

**Metropolitan Transportation Commission
Programming and Allocations Committee**

May 14, 2025

Agenda Item 3b-25-0547

MTC Resolution No. 4706

Subject:

Adoption of the \$53.2 million FY2025-26 Regional Measure 3 (RM3) Operating program.

Background:

The RM3 Operating Program receives a maximum of 16 percent, up to sixty million dollars (\$60,000,000), of the revenues generated each year from the toll increase approved by voters through RM3 for operations assistance [California S&HC Section 30914.7(c)]. Within the annual RM3 Operating Program, funding levels for operating assistance are determined for the Transbay Terminal (8%), Regional Express Bus (34%), and Expanded Ferry Service (58%). Only the San Francisco Bay Area Water Emergency Transit Authority (WETA), the Transbay Joint Powers Authority (TJPA), and selected operators that provide Express Bus service are eligible to receive RM3 Operating funds. Fiscal Year (FY) 2025-26 programming levels reflect the third \$1 toll increase under RM3, which was implemented on January 1, 2025. As a result, the total funding for the operating program for FY2025-26 has been increased by 22% relative to FY2024-25.

Table 1. Proposed FY2025-26 RM3 Operating Program Overview

Project	FY2025-26 RM3 Total Programming (\$M)
Transbay Terminal	\$4.3
Ferry Service	\$31.3
Regional Express Bus	\$17.6
Total	\$53.2

Funds programmed for operations of the Transbay Terminal and Ferry Service will be used by TJPA and WETA for existing operations purposes. Information on sponsors receiving RM3 Operating funds for Regional Express Bus operations is included later in this memo.

MTC's RM3 Operating Policies and Procedures state that MTC will adopt a project specific budget for RM3 operating funds prior to the beginning of each fiscal year. The proposed Fiscal Year (FY) 2025-2026 BATA budget will include the RM3 Operating Program, pending approval.

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 FY2024-25 and FY2025-26, which is based on a standardized set of assumptions shared across all operators. These needs will be addressed through a combination of SB125 funds and a \$300 million regional contribution, which includes \$49 million in RM3 Operating Program funds. The regional funding framework was adopted by the Commission in November 2024 through MTC Resolution No. 4619, Revised.

Across FY2023-24 and FY2024-25, MTC programmed \$22.7 million in RM3 Operating Program funds as part of the \$49 million RM3 Operating Program commitment. These funds addressed FY2024-25 and FY2025-26 shortfalls to the maximum extent possible for eligible recipients. The proposed FY2025-26 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 FY2024-25 and FY2025-26 than their standardized FY2025-26 shortfall due to the limits established in the RM3 policies and procedures will receive the remainder of their standardized shortfall needs in FY2025-26 through an allocation of SB 125 funds or other regional funding sources.

Proposed FY2025-26 Programming for Express Bus

In line with MTC Resolution No. 4619, Revised, the proposed FY2025-26 programming for the Express Bus component first funds \$17.4 million in remaining FY2025-26 standardized shortfalls projected by RM3-eligible operators. Next, while Central Contra Costa 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. Additionally, \$100,000 in funding is directed to Eastern Contra Costa Authority (ECCTA), which supplements the \$54,000 in funds for ECCTA's fiscal cliff. Proposed programming amounts for the Express Bus Program for FY2025-26 are summarized in Table 2 below.

Table 2. Proposed FY2025-26 RM3 Operating Program (Express Bus)

Operator	FY2025-26 RM3 Programming for Fiscal Cliff (\$M)	FY2025-26 RM3 Programming for Other Purposes (\$M)	FY2025-26 RM3 Total Programming (\$M)
AC Transit	\$11.7	\$0	\$11.7
CCCTA	\$0	\$0.1	\$0.1
GGBHTD	\$2.5	\$0	\$2.5
LAVTA	\$0.7	\$0	\$0.7
NVTA	\$0.8	\$0	\$0.8
SolTrans	\$1.0	\$0	\$1.0
ECCTA	\$0.05	\$0.1	\$0.15
WestCAT	\$0.6	\$0	\$0.6
Total	\$17.4	\$0.2	\$17.6

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.

Contribution of Prior Years' RM3 Operating Program Funds

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 as part of MTC's \$300 million regional funding commitment. AC Transit will receive \$9.4 million in prior years' RM3 funds in FY2025-26, in addition to the \$11.7 million in FY2025-26 funds outlined in Table 2. Staff will return to the Commission with a recommendation on potential uses of the remaining \$14.4 million in prior years' funds to address the fiscal cliff at a later date, following further coordination with transit agency partners.

Funding Availability

MTC's RM3 Policies and Procedures state that MTC will adopt a project specific budget for RM3 operating funds prior to allocation. The proposed FY2025-26 programming levels are consistent with Bay Area Toll Authority 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:

The proposed RM3 Express Program for FY2025-26 was developed to help address the needs of transit operators facing fiscal challenges and to help MTC adhere to the commitment made for 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.

Recommendations:

Refer MTC Resolution No. 4706 to the Commission for approval.

Attachments:

- MTC Resolution No. 4706
 - Attachment A - RM3 Operating Program of Projects
- Presentation



Andrew B. Fremier