Transit Together

How a New Regional Ballot Measure Can Fund Transit, Pothole Repair, and Safe Routes to Schools
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Executive Summary

Improvements to San Diego’s transit network will require new funding from a local ballot measure.

The voters in 2016 rejected a transportation ballot measure put forward by the San Diego Association of Governments (SANDAG). For the region to succeed with a new future ballot measure, leaders must learn from SANDAG’s experience.

A successful ballot measure must be created in an open and transparent manner, with input from a wide range of stakeholders. For a ballot measure to succeed, it must include bold ideas and compelling projects to generate excitement from new and diverse supporters. We can invest in San Diego’s transportation future, only if we act together.

A successful ballot measure could make a transformative contribution to regional mobility. More funding for transportation can contribute to greater mobility choices, economic development, and reductions to greenhouse gas emissions.

This report examines a wide range of options for decisionmakers to consider so that the strongest ballot measure is put forward to attract the support of voters. Included is an example expenditure plan to demonstrate how a ballot measure could appear from the San Diego Metropolitan Transit System (MTS). This report also examines some continuing options to do a similar measure through SANDAG.

MTS is currently exploring the feasibility of a ballot measure to fund improvements to its transit network.

This report finds that an MTS ballot measure could accomplish all of the following:

1. Generate at least $10 billion in local revenue
2. Fund all of the $7.5 billion for MTS transit projects that were included SANDAG’s unsuccessful 2016 Measure A
3. Dedicate billions of dollars to new priorities which might include:
   - Purple Line Connecting Border to Jobs Centers in Kearny Mesa
   - Robust Bus Rapid Transit and Enhancements to Transit Frequencies
   - Transit Connections to the Airport
   - Transit Connections to Job Centers in Sorrento Mesa
   - COASTER Extension to the Convention Center and Petco Park
   - Bus Fleet Electrification and Accessibility Improvements
   - Safe Routes to School, Transit, and for Seniors
   - Student Transit Passes
   - Workforce Provisions
Introduction

Regions in California rely on local funding measures to improve transportation networks.\(^1\) The San Diego region extended a half-cent TransNet sales tax in 2004. However, TransNet does not generate sufficient funding to pay for all of the projects planned for the region. San Diego’s Metropolitan Transit System (MTS) receives considerably less sales tax revenues than its peer agencies in California.\(^2\) Unless there is a dramatic change in state or federal transit funding, San Diego requires new local funding to pay for our transportation needs.

Recent successful ballot measures to fund transit in Los Angeles came after decades of frustration and freeway gridlock. San Diego can avoid that level of commuter suffering by proactively funding transit for its future.

Assemblymember Lorena Gonzalez’s 2017 legislation AB 805 changed the law to allow MTS to propose a funding ballot measure. In order to provide guidance and ensure that decisionmakers consider the full realm of possibilities while developing an MTS ballot measure, Circulate San Diego prepared this preliminary analysis of a potential half-cent sales tax. This analysis calculates a ballot measure’s potential sales tax revenue, identifies potential transportation projects, and incorporates information from polling in San Diego and other regions.

Before AB 805, the San Diego Association of Governments (SANDAG) was the only multi-jurisdictional transportation agency able to place a ballot measure in front of voters in San Diego County. In 2016, San Diego County voters rejected Measure A, SANDAG’s county-wide half-cent transportation ballot measure. Measure A received a 58 percent majority but ultimately failed to meet California’s high two-thirds threshold for special taxes. Polling in 2016 showed 26.3 percent of voters county-wide would not support any tax increase, regardless of how the money would be used.\(^3\) While Measure A did not pass, the measure’s development provides useful data and lessons for the development of a future ballot measure.

Circulate San Diego analyzed the expenditure plan and polling from Measure A to develop an example of how an MTS ballot measure could be structured, including specific projects and timelines. The example expenditure plan largely follows the top-line breakdown of funds in Measure A, however without any line items dedicated to highway projects, or projects entirely outside of the MTS boundaries. The MTS boundaries currently include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and also eastern and southern parts of the unincorporated County of San Diego.

As discussed below, SANDAG may also have an opportunity to pursue a new ballot measure. As with a ballot measure by MTS, a new SANDAG measure would need to learn from the lessons of Measure A, and take a fresh look at the mix of projects and programs the voters are asked to support.

