addition to the above goals, development of the SFTEP was guided by the following
19 four SFTEP Principles and two Funding Principles.

20 **SFTEP Principles**

- 21 • Build on the SFTP (2013) and the T2030 Report.
- 22 • Embrace City and agency initiatives passed since T2030, including strategies to
23 support equity, affordability and traffic safety.
- 24 • Address progress and changes to project/program information.

25

- Increase focus on core capacity, system resiliency and equity given rapid growth and affordability pressures.

Funding Principles

- Provide a bridge between 2017 and future revenue measures
 - Amended Prop K Expenditure Plan (as early as November 2023)
 - Vehicle License Fee (recommended by T2030, as early as 2018)
 - General Obligation Bond (recommend by T2030, estimated 2024)
 - New bridge toll (Regional Measure 3, estimated as early as 2018)
- Consider funding eligibility, particularly for those projects and programs that are not eligible for other key funding sources (e.g. Muni light rail vehicles and BART cars are not eligible to be funded by general obligation bonds).

D. STRUCTURE

The SFTEP is organized into six sections. Section 1: Introduction provides background on the Plan’s purpose and goals. Section 2: Plan Summary provides the Plan’s investment detail by category. Section 3: General Provisions provides further context on the Plan’s policies and administration. Section 4: Description of Programs contains detailed descriptions of the programs and the types of items that are eligible for funding under each of them. Section 5: Implementation Provisions describes the process for prioritizing and allocating funds following adoption of the Plan. Section 6: Amendment Process, deals with the mechanisms for amending the Expenditure Plan.

2. PLAN SUMMARY

Table 1 summarizes the half-cent sales tax revenue allocations by program in constant 2016 dollars. The SFTEP is fiscally constrained to the total funding expected to be available for each category. If revenues are higher or lower, the amount of funding available to each

category shall be consistent with the program percentages over the life of the Expenditure Plan period.

Adoption of an ordinance to establish an additional one-half of one-percent sales tax is necessary in order to fund the programs listed in Table 1. The tax shall be continued for the period of implementation of the SFTEP, but not to exceed 25 years.

Table 1: San Francisco Transportation Expenditure Plan Summary 2016 (\$ in Millions)

Program	Total Need¹	Total Expected Funding²	Total Prop TBD Funding³	% of Prop TBD Funding⁴
1. Muni Transit Service and Affordability	\$705	\$4	\$392	12.4%
2. Muni Fleet, Facilities and Infrastructure Repair and Maintenance	\$6,091	\$5,295	\$594	18.8%
3. Transit Optimization and Expansion	\$7,275	\$1,625	\$297	9.4%
4. Regional Transit and Smart System Management	\$576	\$47	\$446	14.1%
5. Vision Zero Safe and Complete Streets	\$2,036	\$1,628	\$392	12.4%
6. Street Resurfacing	\$1,748	\$198	\$1,040	32.9%
TOTAL	\$18,431	\$8,797	\$3,161	100%

1 **Table 1 Notes:**

2 1. Total Need is based on project submissions to Plan Bay Area 2040 prepared by
3 project sponsors in coordination with the SFCTA, the Metropolitan Transportation
4 Commission's (MTC's) State of Good Repair transit needs assessment for Plan Bay Area
5 2040, San Francisco Department of Public Works' (SFDPW) needs assessment for street
6 resurfacing to achieve and maintain a Pavement Condition Index of 70, and the SFMTA
7 Capital Plan. Total need for the Muni Transit Service and Affordability program does not
8 include SFMTA's existing operating budget but includes unfunded service expansion and
9 growth in costs (e.g. for Muni fare programs). Total need for the Regional Transit and Smart
10 System Management program only includes San Francisco's local contribution for additional
11 BART cars (\$300 million), Caltrain electrification (\$16 million) , and conversion of the
12 remainder of Caltrain's vehicle fleet to electric-multiple units and/or additional cars (\$30
13 million); as well as other eligible projects for this program. The amounts in this column are
14 provided in fulfillment of Sections 131051, subdivisions (a)(1) and (b), of the California Public
15 Utilities Code.

