

Regional Measure 3 Independent Oversight Committee

August 4, 2025

Agenda Item 5b

Regional Measure 3 (RM3) Allocations and Expenditures Update

Subject:

Update on RM3 allocations, expenditures, and other activities to date.

Background:

At the March 7, 2025 meeting, staff presented an update on the RM3 revenue collection through December 31, 2024, and allocations and expenditures through February 28, 2025. Today's committee item includes recent updates to revenue collection, allocations, and expenditures.

Revenue Collection

MTC collected \$134 million in RM3 bridge toll revenues from January through May 2025. As of May 2025, the balance in the RM3 Capital fund was \$627.4 million and the balance in the RM3 Operating fund was \$11.9 million. The RM3 Operating fund represents the portion of toll revenues that have been collected this fiscal year and set aside for operating programs but have not yet been spent.

Additionally, Streets and Highways Code Section 30914.7(c) provides that, to the extent that funds made available for the ferry component of the RM3 operating program are not requested for expenditure by the San Francisco Bay Area Water Emergency Transportation Authority ("WETA") in a given year, the funds will be held in a reserve account, until such time that WETA requests these funds for an operating or capital purpose. As of May 2025, the WETA Operating Reserve amount was \$92.1 million.¹

Over the period spanning FY 2018-19 to FY 2021-22, \$23.9 million in RM3 funding for express bus operating assistance was accrued but not disbursed while RM3 was under legal challenge. In May 2023, the Commission directed staff to make these funds available to eligible operators to

¹ The WETA Operating Reserve balance includes FY 2024-25 RM3 revenues to date which are apportioned to WETA, as well as FY 2024-25 RM3 Operating Program funds that have been allocated to WETA but are not yet drawn, including RM3 WETA Reserve allocations.

assist with navigating budgetary shortfalls. Initial allocations of these funds are expected to commence in FY 2025-26. RM3 Operating Program funds generated during this time period for ferry service are included in the WETA reserve, and prior years' funds for Transbay Terminal operations were allocated in FY 2022-23.

Updates to the Expenditure Plan

The RM3 statute gives MTC discretion to approve changes to the scope of projects within the RM3 expenditure plan or reassign funds to another project within the same bridge corridor, provided MTC consults with the program or project sponsor and holds a public hearing.

In April 2025, the Commission approved a change to one project, consistent with the requirements of the statute and after holding a public hearing on March 12, 2025:

- Modify scope of Highway 101-Marin/Sonoma Narrows (RM3 project #20) to include updating the high occupancy vehicle lane hours signage on Highway 101 between Arata Lane in Windsor and North Bridge Boulevard in Sausalito.

The change was a correction to the project description to capture the project limits accurately and will allow for updating the HOV signage to consistent hours for the entire US-101 corridor once the Marin/Sonoma Narrows project opens connecting the two counties. The Transportation Authority of Marin (TAM) and the Sonoma County Transportation Authority (SCTA), as the project sponsors identified in legislation, submitted a letter requesting this modification. Note the funding amount remains unchanged (\$120 million), as do the project limits for the main capital portion of the Marin/Sonoma Narrows project (on US-101 between Petaluma Boulevard North in Petaluma and State Route 37 in Novato). MTC has allocated \$92 million to date to TAM and SCTA for this project. The RM3-funded segments are in the design and construction phases.

One prior public hearing and expenditure plan change has been approved since the implementation of RM3; this has been presented at previous IOC meetings. Changes to the expenditure plan are formalized in MTC Resolution No. 4621, Revised, which is included as Attachment A.

Programming, Allocations, and Expenditures

RM3 Allocation Process Overview

The RM3 expenditure plan lists specific amounts available for capital projects, and percentage-based amounts available for operating projects. RM3 allocations and expenditures are governed by the RM3 Policies and Procedures (MTC Resolution No. 4404, Revised).

For the operating program, MTC adopts an annual program that sets the funding limits for the eligible operators each fiscal year. For the capital program, some projects are named in the expenditure plan and eligible for allocation without additional action by MTC, but for programmatic projects or those with multiple sponsors, MTC may adopt programming that distributes the funds to sponsors or specific projects.