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Example MTS Expenditure Plan: Methodology

Circulate San Diego determined that a half-cent sales tax within the MTS boundaries would generate approximately $10 billion over 40 years. After the Voice of San Diego published a series of articles calling into question SANDAG's methodology to generate the revenue projections for TransNet and Measure A, SANDAG updated its projections for what Measure A would have produced. SANDAG's updated figures show that Measure A would have generated $14 billion. If $14 billion is discounted by the approximately 75 percent of San Diego County that lives within MTS boundaries, an MTS ballot measure would conservatively yield about $10 billion.

This calculation is purposefully simplistic to provide a framework for outlining options for MTS to develop an expenditure plan. MTS can and should perform a more detailed analysis, and also seek independent verification from an outside entity. The $10 billion figure is nonetheless a useful starting place to evaluate a potential ballot measure.

The transit spending within SANDAG’s Measure A provides a convenient template for what a ballot measure could look like. For the example MTS expenditure plan, all projects from Measure A that were entirely outside of the MTS boundaries were removed. All highway projects were removed because AB 805 does not allow MTS to raise revenues to spend on highways. With matching funds, all the transit construction and operations line items that remain would cost about $7.5 billion in local revenues. That means that an MTS ballot measure could fund all of the transit in Measure A, with about $2.5 billion left to allocate toward other priorities, including potentially more transit.

The example expenditure plan assumes a conservative one-to-one match that local revenue can leverage from state or federal sources. This match only applies for transit capital expenses. Historically, SANDAG has secured roughly a two-to-one match for projects in its TransNet major corridors program, which includes their new transit projects. The ability to attract large amounts of state and federal funding is a major reason why local transportation tax measures have economic development benefits for their region.

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5  Revenue calculations are contained in Appendix B, available at http://www.circulatesd.org/transittogether. The calculations are fairly simple by design. The Voice of San Diego calculated that SANDAG's 2016 Measure A would have generated about $14 Billion over 40 years, per the above footnote. Circulate San Diego calculated that MTS contains about 75 percent of the County of San Diego's population. 74.4 percent of $14 billion is $10.41 billion. SANDAG and MTS will prepare alternative revenue calculations for a future ballot measure, which may be somewhat different from Circulate San Diego's rough estimation. However, this back-of-the-napkin calculation demonstrates that an MTS measure can raise substantial amount of funds, even if the exact number would require more detailed analysis. Additionally, Circulate San Diego commissioned a separate analysis from our board member Clint Daniels about the revenue potential for an MTS Ballot measure, attached as Appendix C, available at http://www.circulatesd.org/transittogether. The analysis in Appendix C shows a range of revenue potential, using different scenarios from historical tax receipts. The Appendix C analysis validates the $10 billion figure, which falls roughly in the middle of the conservative and optimistic revenue scenarios.
7  Project costs in our example expenditure plan rely on estimates from SANDAG’s 2016 ballot measure and more recent SANDAG data. Construction costs have steadily risen over the years, and project cost estimates should be updated for any future ballot measure.
Example MTS Expenditure Plan: Breakdown

An MTS ballot measure can and should be different than what was proposed by SANDAG in Measure A. However, a variety of line items are common components for transportation ballot measures in California. An MTS ballot measure could follow this same framework.

Circulate San Diego closely followed the development of SANDAG’s Measure A expenditure plan as it was being developed. We collected a substantial amount of data, and published an analysis of that process in our 2016 white paper titled “Anatomy of a Ballot Measure.”

Below is a summary of the MTS example expenditure plan prepared by Circulate San Diego. The full plan is attached to this report as Appendix A. This example expenditure plan is not meant to advocate for what should be in an MTS ballot measure, but instead to show the scale of what a ballot measure could accomplish.

The distribution of net revenues in our example expenditure plan break down into the following seven categories:

- **Transit Capital**
  - An MTS ballot measure can be large enough to fund all of the transit projects from Measure A that were proposed within the MTS boundaries, and possibly more.

  The MTS ballot measure could include signature projects or newer proposals, which can capture the excitement of voters. A primary example is funding for phase one of the Purple Line. The Purple Line is a long-envisioned new transit corridor connecting San Ysidro to Kearny Mesa.

  Near-term improvements like frequency enhancements to the existing trolley lines could also be included. The expenditure plan could include funding for the conversion of 13 successful bus lines into a robust network of high-frequency, limited-stop Rapid lines. The expenditure plan can also include funding contributions for a major transit connection to the airport, which would be a first step towards bringing San Diego up to par with other major California airports such as San Francisco and Oakland, and soon Los Angeles.

