

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**December 11, 2024**

**Agenda Item 3b-24-1363**

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**MTC Resolution No. 4644, Revised**

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**Subject:**

Approval of revisions to the FY2024-25 Regional Measure 3 (RM3) Operating Program to support express bus operations. In accordance with MTC Resolution 4619, Revised, approved by the Commission in November, this item includes funding commitments to satisfy the \$300 million regional contribution to address public transit operator shortfalls.

**Background:**

**Introduction**

The RM3 Operating Program receives a maximum of 16 percent of the revenue generated from the voter approved RM3 toll increases in that fiscal year [SHC Section 30914.7(c)]. Of this revenue, statute determines that 8 percent of operating program funds go to the Transbay Joint Powers Authority (TJPA) to support operations of the Salesforce Transit Center Transbay Terminal, 34 percent go to operators of express bus service to support operations of existing or enhanced express bus service, and 58 percent go to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) to support operations of existing or enhanced ferry service.

On January 1, 2025, the third and final \$1 toll increase under RM3 will go into effect. This will expand programming capacity for the RM3 Operating Program, providing additional funding for transportation improvements. The proposed programming levels reflect additional revenues for infrastructure development and transit operations across the Bay Area, including ferry service expansion and transit projects aimed at reducing congestion and improving regional connectivity.

**Transit Operating Shortfall Nexus**

In December 2023, MTC submitted to the California State Transportation Agency its Senate Bill (SB) 125 Short-Term Financial Plan. This plan established a \$774 million collective funding shortfall for Bay Area operators across fiscal years (FY) 2024-25 and 2025-26, which is based on a standardized set of assumptions shared across all operators. These needs will be addressed through a combination of SB 125 funds and a \$300 million regional contribution, which includes RM3 Operating Program funds. The regional funding framework was adopted by the Commission in November 2024 through MTC Resolution No. 4619, Revised.

In FY2023-24, MTC programmed \$8 million in RM3 Operating Program funds as the first commitment of the \$300 million funding framework. These funds addressed most FY2024-25 shortfalls for eligible recipients. The proposed FY2024-25 RM3 Operating Program builds on this precedent by programming another year of funds toward the standardized shortfalls.

Operators that receive less RM3 Operating Program funding across FY2023-24 and FY2024-25 than their standardized FY2024-25 shortfall due to the limits established in the RM3 Policies and Procedures will receive the remainder of their standardized shortfall needs in FY2024-25 through an allocation of SB 125 funds or other regional funding sources.

**Proposed FY2024-25 Programming**

In May 2024, the Commission approved MTC Resolution No. 4644, establishing the FY2024-25 funding levels for the Transbay Terminal and expanded ferry service components of the RM3 Operating Program. Following further analysis and stakeholder coordination, the proposed revisions to MTC Resolution No. 4644 incorporate \$15 million in funding for the Express Bus component of the RM3 Operating Program.

The proposed FY2024-25 programming for the Express Bus component first funds \$1.4 million in remaining FY2024-25 standardized shortfalls projected by RM3-eligible operators. Next, roughly \$500,000 in funding is directed to Eastern Contra Costa Transit Authority (ECCTA), which supplements funding provided by Contra Costa Transportation Agency to address an unanticipated budget deficit for FY2024-25. Additionally, while Central Contra Costa Transit Authority (CCCTA) does not project a near-term deficit, \$100,000 is programmed to that operator to support the continued provision of service connecting to BART stations. The remaining FY2024-25 RM3 Operating Program funding will then be directed to operators’ FY2025-26 standardized shortfalls, allowing operators to roll over revenues from FY2024-25 into FY2025-26 to address their shortfalls and reduce the total amount of SB 125 funds needed in FY2025-26. Proposed programming amounts for FY2024-25 are summarized in Table 1 below.

