

San Mateo County Transit District

Report of the Measure W Citizens' Oversight Committee

Fiscal Year 2023 (July 2022 – June 2023)



The Measure W Citizens Oversight Committee (COC) is pleased to provide its Fiscal Year 2022-23 (FY 2023) annual report on the expenditure of proceeds from the San Mateo County Transit District's (District) 2018 Measure W transactions and use tax.

The principal duties of the COC are to ensure that the tax proceeds have been expended for the purposes set forth in the Measure W ballot language and to provide a report on the Measure W independent audit conducted pursuant to the ballot language and the District Ordinance (Ordinance) which placed Measure W on the ballot.

Measure W tasks the COC with providing information to the taxpayers of San Mateo County in the following ways:

- Receive the District's annual audit report on receipts and expenditures of Measure W tax proceeds and expenditures under the Congestion Relief Plan
- Hold an annual public hearing on the audit report
- Issue an annual report of the COC on the audit results

The Board of Directors of the District and the Board of Directors of the San Mateo County Transportation Authority (TA) are responsible for the prioritization and distribution of funds received pursuant to the provisions of Measure W. The independent audit conducted by the District and the COC's report are intended to provide additional accountability with respect to the expenditure of these proceeds by both the District and the TA.

The District's FY 2023 audit report for Measure W was conducted by Eide Bailly, LLP, an independent accounting firm with several years of experience in conducting independent audits of the financial results of both the District and the TA. In its audit, Eide Bailly, LLP provided what is known as an unmodified opinion (what is often referred to as a "clean" opinion) on the Measure W financial statements prepared by District staff. The COC held a public hearing on the report on February 14, 2024. A copy of the audit report is attached as Appendix A.

Section 1

Measure W Funding Categories and Principles

In 2018, San Mateo County voters approved Measure W, a 30-year half cent sales tax beginning July 1, 2019, through June 30, 2049, by a vote of 66.9%. In doing so, they provided the county with additional resources to improve transit and relieve traffic congestion. The District levies the tax and administers investments for 50% of the program under the County Public Transportation Systems category in Measure W's Congestion Relief Plan, and the TA is responsible for administering the other categories, which make up the remaining 50% of the measure.