  Using the figures from both Measure A and updated 2018 project cost projections, local contributions for transit capital construction in an MTS ballot measure total $5.6 billion. Factoring in expected matching funds of $4.3 billion results in the expenditure of about $10 billion for new transit construction.

- **Transit Operations**
  - Using the timelines and costs from Measure A, the example expenditure plan puts transit operation costs at $2 billion. These costs would pay for labor, maintenance, and other costs for new transit lines from their start date extending through the 40 year term of the tax measure.

### Funding Category | 40-year Total (2015) $M | Percent
--- | --- | ---
Transit Capital | $ 5,646 | 54.2%
Transit Operations | $ 2,040 | 19.6%
Local Return | $ 1,405 | 13.5%
Rail/Local Road Grade Separation Grant Program | $ 900 | 8.6%
Active Transportation | $ 313 | 3.0%
Administration | $ 104 | 1.0%
Independent Oversight | $ 10 | 0.1%
Total | $ 10,417 | 100.0%

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• **Local Return**
A Local Return program could be modeled after TransNet’s Local Streets and Roads program formula, splitting the total program amount between all jurisdictions based on population. A program like this is often seen as essential to winning support from local elected officials who will see new revenues for their jurisdictions to spend.

AB 805 allows MTS to fund complete streets projects, as well as bicycle and pedestrian improvements that connect those modes to transit. AB 805 would allow a Local Return program to also include pothole repair, repaving, or street signal improvements so long as these improvements are on streets utilized by transit. Sandag’s own polling in 2016 showed that pothole repair was one of the most popular expenditures for their proposed tax measure. Polling from other jurisdictions shows similar sentiment from voters, suggesting that street improvements that benefit drivers are often the most popular elements in a transportation ballot measure.

For the example expenditure plan, we determined first the amount of revenue that would be needed to pay for all of the transit, active transportation, and other programs in Measure A, and allocated the remainder into Local Return funds. That methodology resulted in $1.4 billion to be split between MTS jurisdictions.

• **Rail/Local Road Grade Separation Grant Program**
A Rail/Local Road Grade Separation Grant Program administered by MTS could provide regular grant opportunities to municipalities for local grade separation projects. The MTS Board of Directors could establish criteria to award projects that eliminate at-grade transit conflicts with vehicles, bicyclists, and pedestrians. $900 million was envisioned in Measure A, and that amount is reflected in our example expenditure plan.

• **Active Transportation**
An MTS Active Transportation Program could provide regular grant opportunities for municipalities to build projects that improve active modes of transportation. Those funds could also be used by MTS to build those projects itself. Previous regional transportation ballot measures also allowed active transportation funds to be used by SANDAG to construct their own active transportation projects, like their regional bicycle network and Bayshore Bikeway. Using the same three percent as Measure A, active transportation in an MTS measure would receive $310 million over the life of the sales tax.

• **Administration and Independent Oversight**
These two line items would replicate Measure A with independent oversight receiving a fixed amount of $10 million. Independent oversight of tax spending is an important feature to gain the trust of voters. Administration to implement the ballot measure receives one percent or $103.6 million of the example expenditure plan.

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15 See Appendix A.
Additional Projects and Programs

The example expenditure plan detailed above and in Appendix A is only a starting point for the conversation. If either MTS or SANDAG propose a new ballot measure, that effort should be paired with a reexamination of the priorities for transportation in the region.

A half-cent sales tax put forward by MTS has the potential for vastly improving transportation options within MTS boundaries, and for the region. In addition to funding the transit and active transportation projects that have been proposed in the past, an MTS ballot measure could include a variety of innovations or improvements from past proposals. A new measure by SANDAG could also achieve similar goals, at a wider geography.

Below is a list of potential projects, policies, and programs that could be considered for any future ballot measure.

- **Purple Line**
The Purple Line is a longstanding idea for a North-South inland transit corridor from the border, through Kearny Mesa and perhaps even up to Sorrento Mesa. The transit line could be an attention-grabbing showcase project for a new measure. While the Purple Line was included in Measure A, a new ballot measure could make more robust assurances about when the project could be built, and which communities it would serve.

Given that an MTS measure would generate less revenue than the 2016 SANDAG measure, and expected project costs are rising, there should be a consideration of whether to reshape the Purple Line from a trolley to a high quality rapid bus line. Buses tend to be dramatically less expensive than rail, and with dedicated right of way, a bus line can move the same number of people just as rapidly. However, public polling also shows voters tend to support rail projects over bus projects, and political considerations may compel expensive rail projects like the Purple Line trolley as an essential part of any measure.