16 2. Total Expected Funding is based on a forecast of expected revenues from
17 existing federal, state, regional and local sources based on MTC's Plan Bay Area 2040 draft
18 revenue forecasts, SFCTA, and SFDPW's revenue forecasts for the Street Resurfacing
19 program. The amounts in this column are provided in fulfillment of Section 131051,
20 subdivisions (a)(1) and (c), of the California Public Utilities Code.

21 3. The amounts shown in the "Total Prop TBD Funding" column are" based on a
22 forecast of \$3.161 billion (2016 \$'s) in new sales tax revenues over the 25-year life of the
23 SFTEP. The amounts in this column are provided in fulfillment of the requirements in Section
24 131051, subdivisions (a)(1) and (d), of the California Public Utilities Code.

1 4. The amounts shown in the “% of Prop TBD Funding” column represent the initial
2 percentage allocation of funds to each category. See Section 3.B. below for a description of
3 three triggers that could result in a re-allocation of funds if specific conditions are satisfied.

4 3. DESCRIPTION OF PROGRAMS

5 This section contains detailed descriptions of the programs in the SFTEP, and the
6 types of items that are eligible for funding under each of them.

7 A. PERCENTAGE DISTRIBUTION OF PROP TBD REVENUES TO PROGRAMS

8 The percentage distribution of Prop K TBD funds and estimated Total Prop TBD (2016
9 \$s) for each program corresponds to those amounts shown in Section 2, Table 1. See
10 Section 3.B. below for a description of three triggers that could result in a re-allocation of
11 funds if specific conditions are satisfied (e.g., if new revenues are secured for street
12 resurfacing). The program descriptions would not change. This language is also included in
13 Note 4 to Table 1.

14 **1. Muni Transit Service and Affordability.....12.4% (\$392 million)**

15 Expenditures in this program shall be used to mitigate identified deficiencies in transit
16 service to low-income and transit-dependent communities and to provide transit service
17 affordability for low- and moderate-income youth, seniors, and people with disabilities, such as
18 to support Free Muni for Low Income Youth, Senior and Disabled Riders Programs; to help
19 implement recommendations from the Muni Equity Strategy (updated on a two-year basis); to
20 fund late night transportation services for night and swing shift workers; and to provide transit
21 service for at-risk populations such as paratransit, mobility management and lifeline programs.
22 Unspent funds in this program shall be used to supplement SFMTA’s Rainy Day Reserve to
23 provide protections against service cuts in future years.

1 **2. Muni Fleet, Facilities and Infrastructure Repair and Improvements.....18.8%**
2 **(\$594 million)**

3 Expenditures in this program shall prioritize measures to mitigate identified deficiencies
4 in transit service to low-income and transit-dependent communities. Expenditures in this
5 program will leverage federal and state funds to help keep Muni’s fleet of buses, historic street
6 cars, trains, and paratransit vehicles in a state-of-good repair through timely vehicle
7 replacement and rehabilitation to ensure that the transit system is reliable, and to expand the
8 fleet through additional vehicles to reduce crowding on the most popular routes and meet
9 future demand.

10 Expenditures in this program also will be used for repair and upgrade of SFMTA
11 facilities, including stations and associated escalators and elevators, which are critical to
12 support the SFMTA’s ability to: provide reliable transit service and safe, comfortable and
13 coordinated access to transit; maintain street infrastructure; and store, protect, and maintain
14 its diverse transit fleet.

15 Further, expenditures in this program will improve reliability and safety on Muni through
16 the replacement and rehabilitation of rails, overhead wires and associated fixed guideway
17 infrastructure for light rail, trolley coaches, historic streetcars, and cable cars.