Figure 1. Measure W Funding Categories

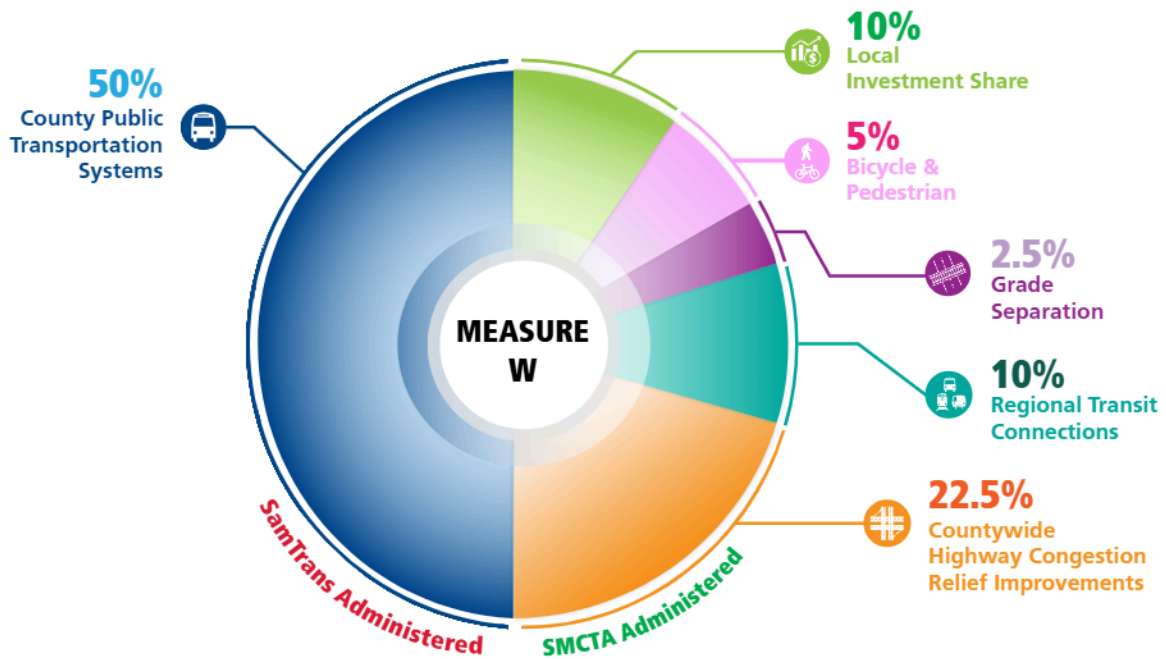


Figure Source: TA Strategic Plan 2020-2024

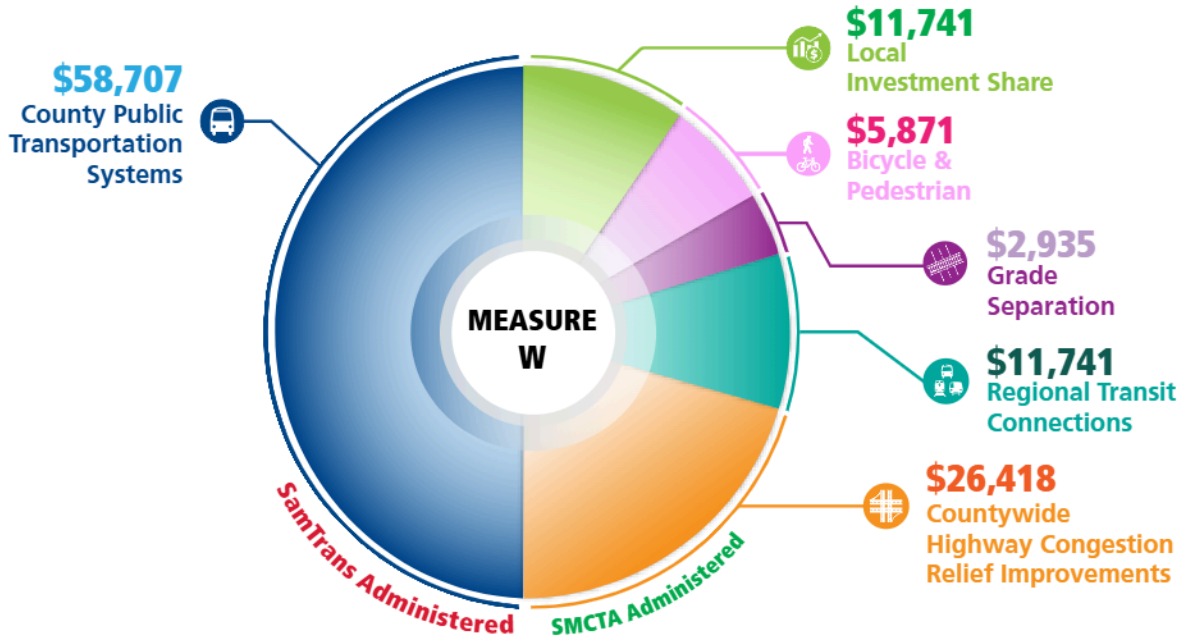
Measure W contains 11 Core Principles to guide program implementation where applicable:

1. Relieve traffic congestion countywide.
2. Invest in a financially sustainable public transportation system that increases ridership, embraces innovation, creates more transportation choices, improves travel experience, and provides quality, affordable transit options for youth, seniors, people with disabilities, and people with lower incomes.
3. Implement environmentally friendly transportation solutions and projects that incorporate green stormwater infrastructure and plan for climate change.
4. Promote economic vitality, economic development, and the creation of quality jobs.
5. Maximize opportunities to leverage investment and services from public and private partners.
6. Enhance safety and public health.
7. Invest in repair and maintenance of existing and future infrastructure.
8. Facilitate the reduction of vehicle miles traveled, travel times and greenhouse gas emissions.
9. Incorporate the inclusion and implementation of complete street policies and other strategies that encourage safe accommodation of all people using the roads, regardless of mode of travel.
10. Incentivize transit, bicycle, pedestrian, carpooling and other shared-ride options over driving alone; and
11. Maximize traffic reduction potential associated with the creation of housing in high-quality transit corridors.