- **Firm Timelines**
Neither the 2004 nor the 2016 SANDAG ballot measures included firm timelines for when projects would occur. A future ballot measure could follow the example of Measures R and M in Los Angeles and identify priority projects that would be built within the first period of a measure. This could give voters more certainty that their favorite projects will come online soon, and to their personal benefit. More flexibility for phasing could be programmed out for later years.

“In addition to funding the transit and active transportation projects in Measure A, an MTS ballot measure could include a variety of innovations or improvements from what was proposed by SANDAG in 2016.”

- **Robust Bus Rapid Transit**
Enhancements to San Diego’s surface bus system should be a part of any measure. Most transit riders use the bus, not the trolley or other rail systems. While Measure A did contain substantial bus improvements, a new measure could outline different routes, and other features like higher frequency, electrification, bus-only lanes, and signal prioritization to make busses more effective and attractive. If a ballot measure is run through MTS, then MTS can and should analyze its own priorities for bus projects, which may be different from what SANDAG proposed in 2016.
• **Transit Connections to the Airport**
  As explained above, Measure A contained funding for an Intermodal Transit Center to facilitate travel to and from the San Diego International Airport. However, that measure did not specifically include a rail connection to the airport. A rail connection to the airport may be intuitively compelling to many voters. Dedicated bus-only lanes along Harbor Drive could also complement an airport-trolley connection.

• **Transit Connection to Sorrento Mesa**
  The Sorrento Mesa area is one of the most important job centers in the region, and it also suffers some of the worst traffic. A variety of transit connections could improve transportation to Qualcomm and surrounding businesses. Ideas have included a skyway to connect the COASTER station to the mesa, extending the Purple Line beyond Kearny Mesa to Sorrento Mesa, and bus-only surface lanes to help transit riders cut through traffic on the way to work. Connections to the COASTER station may also require coordination between MTS and other transit agencies, as MTS does not operate the COASTER.

• **COASTER Connection to the Convention Center and Petco Park**
  Regional destinations could see better transit access with a COASTER extension to the Convention Center and Petco Park. This would require coordination with transit agencies beyond MTS, since that agency does not operate the COASTER.

• **Bus Fleet Electrification and Access Improvements**
  Bus electrification in California was recently mandated to occur by 2040 from the Air Resources Board. Electrification of the bus fleet can help reduce emissions in the region. Funding for this fleet improvement can be included in a ballot measure. Electrification funding could also be programmed into somewhat later years to let the technology develop, and to ensure the current fleet vehicles are not abandoned before the end of their useful lives. Upgrades to the fleet also provide an opportunity to purchase vehicles that can better accommodate the disabled, bicycles, and scooters.

• **Focus on Safety**
  Active transportation is important to regional connectivity, but in the past it did not enjoy robust support in public opinion surveys. However, funding for active transportation that focuses on safety is a generally popular program among voters. A new ballot measure could design its active transportation program to prioritize “Safe Routes” programs that focus on safety, prioritizing active transportation funding around schools, transit stops, and for seniors.

• **Local Return - Safe Routes to School, to Transit, and for Seniors**
  Measure A proposed using three percent of overall revenues on active transportation, which was designed to fund a mix of grants to municipalities, and regional bicycle facilities to be constructed by SANDAG. SANDAG’s experience with building regional active transportation projects has been difficult, slow, and expensive. A new measure may not want to expand SANDAG’s troubled model, or to replicate it at MTS. Instead, a ballot measure could pioneer something new.

A new ballot measure could pursue an alternative approach by transforming the Local Return program into an active transportation “Safe Routes” program. The program could be designed to explicitly promote safety through safe routes to school, to

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transit, and for seniors. This is an example of a potential strategy to attract voter support by focusing on safety, as outlined in the above bullet.

To ensure that Local Return “Safe Routes” funds are spent to benefit transit, walking, and bicycling, specific criteria would be included. This would also have the co-benefit of dramatically increasing the amount of funding spent to promote active transportation, compared with Measure A. This proposal would require any expenditure of Local Return funds to satisfy at least one of the below activities:

- Bicycle and pedestrian infrastructure, planning, and programming that connect to transit, including projects that create safety improvements for schools and seniors.
- Street repair improvements only if the improved corridor serves transit, and has dedicated right of way for both bicycles and pedestrians.
- Matching funds for transit grade separation projects, so long as the surface street being separated from transit travel has dedicated right of way for both bicycles and pedestrians.

