August 12, 2026 **Agenda Item 2c-26-0791**

Transit Performance Initiative – Investment Program Semi-Annual Update

Subject:

Semi-annual update on the progress of projects awarded under the Transit Performance Initiative (TPI) Investment Program.

Background:

The TPI Investment program funds low-cost capital investments that can be implemented rapidly to improve operations and customer experience on major transit corridors and systems.

The TPI program has been funded through a combination of One Bay Area Grant (OBAG) federal funds from the OBAG 1 and OBAG 2 programs and from state Low Carbon Transit Operations Program (LCTOP) funds. Overall, since 2012, $145 million has been programmed to 53 capital and planning projects, including five projects selected via the TPI 2025-26 call for projects earlier this year and programmed LCTOP funding. Thirty TPI projects have been completed or are substantially completed.

Project Status Updates:

Staff collected reports from sponsors on all ongoing projects in June 2026 covering recent project progress and milestones, budget and schedule updates, and other changes to the project or status. Most projects funded through 2022 are completed or in construction and nearing completion. Projects awarded in more recent years under the TPI 2022-23 and LCTOP 2023-24 funding rounds are primarily in planning or design phases, though some have moved into implementation and construction. Projects awarded under the TPI 2025-26 call for projects are awaiting distribution of funding by the state and did not report this round.

VTA's Monterey Road Transit Lane project, which was awarded OBAG planning funds from the TPI 2022-23 call for projects, has been discontinued due to cost increases and a change in the City of San Jose's priorities. Staff will work to identify another TPI eligible project and will return to the Commission with a reprogramming recommendation.

Please refer to Attachment A for further detail and status updates on individual projects.

TPI Program Look Ahead:

Staff will continue to monitor project progress and work with project sponsors to apply project savings to additional improvements consistent with the TPI program and policies.

No future TPI calls for projects are currently planned. However, transit priority investments will continue through MTC's BusAID grant program, which could utilize future LCTOP funding in addition to other funding sources planned for the program. If approved by voters, additional funding for transit priority may be available as part of the rider-focused improvements in the Connect Bay Area regional transit funding measure funding plan.

Issues:

In 2025, the Cap and Trade (now Cap and Invest) program was extended with a new funding distribution structure for the Greenhouse Gas Reduction Fund (GGRF), from which LCTOP is funded. Under this structure, the LCTOP program was included in the third priority tier, which only receives funding after the first two tiers are fully funded. Based on recent auction results, funding reductions for future rounds of LCTOP were already likely. The California Air Resources Board subsequently approved new Cap and Invest regulations anticipated to significantly reduce GGRF proceeds, putting LCTOP funding further at risk. The future of LCTOP funding is uncertain, pending additional state budget or legislative action that could reprioritize GGRF proceeds or otherwise fund the program.

Recommendation:

Information

Attachments:

- Attachment A – TPI Investment Program Semi-Annual Update
- Attachment B – Transit Performance Initiative Investment Program Projects by Round and Operator

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