A. Receipt and Distribution of Measure W Funding

A total of \$117.4 million in Measure W sales tax was realized and received in FY 2023. Per Measure W, the funds are divided equally between the District and TA as shown in Figure 1 above. Figure 2 provides the specific breakdown of funding apportioned between the District and the TA program categories based on the funding received.

**Figure 2. Fiscal Year 2023 Measure W Revenue Distributions
(in thousands)**



Date Source: Fiscal Year 2023 Audit Report

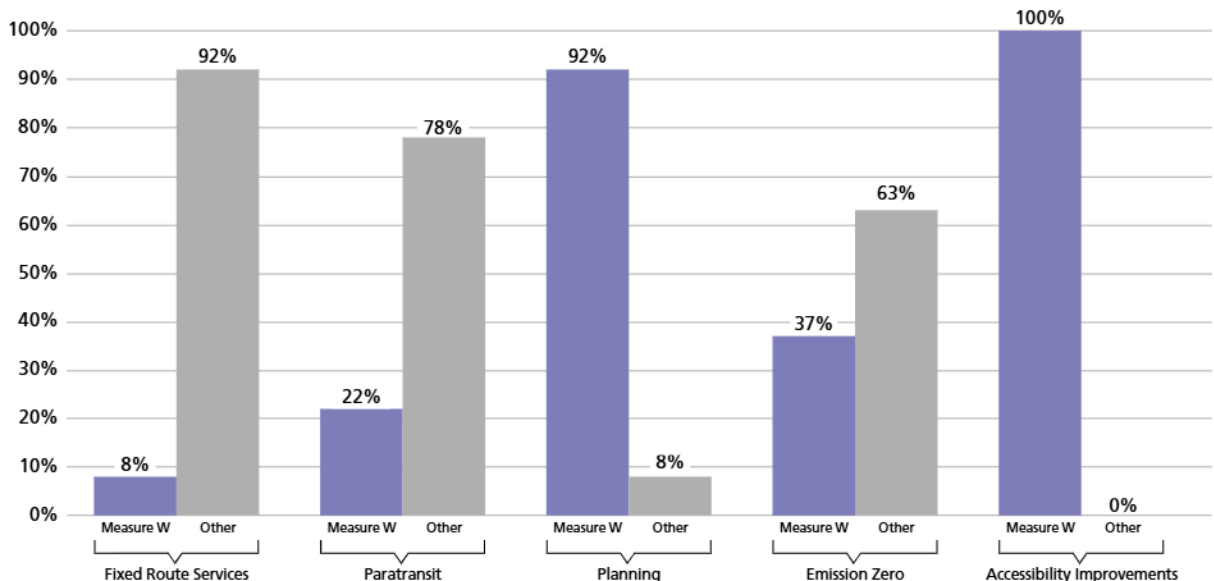
B. District Expenditures of Measure W in Fiscal Year 2023

District Measure W revenues were spent on supporting SamTrans transit services in several operating areas and on several capital projects. Measure W generated \$58.7 million to the District in 2023, and expenditures totaled \$8.4 million. The reason for the relatively low expenses compared to the revenue received is related to an infusion of a one-time Federal pandemic-related operating assistance for transit agencies across the country that allowed the District to save the remaining Measure W balance of \$50.3 million for future uses. It is important to note that the one-time federal operating assistance that was available in FY 2023 was phased out and is no longer available. As such, the District will spend much more Measure W funding on appropriate categories in future years.