18 In any fiscal year in which the SFMTA would otherwise be required to adopt service
19 reductions as part of its budget, the SFMTA shall transfer all or a portion of the annual
20 percentage allocation of funds that would otherwise go to this program to the Muni Transit
21 Service and Affordability program to offset those service reductions, in an amount not to
22 exceed the cost of maintaining the services.

23 **3. Transit Optimization and Expansion.....9.4% (\$297 million)**

24 Expenditures in this program will be used to plan, design, and deliver projects to
25 improve the efficiency and enhance the service of the existing transit system as well as to

1 expand the capacity of the system, and to provide funding for planning, design, education,
2 outreach, evaluation, and capital investment in supportive transportation infrastructure for
3 transit-oriented development.

4 Examples of eligible projects include but are not limited to: Muni Forward, bus rapid
5 transit projects on major corridors (e.g. Geary and Geneva), Better Market Street, rail capacity
6 improvements such as those recommended by the SFMTA Rail Capacity Strategy and the
7 region’s Core Capacity Transit Study, major regional projects (e.g., second Transbay crossing
8 and Caltrain Downtown Extension), ferry infrastructure and vessels, Caltrain capacity
9 improvements (e.g., CalMod 2.0) and future subway projects (e.g., T-Third rail extension to
10 Fisherman’s Wharf, Geneva Avenue rail service, Geary Avenue Light Rail Transit, Upper
11 Market to Mission Bay/SOMA Light Rail Transit, Muni Subway Expansion, under-grounding
12 existing rail lines) prioritized by the Long Range Transportation Planning Program, the SFTP
13 and its updates, all of which will be developed in collaboration with local and regional
14 agencies.

15 **4. Regional Transit and Smart System Management.....14.1% (\$446 million)**

16 To improve reliability and reduce overcrowding, as well as to encourage continued use
17 of transit by new residents and employees, regional transit capacity and system resiliency
18 must grow. The priority for expenditures in this program will be to fund San Francisco’s
19 contribution to BART expansion vehicles (up to \$300 million) and to support the electrification
20 of Caltrain (\$16 million to complete the current funding commitment). Expenditures in this
21 program could also fund long-range regional network planning and design studies and/or
22 capital improvements such as crossover tracks, passing tracks, turnbacks and station
23 modernization improvements that increase core system reliability and capacity.

24 Expenditures in this program will also enable Smart System Management by funding
25 technology-enabled system corridor management strategies for US 101, I-280 and I-80 (and

1 associated surface arterial approach/distribution streets) to increase reliability for buses and
2 high-occupancy vehicles through carpool/managed lanes and traveler information systems;
3 and by funding a broad countywide toolkit of transportation demand management (TDM)
4 strategies, education, and outreach designed to promote sustainable travel choices such as
5 carpooling, ride-sharing, transit/HOV use and active transportation modes through education
6 campaigns, traveler incentives and fare/pricing strategies, policies and capital investments.
7 Expenditures in this program may also fund evaluation of TDM strategies funded by this
8 program.

9 **5. Vision Zero Safe and Complete Streets.....12.4% (\$392 million)**

10 Expenditures in this program will fund improvements primarily on the high-injury
11 network that promote users' safety and complete streets, including implementation of the bike
12 strategy, upgraded traffic signals with pedestrian countdown signals and audible signals to
13 improve accessibility and safety, and improvement of pedestrian safety through data-driven
14 improvements. Safety upgrades, including those primarily for bicycle and pedestrian traffic,
15 may be paired with streetscape enhancements, such as landscaping on curb extensions at
16 bus stops. Examples of work eligible in this program range from corridor-wide improvements,
17 to stand-alone pedestrian improvements at individual high-injury intersections and/or freeway
18 ramp/local street connections. Expenditures in this program may also fund Vision Zero public
19 education, outreach, and evaluation.

