

**Metropolitan Transportation Commission
Programming and Allocations Committee**

March 13, 2024

Agenda Item 3c - 24-0258

MTC Resolution Nos. 4625, Revised and 4626, Revised

Subject:

Approval of revisions to the FY2023-24 Regional Measure 3 (RM3) Operating Program and allocation of FY2023-24 RM3 Operating Program funds to support express bus operations.

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.

In December 2023, the Commission approved MTC Resolution No. 4625, establishing the Fiscal Year (FY) 2023-24 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. 4625 incorporate \$11.5 million in funding for the express bus component of the RM3 Operating Program.

Proposed FY2023-24 Programming

The proposed FY2023-24 programming for the Express Bus component would first fund the transit operating standardized shortfalls projected by RM3-eligible operators for FY2024-25, allowing those operators to roll over revenues from FY2023-24 into FY2024-25 to address their shortfalls and reducing the total amount of SB 125 funds needed in FY2024-25.

The remaining RM3 funds would then be distributed among all RM3-eligible operators – including those not anticipating a shortfall in FY2024-25 – based on their share of regional Express Bus ridership in FY2021-22. 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.

SB 125 Nexus

The standardized shortfall calculations provided by transit operators did not include any assumed revenue from the RM3 Operating Program. As such, the roughly \$8 million programmed to address the FY2024-25 standardized shortfalls is considered part of the envisioned regional contribution of up to \$300 million. The roughly \$3.5 million in RM3 Operating funds that are programmed based on ridership are not considered part of this contribution.

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

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 FY2023-24 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 FY2023-24 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 SB125 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.

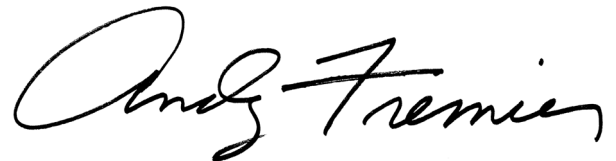
2. Over the period spanning FY2018-19 to FY2021-22, roughly \$24 million in RM3 funding for express bus operations was accrued but not disbursed while RM3 was under legal challenge. Now that legal challenges have been dismissed, MTC is able to disburse this funding to eligible recipients. This funding 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 assessment of operator needs.

Recommendation:

Refer MTC Resolution No. 4625, Revised and 4626, Revised to the Commission for approval.

Attachments:

- MTC Resolution No. 4625, Revised
- MTC Resolution No. 4626, Revised
- Presentation



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