In FY 2023, Measure W District funds were spent on the following:

- Support operating costs associated with fixed-route school-oriented SamTrans services: \$4.4 m
- Provide accessible transportation services with shared-ride Redi-Wheels and RediCoast Paratransit services: \$0.9 m
- Strategic plan to provide policy direction and a Capital Improvement Plan: \$1.5 m
- Emission Zero Projects, including the purchase of 17 battery electric buses and developing a transition plan for Zero Emission Bus implementation: \$1.5 m
- Study for Americans with Disabilities Act requirements for District buildings to determine Accessibility Improvements: \$0.1 m
- Measure W Administration: <\$0.1 m

Figure 3. Fiscal Year 2023 District Category Expenditures by Funding Source



C. TA Expenditures of Measure W in Fiscal Year 2023

In 1988, San Mateo County voters approved Measure A, a 20-year half-cent sales tax to fund and leverage additional funding for transportation projects and programs in San Mateo County. The approval of Measure A created the TA to manage and administer the sales tax revenues generated in conformance with the Transportation Expenditure Plan (TEP). The 1988 sales tax expired on December 31, 2008, but in 2004, the San Mateo County voters reauthorized the Measure A half-cent sales tax and a new TEP for an additional 25 years (from January 1, 2009 through December 31, 2033). The TEP describes programs and projects, as identified by the cities, local agencies, and community members in San Mateo County, and includes funding for multiple modes to help meet the County's transportation needs.

Unlike the District, which expends Measure W funds on projects and programs directly, the TA serves primarily as a granting agency and provides Measure W funds to cities and other local agencies throughout San Mateo County. The TA's investments in each category are guided by the TA's Strategic Plan 2020-2024, which was adopted in December 2019 by the TA Board of Directors. The Strategic Plan outlines the principles, vision, goals, and implementation procedures for both Measure A and Measure W funds over the next 5 years. Adoption of a Strategic Plan every 5 years is a requirement of both the TA's Measure A Transportation Expenditure Plan and the Measure W Congestion Relief Plan.

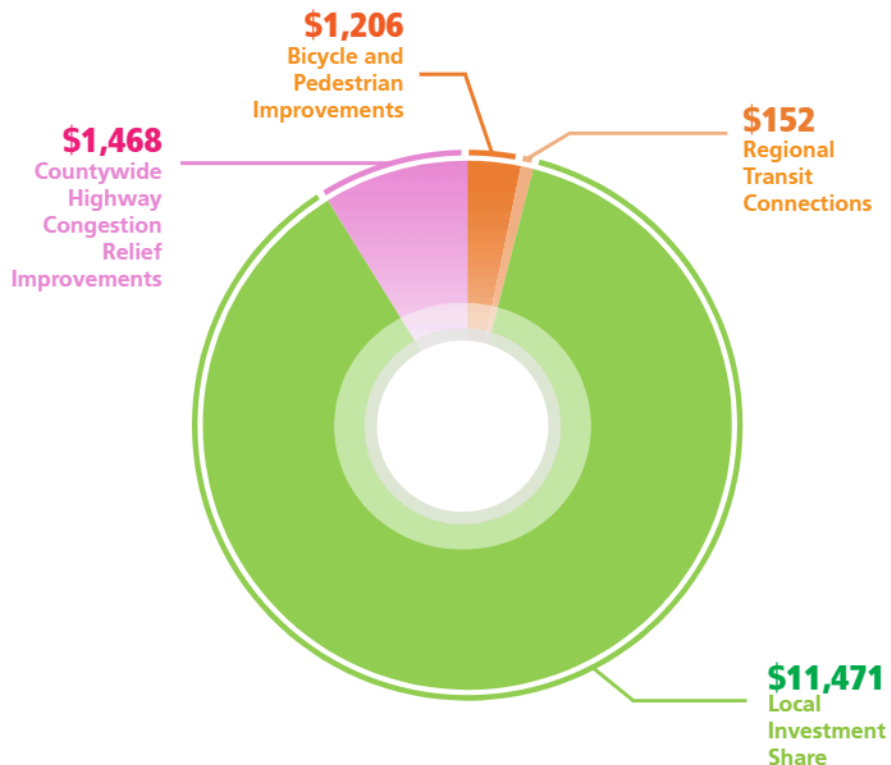
With the notable exception of the local investment share (Local Safety, Pothole and Congestion Relief Improvements as identified in the Measure W expenditure plan), which is provided directly to cities and the County by the TA, the remainder of the TA's Measure W funding is generally programmed and allocated through competitive calls for projects (CFPs) for each program category. The TA's CFPs typically occur on biennial cycles for each category. While funds are awarded to projects in each CFP cycle by the TA Board of Directors, the expenditure of those funds is based on actual reimbursements to project sponsors for eligible project expenses.