20 Expenditures in this program also will optimize movement on San Francisco streets by
21 keeping traffic infrastructure and signals in a state of good repair through replacement and
22 upgrade of deteriorated or obsolete signal hardware; by bringing advanced technology to the
23 traffic signal system allowing real-time traffic management, transit and emergency vehicle
24 signal priority; and by adding pedestrian countdown and audible signals as part of signal
25 upgrades.

1 **6. Street Resurfacing.....32.9% (\$1,040 million)**

2 Expenditures in this program will help ensure the city reaches and maintains a
3 Pavement Condition Index (PCI) score of 70, meaning that the majority of city streets will be in
4 good condition. Keeping street surfaces in good repair has safety and financial benefits for
5 people traveling by all modes of transportation citywide. Conversely, deteriorated roadways
6 have a negative impact on all users and the more roads deteriorate, the more costly they
7 become to repair.

8 **Total.....100% (\$3,161 million)**

9 B. TRIGGER FOR A REVISED PERCENTAGE DISTRIBUTION OF PROP TBD
10 REVENUES TO PROGRAMS

11 The proposed distribution of revenues to each of the six programs is based on an
12 assessment of current needs and anticipated revenues, and priorities. The Expenditure Plan
13 provides for a revised allocation of Prop TBD revenues to programs if certain conditions are
14 satisfied (e.g. new revenues are secured for street resurfacing). Three triggers to redistribute
15 revenues are described below. These would not supersede any multi-year funding
16 commitments already approved by the SFCTA Board.

17 i. In the fiscal year following the adoption by the voters of a vehicle license fee
18 increase, if the City appropriates or the SFCTA allocates from any other legally available
19 sources an amount for street resurfacing equal to the amount that would otherwise be
20 allocated to the street resurfacing program under Section 5.B., the SFCTA shall, for the
21 subsequent term of the measure but not to exceed the term of the vehicle license fee
22 increase, transfer 10% of the street resurfacing program allocation to Regional Transit and
23 Smart System Management, 30% to Muni Transit Service and Affordability and 20% each to
24 the remaining three programs.

1 ii. In any fiscal year in which new revenues become available for street resurfacing
2 in the City and the City appropriates or the SFCTA allocates an amount to the street
3 resurfacing program that would otherwise be allocated to the street resurfacing program under
4 Section 5.B., the SFCTA shall, for the subsequent term of the measure but not to exceed the
5 availability of new revenues for street resurfacing in the City, transfer 10% of the street
6 resurfacing program allocation to Regional Transit and Smart System Management, 30% to
7 Muni Transit Service and Affordability and 20% each to the remaining three programs. For
8 the purposes of this subsection 3.B.ii, the SFCTA shall work with the City Controller to
9 measure new revenues by comparing non-General Fund revenues projected to be received
10 by the City and the SFCTA for this purpose in the upcoming fiscal year to those received by
11 the City and the SFCTA in Fiscal Year 2015/16, adjusted for inflation.

12 iii. In Fiscal Year 2027/28, the SFCTA Board may, by a two-thirds vote and with the
13 approval of the Mayor, redirect for the remaining term of the Expenditure Plan 10% of the
14 street resurfacing program allocation to Regional Transit and Smart System Management,
15 30% to Muni Transit Service and Affordability and 20% each to the remaining three programs.
16 The SFCTA Board and the Mayor may not reverse this decision to redirect the street
17 resurfacing allocation pursuant to this subsection 3.B.iii.

18 4. GENERAL PROVISIONS

19 A. SALES TAX REVENUES

20 The operative date of the SFTEP shall be established pursuant to Section 131105 of
21 the California Public Utilities Code. The one-half percent local sales tax dedicated to
22 transportation improvements (approved in November 2016 as Proposition TBD) shall be
23 continued for the duration of the SFTEP, but not to exceed 25 years.

24 Revenues are estimated over the 25-year period of the SFTEP. The conservative
25 projection puts the total revenue level at \$3.161 billion (2016 dollars) and assumes a modest

1 growth rate. This projection builds in recessions and recoveries based on historical trends
2 and economic conditions as well as tax policy.

