

**Metropolitan Transportation Commission
Administration Committee**

December 10, 2025

Agenda Item 2d-26-0021

Contract – Nelson\Nygaard for Phase 1 Financial Efficiency Review (\$293,869)

Subject:

A request for Committee approval of a contract with Nelson\Nygaard Consulting Associates, Inc. (Nelson\Nygaard). This memo documents the selection of Nelson\Nygaard from an informal procurement conducted on October 21, 2025, for a contract in the amount of \$293,869 to perform the Phase 1 Financial Efficiency Review under SB 63 (“Project”). The Nelson\Nygaard team (Nelson\Nygaard, Kathleen Kelly Consulting, Strategic Economics, Access Planning) will conduct a financial efficiency review of AC Transit, BART, Caltrain, and Muni to establish a clear baseline of cost-saving and efficiency actions taken since 2020 and to identify near-term opportunities for further improving service delivery, customer experience, and financial sustainability within the envelope of existing and foreseeable financial resources available to operators. The agreement shall be until April 30, 2026, and will be funded with non-federal funds budgeted for this purpose.

Background:

The Commission is required under Chapter 4 (Financial Transparency and Review) of Senate Bill 63 to conduct a financial efficiency review of AC Transit, BART, Caltrain, and Muni. The purpose of **Phase 1** is to establish a clear baseline of cost-saving and efficiency actions implemented since January 1, 2020 and to identify early-action strategies for further improving service delivery, customer experience, and financial sustainability within the envelope of existing and foreseeable financial resources available to operators. A distinctive component of Phase 1 is an evaluation of the subject operators’ real property assets to identify potential redevelopment opportunities that can both generate long-term value and support ridership growth. This review would be conducted in consultation with the subject operators and an Oversight Committee established by the Commission.

Under SB 63, the Phase 1 analysis is due April 1, 2026, after which the Oversight Committee must review, direct any revisions, and adopt the final Phase 1 analysis. This is followed by operator board adoption of selected early-action strategies by July 1, 2026. The goal of Phase 1 is

to highlight operators' progress to date and surface realistic, implementable early actions ahead of the regional transportation measure, subject to voter approval at the November 3, 2026, statewide general election.

Should the regional transportation measure pass, the Commission will conduct a separate procurement for Phase 2 of the Financial Efficiency Review, which will identify a set of cost-saving measures that, if implemented, would reduce one-time and ongoing fixed and variable costs for the subject operators. The review will also include a comprehensive regional assessment of developing and financing strategies to maximize the value of each operator's real property assets, expanding upon work done in Phase 1.

Procurement Process and Selection:

MTC invited thirty-five (35) firms to submit proposals through an informal procurement process, given the tight statutory deadline. MTC received proposals from six firms. A panel consisting of MTC staff reviewed the proposals and are recommending Nelson\Nygaard for the following reasons:

1. Strong Alignment with Phase 1 Priorities

Nelson\Nygaard demonstrated the strongest alignment with the statutory priorities of Phase 1, including documenting cost-saving measures taken since 2020 and identifying early-action strategies to enhance or improve service using existing resources. Their approach is well-suited for an effort that must be analytic, collaborative, and completed under a compressed timeline. The team includes staff and advisors with deep Bay Area institutional and operational knowledge, as well as a project manager with relevant experience in operational effectiveness, fiscal sustainability, and transit agency leadership—positioning them well to navigate the multi-operator coordination required for this phase.

2. Relevant Experience

The Nelson\Nygaard team brings substantial experience conducting efficiency analyses, service improvement assessments, and multi-agency transit studies for complex systems. While the team includes subconsultants who have produced clear, well-structured regional analyses in the past (e.g., *BART's Role in the Region* report, *Muni Forward*), the panel's recommendation is based on their technical competence and ability to deliver actionable, operator-informed recommendations

within the Phase 1 tight schedule. Their partnership with Kathleen Kelly Consulting and Strategic Economics adds depth in service operations, organizational efficiency, and real property asset scanning—capabilities directly aligned with the Phase 1 scope. As a combined team, they are well-equipped to produce a Phase 1 analysis that is technically grounded, feasible for operators to adopt, and aligned with the statutory deliverables due April 1 and July 1, 2026.

Issues:

Non-federal MTC funds are being deployed to meet SB 63 statutory requirements, with reimbursement dependent on the successful passage of a regional transportation measure. As such, the work is being undertaken despite the absence of certainty regarding future reimbursement to MTC.

Recommendations:

Staff recommends that the Administration Committee approve the selection of Nelson\Nygaard to perform the Phase 1 Financial Efficiency Review in the amount of \$293,869. The term of the agreement will extend until April 30, 2026. Upon approval, staff will initiate the contracting process with Nelson\Nygaard.

Attachments:

- Attachment A – Disadvantaged Business Enterprise and Small Business Enterprise Status
- Request for Committee Approval – Summary of Proposed Contract Approval



Andrew B. Fremier

Attachment A

Disadvantaged Business Enterprise and Small Business Enterprise Status

	Firm Name	Role on Project	SBE** Yes / No	If SBE Yes, List #
Prime Contractor	Nelson\Nygaard Consulting Associates, Inc.	Prime Contractor	No	
Subcontractor	Kathleen Kelly Consulting	Governance Lead	No	
Subcontractor	Strategic Economics	Property Asset Analysis	Yes	1791308
Subcontractor	Access Planning	Support	No	

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

Request for Committee Approval

Summary of Proposed Contract Approval

Work Item No.: 1511

Consultant: Nelson\Nygaard Consulting Associates Inc. (Nelson\Nygaard),
San Francisco, CA

Work Project Title: Phase 1 Financial Efficiency Review

Purpose of Project: To conduct a financial efficiency review of AC Transit, BART,
Caltrain, and Muni as required under Chapter 4 (Financial Transparency
and Review) of Senate Bill 63.

Brief Scope of Work: Identify cost-saving measures implemented since 2020 by the subject
operators and early action strategies that would assist the subject
operators in delivering increased or improved service and enhanced
customer experience with existing resources.

Project Cost Not to Exceed: \$293,869

Funding Source: General Fund -- Transit Optimization Assessment (WI 1511)

Fiscal Impact: Funding is included in the FY 2025/26 agency budget.

Motion by Committee: That the Executive Director or designee is authorized to enter into a
contract with Nelson\Nygaard Consulting Associates Inc. for the Phase
1 Financial Efficiency Review described above and in the
Administration Committee Summary Sheet dated December 10, 2025
and that the Chief Financial Officer is authorized to set aside \$293,869
for such contract.

Administration Committee:

Gina Papan, Chair

Approved: December 10, 2025