For FY 2023, actual expenditures were realized in the Highway, Local Investment Share, Bicycle & Pedestrian, and Regional Transit Connections (RTC) programs. Highway program expenditures included expenses for the Alternative Congestion Relief/Transportation Demand Management (ACR/TDM) program sub-category. RTC program expenditures were limited to annual administrative overhead for FY 2023. However, development of the RTC plan is underway and will be complete by fall 2024, with a CFP to be issued in early calendar year 2025. The only TA Measure program category with no expenses in FY 2023 was the Grade Separation program. Program guidelines for the Grade Separation program will be addressed as part of the TA's strategic plan update, which is currently in development.

Expenses in FY 2023 are shown in Figure 4, and correspond to the following efforts and projects:

- Countywide Highway Congestion Relief Improvements including:
 - US 101 / SR 92 Interchange Area Improvements final design work.
 - Moss Beach State Route 1 Congestion and Safety Improvements initial planning; and
 - ACR program expenditures for projects across San Mateo County.
- Local Investment Share (Local Safety, Pothole and Congestion Relief Improvements) for local transportation investments such as roadway rehabilitation, planning and implementing traffic safety projects and promoting alternative modes of transportation.
- Under the Bicycle and Pedestrian Improvements category, expenditures to support the County Office of Education’s Safe Routes to School program for low-cost bike/pedestrian improvements and crossing guards at schools in San Mateo County.
- Additional Bicycle and Pedestrian projects across San Mateo County including:
 - Menlo Park Middle Avenue Caltrain undercrossing
 - Alpine Road corridor improvements
 - Redwood City downtown bikeway corridors

Figure 4. Fiscal Year 2023 TA Measure W Expenditure Distributions (in thousands)



Date Source: Fiscal Year 2023 Audit Report

TA Funding Allocations and Consistency with Measure W Core Principles

The Strategic Plan 2020-2024 establishes scoring criteria based on the Measure W Core principles, as well as the Goals of Measure A. These scoring criteria are applied to the competitive CFPs for the following program categories: Highways, Grade Separations, Pedestrian and Bicycle, and RTC. Projects that compete well in the CFP process are those that score well in accordance with these criteria. In FY 2023, the TA conducted one CFP that included Measure W funding, Cycle 6 of the Pedestrian and Bicycle Program.

The Pedestrian and Bicycle Program CFP was issued in August 2022 and the program awards were adopted in December 2022. A total of 33 applications were received from 19 jurisdictions, with 25 projects selected through the evaluation process. These projects were awarded a total of \$21.9 million in funding by the TA Board, with \$12 million provided by Measure W.

As noted above, the Pedestrian & Bicycle Program provides Measure W funding to the County's Safe Routes to School (SRTS) program. Under the TA Strategic Plan 2020-2024, SRTS is expected to receive 2.5% of Measure W annual revenues. As noted in the FY 2022 COC annual report, two years of funding for SRTS, equating to \$439,000, was programmed and allocated at the April 7, 2022, TA Board meeting for FYs 2023 and 2024. These funds are directed to the San Mateo County Office of Education, which administers the SRTS CFP directly and awards funds to local schools and school districts.

Equity Considerations for the Distribution of TA Funding

As part of the TA Strategic Plan 2020-2024, equity is highlighted as a core evaluation criterion in TA CFP processes. Projects are evaluated holistically in terms of geographic and socioeconomic equity.