3 B. RESTRICTION OF FUNDS

4 Sales tax revenues shall be used solely for the projects and purposes set forth in the
5 SFTEP and its amendments and for the administration thereof. Sales tax revenues shall be
6 spent on capital projects rather than to fund operations and maintenance of existing
7 transportation services, unless otherwise expressly specified in the Plan Description. In
8 accordance with enabling legislation and adopted principles, sales tax revenues generated
9 pursuant to this plan shall be subject to the following restrictions:

10 i. NO SUBSTITUTION

11 a. In accordance with the legislative intent expressed in California Public
12 Utilities Code Section 131100, sales tax proceeds shall not replace funds previously provided
13 by property tax revenues for public transportation. As a condition for allocation of funds by the
14 SFCTA, the recipient department or agency shall certify to the SFCTA that the funds will not
15 be substituted for property tax funds which are currently utilized to fund existing local
16 transportation programs.

17 b. Proceeds from the sale or liquidation of capital assets funded with sales
18 tax revenues shall be returned to the SFCTA in proportion to the contribution of sales tax
19 revenues to the total original cost of the asset, for re-allocation to eligible expenses within the
20 categories from which funds were expended for the original investment.

21 ii. NO EXPENDITURES OUTSIDE SAN FRANCISCO

22 No sales tax funds shall be spent outside the limits of the City and County of
23 San Francisco, except for cases that satisfy all of the following conditions, and subject to a
24 possible need for amendment of state law:
25

1 a. Quantifiable Benefit: The project, service, or programmatic category is
2 included in the Expenditure Plan, and planning or other studies, developed in order to enable
3 its implementation, demonstrate that there will be a quantifiable benefit to the City and
4 County’s transportation program from the expenditure of funds outside the City and County. A
5 quantifiable benefit is defined as a measurable increase in the effectiveness (e.g., cost
6 effectiveness, reliability, transit connectivity, travel time, crowding, capacity, equity) of a
7 project or group of transportation projects and or services at least partially funded with sales
8 tax funds, located along the corridor or in the immediate geographic area of the City and
9 County where the project in question is proposed to occur.

10 b. Expenses Matched By Other Counties: The proposed expense is
11 matched by funding from the county or counties where the expenditure of sales tax funds is
12 proposed to be made. Should transportation projects or services contemplated in the plan
13 require the participation of other counties for any phase of project planning or implementation,
14 the SFCTA shall work cooperatively with the Mayor’s Office and affected county or counties to
15 ensure coordination and successful project implementation.

16 C. BONDING AUTHORITY

17 The SFCTA shall be authorized to issue, from time to time, limited tax bonds pursuant
18 to the provisions of California Public Utilities Code Sections 131109 et seq. in a total
19 outstanding aggregate amount not to exceed \$2.00 billion, payable from the sales tax
20 revenues generated by the local sales and use tax adopted by Prop TBD. The SFCTA’s
21 bonding capacity shall be separate and distinct from that of the City and County of
22 San Francisco.

1 D. ADMINISTRATION BY THE SAN FRANCISCO COUNTY TRANSPORTATION
2 AUTHORITY

3 The SFCTA shall allocate, administer and oversee the expenditure of the Prop TBD
4 sales tax funds.

5 E. ELIGIBLE RECIPIENTS OF FUNDS

6 Only public agencies are eligible to receive allocation of sales tax funds.

7 F. SUPPORT OF ADJACENT COUNTIES

8 It is deemed unnecessary to seek the support of adjacent counties by requesting them
9 to develop their own Transportation Expenditure Plans because San Mateo, Alameda, Contra
10 Costa and Marin Counties have already adopted Transportation Expenditure Plans.