*Table 1. Proposed FY2024-25 RM3 Operating Program*

<b>Operator</b>	<b>FY2024-25 RM3 Programming for Fiscal Cliff (\$M)</b>	<b>FY2024-25 RM3 Programming for Other Purposes (\$M)</b>	<b>FY2024-25 RM3 Total Programming (\$M)</b>
AC Transit	\$7.5	\$0	\$7.5
CCCTA	\$0	\$0.1	\$0.1
GGBHTD	\$1.9	\$0	\$1.9
LAVTA	\$0.7	\$0	\$0.7
NVTA	\$0.7	\$0	\$0.7
SolTrans	\$1.0	\$0	\$1.0
ECCTA	\$0.2	\$0.5	\$0.7
WestCAT	\$2.5	\$0	\$2.5
<b>Total</b>	<b>\$14.5</b>	<b>\$0.6</b>	<b>\$15.1</b>

As the remaining FY2025-26 standardized shortfalls for RM3-eligible operators are greater than the remaining FY2024-25 RM3 programming capacity, operators will receive the remainder of their shortfall funding in FY2025-26 through FY2025-26 RM3 Operating funds, escrowed RM3 Operating funds from prior years, SB 125 funds, or other regional funds.

In accordance with the RM3 Policies and Procedures (MTC Resolution No. 4404, Revised), total RM3 programming amounts will be limited such that the combined RM2 and RM3 operating revenue received by each operator is not greater than the cost of operating RM3-eligible service, less fare revenue.

### **Funding Availability**

MTC's RM3 Operating Policies and Procedures state that MTC will adopt a project specific budget for RM3 operating funds prior to allocation. The proposed FY2024-25 programming levels are consistent with Bay Area Toll Authority (BATA) revenue projections for RM3. However, should actual revenues be lower than budgeted revenues, revisions to programming will be necessary to stay within the statutory 16 percent maximum. Operators will continue to have flexibility to direct funding to any eligible service so funds can be used where operators determine they are most needed.

### **Issues:**

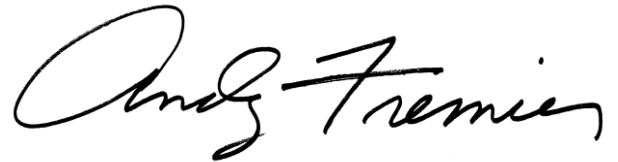
1. The proposed RM3 Express Bus program for FY2024-25 was developed to help address the needs of transit operators facing fiscal challenges and to help MTC adhere to the commitment made to the State to ensure near-term public transit sustainability in exchange for SB 125 funding. MTC expects that the RM3 Express Bus program will change from year to year until transit operating funding becomes more certain. In budgeting, transit operators should not expect funding levels for the program to be fixed. Looking ahead, MTC staff will holistically assess express bus service needs regionwide to identify routes that support RM3's statutory objective of reducing bridge corridor congestion.
2. Over the period spanning FY2018-19 to FY2021-22, roughly \$24 million in RM3 funding for express bus operations was accrued but not disbursed while RM3 was under legal challenge. Now that legal challenges have been dismissed, MTC is able to disburse this funding to eligible recipients. This funding is anticipated to be used to support operators facing a fiscal cliff, representing a portion of MTC's commitment of up to \$300 million in regional dollars to supplement state funding to address projected near-term transit operator shortfalls. Staff will return to PAC at a later date to request approval of allocations of escrowed RM3 Operating Program funds, following further coordination with operators and an assessment of their needs.
3. MTC and Bay Area transit operators will continue to work together to better understand the structural/financial challenges and operational inefficiencies that contribute to the operating shortfall funding. Notably, through the implementation of SB 125 Regional Accountability Measures, staff will provide updates to PAC summarizing operator efforts to improve service efficiencies, curtail fare evasion, and incentivize ridership recovery.

**Recommendation:**

Refer MTC Resolution No. 4644, Revised to the Commission for approval.

**Attachments:**

- MTC Resolution No. 4644, Revised
  - Attachment A
- Presentation

A handwritten signature in black ink, reading "Andrew B. Fremier". The signature is written in a cursive, flowing style.

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Andrew B. Fremier

Date: May 22, 2024  
W.I.: 1255  
Referred by: PAC  
Revised: 12/18/24-C

ABSTRACT

Resolution No. 4644, Revised

This resolution adopts the Regional Measure 3 (RM3) Operating Program for FY2024-25.

This resolution includes the following attachment:

Attachment A – FY2024-25 RM3 Operating Program – Streets and Highways Code  
30914.7(c)

Attachment A was revised on December 18, 2024, to incorporate programming amounts for sponsors of Express Bus operating projects.

Further discussion of this action is contained in the Programming and Allocations Committee Summary Sheets dated May 8, 2024, and December 11, 2024.

