

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

**July 10, 2024**

**Agenda Item 3a-24-0773**

**Senate Bill 125 Regional Accountability Measure Progress Update**

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**Subject:**

Interim update on large operators' progress toward Senate Bill 125 Regional Accountability Measures.

**Senate Bill 125 Background**

Amendments to the California State Budget Act of 2023 provided immediate transit operating assistance to help avert the near-term transit operating fiscal cliff that has resulted from the COVID-19 pandemic and associated changes in travel patterns. Based on adopted formulas, the Bay Area is expected to receive an estimated \$400 million from the newly created Zero-Emission Transit Capital Program (ZETCP) and an additional \$770 million from the Transit and Intercity Rail Capital Program (TIRCP). State action allows these funds to be used flexibly for capital or operating purposes, pursuant to Regional Transportation Planning Agency (RTPA) discretion. Consistent with prior MTC advocacy and supported by the possibility of leveraging between \$6 and \$8 billion in federal funds, in December 2023, the Commission approved prioritizing completing the funding plans for BART to Silicon Valley Phase II and BART Core Capacity by using roughly \$725 million of TIRCP funding for capital purposes, leaving \$45 million in TIRCP and \$400 million in ZETCP available for operating purposes.

Over the course of summer and fall 2023, MTC worked with transit agency staff to identify a set of consistent assumptions that were used to calculate standardized shortfalls. These standardized shortfalls differ from shortfalls calculated by operators using their own assumptions for factors such as ridership recovery, inflation, and future service levels. In December 2023, MTC submitted to the California State Transportation Agency (CalSTA) its SB 125 Short-Term Financial Plan, which demonstrated the region's plan to cover the region's standardized shortfalls through the end of FY2025-26 (totaling \$774 million) using a combination of SB 125 funds, a regional contribution of up to \$300 million, and interest earned on SB 125 funds held by MTC.

### **Regional Accountability Measures**

MTC Resolution No. 4619, Revised establishes a set of Regional Accountability Measures including customer experience and efficiency enhancements that operators must advance in exchange for SB 125 funding. For all operators receiving SB 125 funds, these requirements include participation in ongoing Transit Transformation Action Plan initiatives, and implementation of schedule coordination and real-time transit data improvements. Other accountability requirements are specific to individual operators and center around safety and security, fare evasion reduction, and comprehensive service improvements.

Operators receiving SB 125 funds must update MTC on the status of their Regional Accountability Measures twice per year: once upon submittal of annual claims of transit operating funds, and again at the midway point of the fiscal year. Claims of transit operating funds are submitted on a rolling basis, with several large operators not claiming funds until late in the fiscal year.

### **Summary of Interim Progress for Large Operators Receiving SB 125 Funds**

To date, the only large operator receiving SB 125 funds that has submitted its claim is the Alameda-Contra Costa Transit District (AC Transit). As such, staff have requested an advance update on progress from the Bay Area Rapid Transit Authority (BART); the Peninsula Corridor Joint Powers Board (Caltrain); Golden Gate Bridge, Highway, and Transportation District; and the San Francisco Municipal Transportation Agency (SFMTA). These operators will have the opportunity to revise their status update when they submit their claims, and today's item is intended for informational purposes only and will not affect the disbursement of SB 125 funds.

Summarized in greater detail in Attachment A, large operators receiving SB 125 funds have largely fulfilled or made satisfactory progress toward the SB 125 Regional Accountability Measures. Notably, participation in regional initiatives remains strong among large operators, with all operators fulfilling the requirements identified by MTC. Most operators have shifted to the common operator sign-up schedule (January and August), with the remainder on track to do so by early 2025. General Transit Feed Specification (GTFS) best practice adherence is an area for improvement, with most operators not meeting all best practices. Operators are generally

making satisfactory progress toward longer-term initiatives focused on fare collection, service optimization, ambassador programs, and crisis prevention. This is the first update on SB 125 Regional Accountability Measures provided by operators to the Programming and Allocations Committee. While many of the efforts are currently in-progress, MTC anticipates that operators will come into full compliance with the initiatives before future updates.

MTC will continue to monitor progress toward attainment of the SB 125 Regional Accountability Measures over the coming months to ensure that operators continue to advance these efforts beyond the progress achieved to date.

### **Next Steps**

Operators receiving SB 125 funds will continue to submit updates on the status of their assigned Regional Accountability Measures to MTC when submitting their annual claim of transit operating funds. Staff will continue to provide updates to this committee as those materials are provided, and if sufficient progress has not been demonstrated, staff will propose remedies including withholding allocations until SB 125 Regional Accountability Measures have been satisfactorily advanced. Additionally, all operators will provide a mid-year update on the status of their Regional Accountability Measures in late 2024, with materials to be shared with this committee in early 2025.

Once MTC receives the first tranche of SB 125 funds from the state, operators will be able to proceed with claiming these funds in accordance with the amounts identified in the FY2024-25 Fund Estimate. Following receipt of these funds, staff will return to the Programming and Allocations Committee to request approval of FY2024-25 allocations in line with the funding framework established in MTC Resolution No. 4619, Revised.

### **Issues:**

The SB 125 guidelines established that MTC and other regional transportation planning agencies would receive their first tranche of funds by April 30, 2024. Due to the state's budgetary challenges, these funds were temporarily frozen and have not yet been disbursed to MTC. Additionally, the California State Budget Act of 2024, signed by Governor Newsom on June 29,

codifies the deferral of a portion of TIRCP and ZETCP disbursements to future years, though total funding amounts for both programs remain unchanged.

The temporary freeze on FY2023-24 funds and the proposed deferrals of future year funds will reduce total interest earnings by an estimated \$20 million. After accounting for these interest losses, MTC still anticipates being able to meet the cash flow needs of capital projects funded by SB 125 and cover the operating shortfalls, though lower interest earnings mean less money available for investments to enhance transit service and a greater likelihood that the full \$300 million in regional funds will be needed for operating support.

**Recommendations:**

Information

**Attachment:**

- Attachment A – Senate Bill 125 Regional Accountability Progress Summary
- MTC Resolution 4619, Revised
- Presentation



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