

**Metropolitan Transportation Commission
Programming and Allocations Committee**

May 14, 2025

Agenda Item 2c-25-0495

MTC Resolution No. 4704

Subject:

Adoption of the \$39.2 million FY2025-26 Regional State Transit Assistance (STA) Program

Background:

As the Regional Transportation Planning Agency for the nine county Bay Area, MTC is responsible for the programming and allocation of STA funds. STA funds are derived from a sales tax on diesel and split evenly at the state level into a population-based account and a revenue-based account. MTC has discretion over the programming of population-based funds and MTC Resolution No. 4321 establishes the framework (70 percent by County Block Grant formula, 30 percent to a Regional Program, and a small off the top set aside for a Transit Emergency Service Contingency Fund) for the apportionment of these funds. This item presents the proposed annual program for the 30 percent of these funds apportioned to support regional transit priorities.

Revenue Outlook:

Following a period of elevated diesel prices from FY2022-23 to FY2023-24, estimates from the California State Controller's office project STA revenues will likely decrease in FY2024-25 and FY2025-26. The latest estimates from the California State Controller's Office indicate that the Bay Area's share of revenues will total \$23.1 million in FY2025-26, down from a peak of \$27.9 million in FY2022-23. State officials have signaled that revenue estimates for the current year, FY2024-25, may be revised down by 13%. This downturn reflects a reduction in diesel prices and consumption relative to the elevated figures seen in previous years.

FY2025-26 Program:

FY2025-26 STA Regional Program funds support four primary initiatives, which are described below. For detailed information about individual projects, please refer to Attachment B.

- Operating Assistance per SB 125 Regional Funding Framework (\$24.9M): MTC Resolution No. 4619, Revised adopted a framework to mobilize \$300 million in previously uncommitted funds for operating support for transit agencies facing a fiscal

cliff. STA Population-Based funds will be provided to three transit agencies in accordance with that framework, supporting vital operating expenses such as public safety staffing, station cleanliness efforts, and operator salaries.

- Clipper (\$7.8 million): The Clipper operating program used the bulk of funds from this program until revenue increased through the Road Repair and Accountability Act of 2017 (Senate Bill 1). MTC's share of Clipper operating costs is expected to temporarily increase with the deployment of the Clipper 2.0 system alongside the existing Clipper system.
- Clipper BayPass (\$4.0 million): The Clipper BayPass pilot program provides a group of users with unlimited access to all transit operators in the nine-county Bay Area. STA funding will be made available to participating transit agencies to compensate them for fares lost due to participation in the program.
- Transit Transformation Action Plan and Regional Network Management (\$0.8 million): In June 2022, MTC approved the programming for \$85 million in funding to implement the Transit Transformation Action Plan. FY2025-26 funds will be used for staff support and other implementation activities.

MTC Resolution No. 4321 also commits to paying for the administrative costs and helping to offset transit fare revenue loss for a regional means-based fare program, with an estimated annual contribution of \$8 million in STA funds. In July 2020, MTC and Bay Area operators initiated Clipper START, a regional transit fare discount program for riders with lower incomes. As a result of the pandemic, transit ridership was significantly diminished, and ridership continues to return gradually. Between FY2021-22 and FY2024-25, programming of STA contributions was suspended because sufficient funding existed to fulfill MTC's commitment to fund the program. The pause in funding enabled MTC to increase its reserves of STA funds. Staff propose continuing to suspend this contribution in FY2025-26 in light of the significant draw on STA funds as part of the one-time operating assistance commitment.

In FY2025-26, MTC intends to use \$3 million in funds earmarked for the means-based program to support administration of Clipper START and studies to inform future fare affordability work.

In future years, the Commission may reassess the framework for using STA funds in response to changing revenues from diesel fuel sales or in order to provide additional support for regional priorities such as the Transit Transformation Action Plan and other regional transit coordination activities.

Issues:

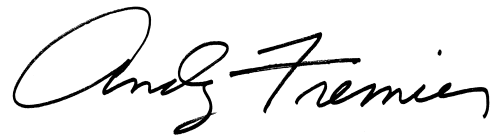
None identified.

Recommendations:

Refer MTC Resolution No. 4704 to the Commission for approval.

Attachments:

- MTC Resolution No. 4704
 - Attachment A: STA Regional Coordination Program Summary for FY2025-26
 - Attachment B: STA Regional Coordination Program for FY2025-26: Project Descriptions



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