

Regional Measure 3 Independent Oversight Committee

August 3, 2026

Agenda Item 5a-26-0840

Regional Measure 3 Independent Oversight Committee Overview and Annual Report Process

Subject:

Overview of RM3 IOC's responsibilities and RM3 expenditure plan, and discussion of format, approach, and timeline for completing the FY26 IOC Annual Report

Background:

Senate Bill 595 (2017) laid the legislative groundwork for RM3 by amending the California Streets and Highways Code (SHC), including establishment of the expenditure plan, with 35 capital projects totaling \$4.45 billion and three operating programs of up to 16 percent of annual RM3 revenues (up to \$60 million), and requiring BATA to establish an independent oversight committee within six months of the effective date of the toll increase.

A summary of the [RM3 expenditure plan is linked here](#) on the MTC website.

Additional background on the RM3 statute and IOC establishment was [presented to the IOC in March 2026](#).

IOC Updates

In fall 2025, MTC staff sent letters to each county with one or more IOC vacancies requesting appointment of new IOC members. The Boards of Supervisors of San Mateo County and Santa Clara County each made one new appointment to the IOC, which were approved by BATA in February. The Sonoma County Board of Supervisors appointed one new member at the beginning of March to replace a member who resigned, which was approved by BATA in April. MTC staff are not aware of any additional pending appointments.

Responsibilities of the Committee

The duty of the committee is to annually review MTC and BATA's expenditure of funds for the RM3 expenditure plan and prepare and submit a report to the transportation committee of each house of the Legislature summarizing its findings.

Based on the roles and responsibilities of MTC and BATA under the RM3 statute, MTC staff suggest that the IOC's annual review of expenditures focuses on three main activities:

- As needed, review of changes to the expenditure plan initiated by MTC and approved through a public hearing process consistent with RM3 statute
- Annual review of capital and operating allocations made by Commission
- Annual review of reimbursement amounts paid against capital and operating allocations

RM3 IOC Annual Report Approach

MTC staff proposes that the Independent Oversight Committee continue the annual reporting schedule tied to the fiscal year, with the next report covering July 1, 2025, through June 30, 2026. If the IOC follows a similar report preparation process this year as was done last year, MTC staff anticipate that the IOC members will provide input and guidance for the content of the FY26 report and MTC staff will compile this into a report draft to be reviewed by the IOC at the next meeting. MTC staff suggest the following timeline and activities.

Today, August 3, 2026:

- IOC reviews MTC/BATA Activities through July 2026
- IOC provides input about report content
- IOC plans for additional feedback to MTC if needed

Remainder of August 2026:

- Un-audited FY26 RM3 revenues sent via email update to IOC members
- Staff begins BATA RM3 Annual Report Preparation

October 2026:

- Audited FY 26 RM3 Revenues available
- Production of full draft FY 2025-26 RM3 IOC Annual Report for review at November 20 IOC meeting, with MTC staff support as requested

November 20, 2026:

- IOC meets to review the draft FY 2025-26 RM3 IOC Annual Report and considers approval. Possible actions include:
 - Approve as drafted
 - Approve with minor revisions made in meeting
 - Request significant revisions and defer approval to December

December 2026:

- Optional IOC meeting scheduled December 7, 2026 if needed to approve final annual report
- MTC staff submits IOC report to the transportation committees of each house of the legislature

Prior Report Format

The FY 2024-25 RM3 IOC Annual Report consisted of a 2-page introduction and summary followed by a 7-page report describing RM3 background, processes, and actions during the fiscal year and summarizing the IOC's review of MTC and BATA's activities for the year. The RM3 IOC Annual Report also included the statutorily required RM3 Annual Report prepared by MTC/BATA as an attachment, to provide additional detail on the RM3 program and minimize duplicate work between the two reports.

The final FY 2024-25 RM3 IOC Annual Report (excluding attachments – the complete [FY25 report with attachments can be found here](#)) is included as an attachment to this item for reference. MTC staff are providing this as an example and template, to help guide the IOC's work on the FY 2025-26 report.

Input from IOC

Per Section 30923 of the SHC, the purview of the IOC is to “ensure that any toll revenues generated pursuant to this section are expended consistent with the applicable requirements set forth in Section 30914.7”. Staff further suggest the IOC consider what it wants to communicate to the legislature and the public about its review of MTC and BATA's RM3 implementation activities. While the content of the report is the responsibility of the IOC, MTC staff will provide support by compiling member feedback and background information to be included in the report,

writing or editing portions of the report as suggested by the IOC, and submission of the report to the state legislature.

For the FY25 report, the IOC selected an ad-hoc committee to work directly with MTC staff on a draft report to bring back to the full IOC for review and comment. The ad-hoc committee reviewed a template based on the FY24 report, confirmed the findings, and instructed MTC staff to incorporate additional detail about MTC processes and make additional edits.

MTC staff can again assist in preparing and submitting the report.

Issues:

None.

Recommendation:

Information only.

Attachments:

- Attachment A: FY 2024-25 RM3 IOC Annual Report (without attachments)
- Attachment B: Presentation



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