

SB 125 Funding to Address Transit Operating Shortfall: Short-Term Financial Plan Approval and Next Steps

**Programming & Allocations Committee Meeting –
December 13, 2023**



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Upcoming Milestones



MTC and operators working simultaneously to implement customer-focused improvements in line with Transit Transformation Action Plan

Recap of November Action Adopting MTC Resolution No. 4619



Approve principles to inform distribution of SB 125 funding



Approve funding distribution framework



Approve regional and operator-specific accountability measures



Require transit agency board action to affirm commitment to accountability measures

Next Milestone: Short-Term Plan and Data Submittal

Due December 31, 2023 for FY2023-24 Allocation

Revised and resubmitted on a rolling basis to receive funding in future years

Short-Term Financial Plan (Through FY 25-26)

- Regional strategy for using SB 125 funding for capital versus operating purposes
- Identification of regional funding contribution to address funding gap
- Operator-level distribution of SB 125 funding
- Description of benefits of SB 125 funding (e.g., ridership, equity, service hours)

Regional Transit Operator Data

- Information on asset management, revenue collection, and safety expenditures
- Summary of current and planned service
- Opportunities for enhanced coordination and customer-focused improvements
- Monthly ridership data posted to the MTC website

Long-Term Financial Plan

- Demonstration of implementation of ridership recovery strategies
- 5-year forecast of operating funding requirements

Due June 2026

SB 125 Funding Averts Significant Near-Term Service Cuts

- SB 125 state and regional funds are sufficient to fully cover the standardized shortfalls, avoiding projected cuts to service through FY25-26
- In total, SB 125 state and regional funds would retain:
 - Over 800,000 service hours in FY24-25
 - Over 2 million service hours in FY25-26
- If the shortfalls are not addressed, MTC estimates the region would need to make significant service cuts to operate within available revenues



Image Credit: Noah Berger

Regional Accountability Measures

Operator	Customer Service and/or Efficiency Enhancements
All Operators	<ul style="list-style-type: none"> • Active Participation in: <ul style="list-style-type: none"> • RNM Council and advancement of the initiatives in the TTAP. • Transit Fare Policy and Integration Pilots • Mapping and Wayfinding – Prototype and regional standards development • Accessibility – Support for county-based mobility management efforts, and regional and local efforts to improve ADA paratransit service • Schedule Coordination – Participation in short-term and longer-term strategies to improve connections • General Transit Feed Specification (GTFS) – Perform audit to identify quality of delivery and usage
AC Transit	<ul style="list-style-type: none"> • Report on interim findings from “Realign” project and how effort could increase ridership
Golden Gate	<ul style="list-style-type: none"> • Active participation and collaboration in efforts to optimize North Bay transit service.
BART	<ul style="list-style-type: none"> • Implementation of new fare gates systemwide to meet end of 2025 completion timeline.
SFMTA	<ul style="list-style-type: none"> • Report on fare collection procedures and opportunities for reducing fare evasion
BART, SFMTA, and Caltrain	<ul style="list-style-type: none"> • Report on effectiveness of Ambassador/Crisis Prevention program(s) and recommendations for improvement and/or expansion, and assessment of opportunities for coordination with connecting agencies

SB 125 Implementation Process

- **Operator-Level Funding Confirmation and Allocation**
 - In February, the FY 2025 Fund Estimate will confirm FY2024-25 operator funding maximums
 - MTC will work with operators to confirm needs for FY2025-26 and make revisions to the funding framework included in MTC Resolution No. 4619 as appropriate
 - The FY 2026 Fund Estimate will confirm FY2025-26 operator funding maximums
- **Accountability Progress Assessment**
 - Operators will claim SB 125 funds through established process for claiming other transit operating revenues
 - Board approval of claim and acknowledgement of accountability requirements
 - Claim includes required reporting on progress toward performance measures
 - MTC to determine satisfactory progress on accountability measures. Specific remedies may be recommended, and funding may be withheld until progress is made

Staff Recommendation and Next Steps

Recommended Action

- Refer Short-Term Financial Plan for the MTC region to the Commission for approval, which staff will transmit to CalSTA by the December 31, 2023 deadline

Next Steps

- Pending CalSTA review, SB 125 funding should begin flowing to MTC by April 2024
- Funding distributions contained in MTC Resolution 4619 are contingent on future evaluations by MTC of transit operating shortfalls and may be updated with Commission approval
- Programming and allocation of state and regional contribution funds in alignment with MTC Resolution 4619 will be conducted as separate actions
- Should alternate revenue be identified to address transit operating needs, staff will return with any necessary revisions to the regional funding contribution.