• **Free or Discounted Passes for Students, Seniors, Veterans, and Low Income Riders**

  Currently, students pay a reduced fare for monthly transit passes, however a number of community organizations have pushed for student transit passes to be free. A pilot program offering free passes for certain students in City Heights was discontinued after the pilot ended, but that experience can offer guidance for how to more effectively implement a free student transit pass program. Investing in student passes promotes the use of transit that can continue beyond high school and support local jurisdictions’ climate action plans. Ballot measure funding could also fund other programs such as free or reduced fares for seniors, veterans, and low income riders.

• **Workforce Provisions**

  One of the more controversial components of Measure A was the lack of strong policies for workers who build transportation projects. Successful transportation ballot measures in California have enjoyed unified support from organized labor. Any new ballot measure should take care to ensure that projects funded by new revenue provide local hire provisions and other components that have helped past ballot measures succeed. These policies could be included through ballot measure language or agency policies that apply to ballot measure revenues.

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Other Considerations

The success of a transportation ballot measure depends not just on the projects and programs to be funded, but other political considerations. As the region considers new revenues, it should examine some of the below options.

- **Evergreen Measure**
  SANDAG’s 2004 TransNet and 2016 Measure A both had finite timeframes for how long their proposed taxes would last. In contrast, Measure M in Los Angeles was adopted by voters in 2016, and it never sunsets. A new ballot measure could be evergreen, to create a permanent source of revenue for both capital construction and transit operations. An evergreen measure would also provide the region with greater bonding capacity, allowing San Diego to build a more visionary network, with more projects earlier. Voters will understand that our need for transportation is permanent, and the tools we create to meet that need should also be permanent.

“A new ballot measure could be evergreen, to create a permanent source of revenue for both capital construction and transit operations.”

- **SANDAG Measure**
  While this report largely focuses on the potential for an MTS ballot measure, changes to SANDAG both from AB 805 and recent elections make a county-wide measure more feasible than in 2016. The new board is more favorable to public transportation, and may not be susceptible to small groups of jurisdictions exercising an effective veto.

Also, AB 805 already requires SANDAG and MTS to utilize a “skilled and trained workforce,” for large construction projects. As a result, the controversies around potential labor standards in a 2016 SANDAG measure could be substantially mooted for future measures. If a consensus on the SANDAG board can be reached (or near consensus), and voters appear favorable to a county-wide measure, San Diego’s next transit measure may be appropriately driven through SANDAG.

- **Boundary Changes for MTS or SANDAG Ballot Measures**
  The likelihood of success for a ballot measure might be improved if the legislature allows MTS or SANDAG to put forward a ballot measure for only a subset of its jurisdictions or unincorporated areas. This may be useful, or even necessary if it is clear from polling that certain sub-regions within MTS or SANDAG would not support a ballot measure.

A similar flexibility was proposed by Assemblymember Todd Gloria in 2017 with AB 1324, which was not adopted by the legislature. That idea could be reconsidered for potential ballot measures.
Conclusion

A world class transportation system for San Diego will require new funding from a voter-approved ballot measure. A bold vision for transportation is necessary so that voters will believe that a new funding measure will materially improve their lives.

A new ballot measure to fund substantial transportation improvements is possible with a half-cent sales tax. A super-majority is difficult to reach, so any ballot measure should include a slate of projects that can bring together a diverse set of voters.

MTS should create their own proposal for a ballot measure, and not simply replicate what SANDAG proposed with Measure A. Nonetheless, the Measure A expenditure plan can provide an example for what scale of transit projects MTS or SANDAG might fund with a future ballot measure. Both MTS and SANDAG can and should examine new priorities, especially those that will attract more voter support.

Now is the time to start planning for a potential ballot measure in the San Diego region. Generally, ballot measures that require two-thirds voter approval only pass with broad political support and during presidential general elections. The next potential opportunity for that is in November 2020.

In order for the region to compete for state and federal transportation funds, San Diego needs local matching dollars. Local revenues for transportation leverage state and federal investment, which grows the local economy. With the new authority MTS now enjoys to raise transportation revenue, and the changes at SANDAG, the San Diego region has an opportunity to shape the growth and success of the region.

A successful two-thirds ballot measure will require a regional consensus. Any future ballot measure should be constructed through an open and transparent process. We can only succeed with our region's transportation goals if we act together.
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