11 G. ENVIRONMENTAL REVIEW

12 Environmental reporting, review and approval procedures as provided for under the
13 National Environmental Policy Act (NEPA), and/or the California Environmental Quality Act
14 (CEQA), and other applicable laws shall be carried out as a prerequisite to the implementation
15 of any project to be funded partially or entirely with sales tax funds.

16 H. ACCOUNTABILITY AND TRANSPARENCY

17 i. FINANCIAL AUDITS: The SFCTA shall ensure a post audit of its financial
18 transactions and records at least annually by an independent certified public accountant.

19 ii. ANNUAL REPORT: Pursuant to California Public Utilities Code Section 131303,
20 the SFCTA shall prepare and adopt an annual report by January 1 of each year on the
21 progress to achieve the objectives of completion of the projects in the SFTP. The public
22 annual report shall summarize revenues collected; expenditures by program, costs related to
23 financing, if applicable; administrative costs; and accomplishments and benefits realized by
24 the program.

1 iii. REQUIREMENTS FOR FUND RECIPIENTS: All recipients of sales tax funds
2 allocated to Expenditure Plan programs will be required to complete certain requirements as
3 established by the SFCTA including reporting, completing audits, and complying with
4 attribution requirements.

5 iv. CITIZENS OVERSIGHT COMMITTEE: The SFCTA's Citizens Advisory
6 Committee shall serve as the Citizens Oversight Committee and will provide independent and
7 public oversight of all expenditures of Prop TBD sales tax funds by SFCTA or recipient
8 agencies. The committee shall assist with defining criteria and priorities for implementing the
9 Expenditure Plan consistent with the intention of Prop TBD; review the allocation of sales tax
10 funds; monitor the SFCTA's programs; and review annual audits.

11 5. IMPLEMENTATION PROVISIONS

12 A. STRATEGIC PLAN

13 This Expenditure Plan identifies eligible expenditures for each of the six programs
14 listed in Table 1 in Section 3. Prior to allocation of any sales tax funds, the SFCTA shall
15 prepare, in close coordination with all other affected planning and/or implementation agencies,
16 a Strategic Plan for the use of the sales tax revenues, for review and adoption by the SFCTA
17 Board. The Strategic Plan shall include a 5-year prioritized program of projects (see sub-
18 section C of Section 5) for each of the following programs: Muni Fleet, Facilities and
19 Infrastructure Repair and Improvement; Transit Optimization and Expansion; Regional Transit
20 and Smart System Management; and Vision Zero Safe and Complete Streets.

21 As part of the Strategic Plan development process, the SFCTA shall adopt, issue and
22 update detailed guidelines for the development of prioritized programs of projects.

23 B. CATEGORIES EXEMPT FROM PRIORITIZATION PROCESS

24 The Muni Transit Service and Affordability and Street Resurfacing categories are
25 exempt from the 5-year prioritization process. In the Strategic Plan, funds shall be

1 programmed to these categories annually based on the percentage share of annual program
2 revenues shown in sub-section A of Section 3 or as modified by sub-section B of Section 3.
3 Funds will be allocated annually as a lump sum to the San Francisco Municipal Transportation
4 Agency (SFMTA) (or its successor) for the first of the aforementioned programs and to
5 San Francisco Department of Public Works (SFDPW) (or its successor) for the last program.
6 Allocations shall be accompanied by a list of projects that the recipient agency intends to fund
7 with the sales tax revenues. After the first year's allocation, all subsequent fiscal year
8 allocations also must be accompanied by an annual report of expenditures prepared by the
9 recipient agency to be presented to the SFCTA Citizens Advisory Committee and relevant
10 Board committee.

11 Funds not expended within five years of allocation by the SFCTA Board will
12 automatically be de-obligated by the SFCTA and reprogrammed to the same program in a
13 future year or years. Failure to comply with reporting and auditing requirements may result in
14 the SFCTA withholding annual allocations until such time as the recipient conforms to this
15 requirement.