Geographic Equity

Geographic equity is evaluated by a CFP Scoring Evaluation Committee assembled to review the submitted applications. The Committee assesses whether sales tax revenue is being distributed fairly to all areas in the San Mateo County. Specifically, the Evaluation Committee often looks at whether funds are proposed to be distributed between the Coast side versus the Bayside and amongst the North, Central, and Southern portions of the county. This often includes a review of past funding awards, for smaller jurisdictions that may not often apply for Measure A and Measure W funding. The Evaluation Committee then makes recommendations to the TA Board of Directors for their consideration if there are any deviations proposed from the ranked project list.

¹Strategic Plan 2020-2024, Appendix E

²Strategic Plan 2020-2024, Table 3-2

³Strategic Plan 2020-2024, Page 3

Socioeconomic Equity

Socioeconomic equity scoring criteria are more directly linked to evaluating locations throughout San Mateo County that may have higher proportions of historically underserved and/or communities with lower incomes or higher ratios of people of color as compared to other locations. These criteria are generally consistent with the Senate Bill 535 statewide criteria, the Metropolitan Transportation Commission's regional criteria, and the newly developed Reimagine SamTrans countywide criteria.

Additionally, applicants are provided with a narrative question that allows them to describe other equity benefits for vulnerable populations such as children, seniors, people living in high-density/ affordable housing, low-income residents, transit-dependent populations, and others that may not be directly captured in the technical equity analysis metrics.

Technical Assistance to Jurisdictions

The Strategic Plan 2020-2024 recommended the TA strive to expand the scope and level of technical assistance investments, as resources permit, to advance project delivery. The following are the four areas of concentration for TA technical assistance:

- Provide technical assistance to project sponsors (not limited to the Highway Program, which was the original focus of this aid).
- Utilize TA consultant services to offer Complete Streets and other best practice workshops.
- Temporarily offer consultant services to sponsors, on request, to keep projects moving, while minimizing delay.
- Provide consultant services to help sponsors better position themselves to obtain grant funds to better leverage TA funding.

Currently, the Highway Program and the Pedestrian and Bicycle Program both provide technical assistance to develop and lead projects on behalf of sponsors. As part of the Cycle 6 Pedestrian and Bicycle program adopted in December 2022, sponsors of eight of the 25 projects that received awards requested technical assistance from the TA.

Regional Transit Connections

The RTC program category receives ten percent of Measure W revenue. The intent of the category is to invest in infrastructure and services that are designed to improve transit connectivity between San Mateo County and the rest of the nine-county Bay Area region. The Strategic Plan 2020-2024 recommended that a RTC planning study and an accompanying Transit Capital Improvement Program (CIP) be prepared to better inform the competitive selection process. Funding for the development of the RTC Plan was programmed and allocated on March 2, 2023, and work on the plan is progressing. Plan completion is anticipated in fall 2024.

Section 2

Follow Up From the Public Hearing Held by the COC

Appendices

A. FY 2023 Measure W Audit

Additional Information

1. District FY2023 Annual Comprehensive Financial Report
2. District FY2023 Popular Annual Financial Report
3. TA FY2023 Annual Comprehensive Financial Report
4. TA FY2023 Popular Annual Financial Report
5. TA Strategic Plan 2020-2024

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4	Promote economic vitality, economic development, and the creation of quality jobs
5	Maximize opportunities to leverage investment and services from public and private partners
6	Enhance safety and public health
7	Invest in repair and maintenance of existing and future infrastructure
8	Facilitate the reduction of vehicle miles traveled, travel times and greenhouse gas emissions
9	Incorporate the inclusion and implementation of complete street policies and other strategies that encourage safe accommodation of all people using the roads, regardless of mode of travel
10	Incentivize transit, bicycle, pedestrian, carpooling and other shared-ride options over driving alone
11	Maximize traffic reduction potential associated with the creation of housing in high-quality transit corridors

SAN MATEO COUNTY TRANSIT DISTRICT
1250 San Carlos Avenue
San Carlos, CA 94070

650-508-6200 | 1-800-660-4287

www.samtrans.com
www.smcta.com