Date: May 22, 2024  
W.I.: 1255  
Referred by: PAC

RE: Adoption of FY2024-25 RM3 Operating Program

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4644

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to California Government Code § 66500 et seq.; and

WHEREAS, Streets and Highways Code Sections 30950 et seq. created the Bay Area Toll Authority (“BATA”), which is a public instrumentality governed by the same board as that governing MTC; and

WHEREAS, on June 5, 2018, a special election was held in the City and County of San Francisco, and the Counties of Alameda, Contra Costa, Marin, Napa, San Mateo, Santa Clara, Solano, and Sonoma (individually, each a “County” and, collectively, the “Counties”) to approve a toll increase of three dollars (\$3.00) phased in over time, including a one dollar (\$1.00) toll increase on January 1, 2019, a one dollar (\$1.00) toll increase on January 1, 2022, and a one dollar (\$1.00) toll increase on January 1, 2025, for vehicles traveling on the state-owned bridges located in the San Francisco Bay Area (“Regional Measure 3”); and

WHEREAS, on September 26, 2018, the Bay Area Toll Authority (“Authority”) adopted Resolution No. 126 accepting certified statements from the Registrar of Voters of the City and County of San Francisco and each of the Counties and observing that a majority of all voters voting on Regional Measure 3 (“RM3”) at such special election voted affirmatively for RM3; and

WHEREAS, on December 19, 2018, the Authority adopted Resolution No. 128 adopting a toll schedule phasing in the toll increase approved pursuant to RM3, effective on January 1, 2019; and

WHEREAS, RM3 establishes the RM3 Expenditure Plan and identifies specific capital projects and operating programs eligible to receive RM3 funding as identified in Sections 30914.7(a) and (c) of the California Streets and Highways Code; and

WHEREAS, RM3 assigns administrative duties and responsibilities for the implementation of the RM3 Expenditure Plan to MTC; and

WHEREAS, BATA shall fund the projects of the RM3 Expenditure Plan by bonding or transfers to MTC; and

WHEREAS, MTC has developed guidelines for the programming and use of the RM3 funds for operating support of transit projects, and

WHEREAS, these guidelines state that MTC will adopt a project specific budget for RM3 operating funds prior to the beginning of each fiscal year, now, therefore be it

RESOLVED, that MTC adopts a program that establishes RM3 operating subsidy amounts for FY2024-25, as outlined in Attachment A and incorporated herewith as though set forth at length; and, be it further

RESOLVED, that the Executive Director is authorized to make programming changes to Attachment A, up to \$200,000 for each project, in consultation with the affected sponsor.

#### METROPOLITAN TRANSPORTATION COMMISSION

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Alfredo Pedroza, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California and at other remote locations on May 22, 2024.

Date: May 22, 2024  
W.I.: 1255  
Referred by: PAC  
Revised: 12/18/24-C

**Attachment A**  
**MTC Resolution No. 4644**

**FY 2024-25 RM3 Operating Program -- Streets and Highways Code 30914.7(c)**

<b>Project #</b>	<b>Project Name</b>	<b>Sponsor</b>	<b>Service (note 1)</b>	<b>Program Amount (notes 1,2)</b>
1	Transbay Terminal	TJPA	Terminal Operations	\$ 3,549,361
2	Ferry Service	WETA	Ferry Service	\$ 25,732,867
		AC Transit	Express Bus	\$ 7,487,318
		CCCTA	Express Bus	\$ 100,000
		GGBHTD	Express Bus	\$ 1,871,325
		ECCTA	Express Bus	\$ 683,627
3	Regional Express Bus	LAVTA	Express Bus	\$ 696,088
		NVTA	Express Bus	\$ 726,004
		SolTrans	Express Bus	\$ 1,018,245
		WestCAT	Express Bus	\$ 2,502,177
		<b>Total</b>		<b>\$ 15,084,784</b>
		<b>Grand Total</b>		<b>\$ 44,367,012</b>

**Notes:**

- Funding is programmed to WETA, TJPA, and now includes Express Bus programming in the RM3 Operating Assistance Program. Transit operators will have increased flexibility in FY 2024-25 to allocate funds toward their highest ridership express bus routes serving bridge corridors or directly connecting to BART.
- Amounts shown are subject to approval of the FY 2024-25 BATA Budget and funding availability.