16 For programs exempt from the 5-year prioritization process, if SFMTA or SFDPW wish
17 to advance funds for programming and allocation more quickly than on a pay-go basis, the
18 agency must develop a 5-year prioritized program of projects for review and adoption by the
19 SFCTA Board as described in sub-section C below and a corresponding Strategic Plan
20 amendment to support the advancement of funds.

21 C. PRIORITIZATION PROCESS

22 For programs where more than one agency or department may be an eligible recipient
23 of Prop TBD funds, the SFCTA Board shall designate a lead agency to coordinate
24 development of the 5-year prioritized programs of projects and prior to each of their
25 subsequent updates, for each program.

1 Prior to allocation of any sales tax funds, the lead agency shall prepare, in close
2 consultation with all other affected planning and implementation agencies, the SFCTA's
3 Technical Working Group, and the SFCTA, a 5-year prioritized program of projects including
4 budget, scope and schedule; consistent with the Strategic Plan for use of the Prop TBD funds,
5 for review and adoption by the SFCTA Board. Program goals shall be consistent with the
6 current SFTP and with the City's General Plan. Prior to adoption by the SFCTA Board, the
7 lead agency and SFCTA staff will present the draft 5-year prioritized programs of project to
8 the City's Capital Planning Committee for review and input.

9 The program of projects shall at a minimum address, the following factors:

- 10 i. Project readiness, including schedule for completion of environmental and
11 design phases; well-documented preliminary cost estimates, and documented community
12 support as appropriate;
- 13 ii. Compatibility with existing and planned land uses, and with adopted standards
14 for urban design and for the provision of pedestrian amenities; and supportiveness of planned
15 growth in transit-friendly housing, employment and services.
- 16 iii. A prioritization mechanism to rank projects within the program, addressing, for
17 each proposed project:
 - 18 a. Relative level of need or urgency
 - 19 b. Cost effectiveness
 - 20 c. A fair geographic distribution that takes into account the various needs of
21 San Francisco's neighborhoods.
- 22 iv. Funding plan, including sources other than Prop TBD.

23 The lead agency shall conduct appropriate public outreach to ensure an inclusive
24 planning process for the development of the program of projects, as well as general plan
25 referral or referral to any City Department or Commission as required.

1 The lead agency shall also identify appropriate performance measures to ensure that
2 progress is made in meeting the goals and objectives of the program. These performance
3 measures shall be developed in collaboration with the SFCTA and shall be consistent with the
4 SFCTA’s Congestion Management Program.

5 The lead agency shall be eligible for planning funds from this category for the purpose
6 of completing the development of the program of projects.

7 Lead agencies will also be encouraged to explore alternative and non-traditional
8 methods for project and service delivery where they offer opportunities for increased cost-
9 effectiveness, desirable allocations of risk, and/or shortened project delivery timelines.

10 6. AMENDMENT PROCESS

11 The SFCTA Board may, by a 2/3 vote, recommend adoption of an amended
12 Expenditure Plan any time after fifteen years after the effective date of adoption of the SFTEP.
13 The SFCTA Board shall appoint an Expenditure Plan Advisory Committee to provide input on
14 an amended Expenditure Plan. The amendment process shall follow the provisions of
15 Division 12.5 of the California Public Utilities Code, except that the Expenditure Plan shall
16 require the approval by the Mayor of the City and County of San Francisco.

17
18 Section 4. Pursuant to Article XIII C of the Constitution of the State of California and
19 Section 7285 of the California Revenue and Taxation Code, this ordinance shall be submitted
20 to the qualified electors of the City and County of San Francisco at the November 8, 2016
21 general municipal election.

1 Section 5. This ordinance shall be effective at the close of the polls of the November
2 8, 2016 general election.

3
4 APPROVED AS TO FORM:
5 DENNIS J. HERRERA, City Attorney

6 By: _____
7 Carole F. Ruwart
8 Deputy City Attorney

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