

**Metropolitan Transportation Commission
Programming and Allocations Committee****May 28, 2025****Agenda Item 2d-25-0496****MTC Resolution No. 4619, Revised. Senate Bill 125 Regional Funding Framework Update**

Subject:

Update to the framework for the \$300 million regional contribution to complement Senate Bill 125 emergency transit operations funding, including revisions to reflect completed programming actions and amounts and minor changes to STA Population-Based funding amounts for two operators.

Prior Commission Action on Regional Funds

In December 2023, the Commission acted to approve MTC's Short-Term Financial Plan for submittal to the California State Transportation Agency (CalSTA) in accordance with the requirements of Senate Bill (SB) 125. This plan identified that a regional contribution of \$300 million was necessary to address the standardized shortfall needs of transit operators through Fiscal Year (FY) 2025-26. In November 2024, the Commission adopted MTC Resolution No. 4619, Revised, codifying the framework for programming regional funds to operators through Attachment D to that resolution.

To date, the Commission has programmed roughly \$250 million of the \$300 million funding commitment, with programming for the remaining \$50 million in RM3 Operating and STA Regional Program funds scheduled for approval at the May commission meeting.

Senate Bill 125 Background

Amendments to the California State Budget Act of 2023 provided immediate transit operating assistance to help avert the near-term transit operating fiscal cliff that has resulted from the COVID-19 pandemic and associated changes in travel patterns. The Bay Area is expected to receive an estimated \$1.1 billion in SB 125 funds between FY2023-24 and FY2027-28. State action allows these funds to be used flexibly for capital or operating purposes, pursuant to Regional Transportation Planning Agency (RTPA) discretion. Consistent with prior MTC advocacy and supported by the possibility of leveraging between \$6 and \$8 billion in federal funds, a combined \$665 million in SB 125 funds will support capital expenses related to BART to Silicon Valley Phase II and BART Core Capacity, resulting in \$505 million in SB 125 funds available for operating purposes.

Over the course of summer and fall 2023, MTC worked with transit agency staff to identify a set of consistent assumptions that were used to calculate standardized shortfalls. These standardized shortfalls differ from shortfalls calculated by operators using their own assumptions for factors such as ridership

recovery, inflation, and future service levels. The standardized shortfalls, totaling \$774 million through the end of FY2025-26, inform the distribution of SB 125 operating funds.

Regional Funding Contribution for Transit Operating Assistance

In accordance with prior commitments discussed with state legislators and partners, MTC has identified \$300 million in currently unassigned funds that can be made available as a one-time contribution to transit operations expenses. Regional revenues include those from the Surface Transportation Program/Congestion Mitigation and Air Quality Improvement Program (STP/CMAQ); Federal Transit Administration Section 5307/5337 (Transit Capital Program); State Transit Assistance Population-Based funds (STA Regional Program); and Regional Measure 3 Operating Program funds for express bus service, including annual funds and prior years' funds. Table 1 includes more information on the regional funding sources available. While the regional funding framework would not affect any past programming commitments, making these funds available for transit operations does entail trade-offs, including a reduction in funding capacity in future years.

Table 1. Regional Funding Sources

| Fund Source | Amount (\$M) | % Share of Program | Typical Usage |
|---|---------------------|--|---|
| Unprogrammed FTA Formula (5307/5337) | \$132 | ~ 20% of annual funding | Transit state of good repair |
| Surface Transportation Funding (STP/CMAQ) | \$93 | ~ 50% of one year's funds, or ~ 12% of four-year cycle | OBAG – bike/ped, other county priorities, regional programs |
| Bridge Tolls (RM3 Operating) | \$49 | N/A – Prior years' funds and some annual RM3 Express Bus funding | Operations funding |
| State Transit Assistance (Population-Based) | \$25 | N/A – Program balances + some annual funds | Regional programs (e.g., Clipper, fare programs) |
| Total | \$300 | | |

This month's proposed revision to MTC Resolution No. 4619, Revised makes minor changes to the amount of STA funding for Golden Gate Bridge, Highway, and Transportation District and Napa Valley Transportation Authority and updates the amount of funding that has been programmed to reflect that programming has been approved for the full \$300 million in regional funds as of May 2025.

Next Steps

MTC staff and transit agency partners have been working expediently to program, obligate, and disburse regional funds since the SB 125 Regional Funding Framework was adopted in November 2024. Transit agencies will continue to move federally funded projects through the federal review process.

On May 7, MTC was notified that CalSTA had approved the second tranche of SB 125 funds, comprising just over \$193 million. MTC will process allocations of SB 125 funds in line with the amounts identified in the Fund Estimate upon request by operators, beginning in June to coincide with the start of FY2025-26.

Simultaneously, operators receiving SB 125 funds will continue to submit updates on the status of their assigned Regional Accountability Measures to MTC when submitting their annual claim of transit operating funds. Staff will continue to provide updates to this committee as those materials are provided, and if sufficient progress has not been demonstrated, staff will propose remedies including withholding allocations until SB 125 Regional Accountability Measures have been satisfactorily advanced.

Issues:

The \$300 million regional funding framework includes roughly \$225 million in federal funds from STP/CMAQ and FTA 5307/5337 fund sources. MTC and transit agency partners have been actively monitoring directives from the federal government to ensure to the greatest extent possible that these funds are delivered to transit agency partners in full and without delay.

Recommendations:

Refer MTC Resolution No. 4619, Revised to the Commission for approval.

Attachment:

- MTC Resolution 4619, Revised
 - Attachment A: Principles to Inform the Distribution of Transit Operations Funding from Senate Bill 125
 - Attachment B: Senate Bill 125 Transit Operations Funding Distribution Framework
 - Attachment C: Regional Accountability Measures
 - Attachment D: Regional Funding Framework



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