For both the operating and capital programs, eligible sponsors must follow the Policies and Procedures to request an allocation of funds consistent with the RM3 statute and adopted programming, if relevant. Payments to project sponsors for eligible expenses are made on a reimbursement basis.

Operating Program Allocations and Expenditures

In May 2025, the Commission adopted MTC Resolution No. 4706 to establish the FY 2025-26 RM3 Operating Program. The program provides \$4.3 million for Transbay Terminal operations, \$31.3 million for ferry service, and \$17.6 million for RM3-eligible express bus operators. Express bus funds are primarily apportioned according to the remaining FY 2025-26 standardized shortfalls projected by RM3-eligible operators, as outlined in the November 2024 revision of MTC Resolution No. 4619.

In June 2025, the Commission adopted a revision to MTC Resolution No. 4677 to allocate \$9.8 million from the RM3 WETA Reserve for FY 2025-26 ferry operations. This allocation of reserve funds supplements the FY 2025-26 revenues programmed in MTC Resolution No. 4706.

In July 2025, the Commission adopted a revision to MTC Resolution No. 4706 to program an additional \$800,000 in FY 2025-26 RM3 operating funds for the Golden Gate Bridge, Highway and Transportation District (GGBHTD) in support of express bus service related to the Marin-Sonoma Coordinated Transit Service Plan (MASCOTS). The revision also drew from prior

years' RM3 express bus funds accrued between FY 2018-19 and FY 2021-22 to program an additional \$9.4 million for AC Transit express bus service, to address AC Transit's funding shortfall in line with MTC Resolution No. 4619, Revised.

A total of \$60 million in allocations for FY 2025-26 were approved via the Commission and the Executive Directors Delegated Authority in June and July. Details of these actions are provided in Attachment B, Index of Commission Allocation Actions, including links to each month's Commission materials.

Capital Allocations and Expenditures

For capital projects in which MTC or BATA is a sponsor or co-sponsor and that need further definition or distribution between multiple sponsors prior to allocation, MTC can program the funds via MTC Resolution No. 4411, Revised, included as Attachment C. No new programming actions were approved by MTC since the last IOC meeting.

From March 2025 through July 2025, the Commission approved \$66.4 million in new capital allocations. Additional capital allocations and allocation extensions were made via the Executive Director's Delegated Authority during this period. Details of recent allocations are included as Attachment B, Index of Commission Allocation Actions, including links to Commission materials. Attachment D, RM3 Capital Expenditure Plan Tracker, provides an overview of all capital allocations approved to date through July.

Through July 2025, MTC has approved a total of \$1.7 billion in RM3 capital allocations. As of July 2025, \$549 million had been reimbursed to project sponsors.

Issues:

None.

Recommendation:

Information only.

Attachments:

- Attachment A: MTC Resolution No. 4621, Revised (Regional Measure 3 Program Amendments)
- Attachment B: Index of Commission Allocation Actions

August 4, 2025

Page 5 of 5

- Attachment C: MTC Resolution No. 4411, Revised – Attachments A - D
(Programming of Regional Measure 3 Capital Projects)
- Attachment D: RM3 Capital Expenditure Plan Tracker
- Attachment E: Presentation

A handwritten signature in black ink, reading "Andrew B. Fremier", written over a horizontal line.

Andrew B. Fremier

[https://bayareametro.sharepoint.com/sites/committees/CommitteeDocs/RM3 Independent Oversight Committee/_Meetings/2025/RM3IOC 08-04-2025/5b_25-0779_1_Regional_Measure_3_Allocations & Expenditures Summary.docx](https://bayareametro.sharepoint.com/sites/committees/CommitteeDocs/RM3%20Independent%20Oversight%20Committee/_Meetings/2025/RM3IOC%2008-04-2025/5b_25-0779_1_Regional_Measure_3_Allocations%20&%20Expenditures%20Summary.docx)