



**Scope of Work  
for  
Third Party Independent Review**

**January 3, 2025**

*Alfredo Pedroza, Chair*  
Napa County and Cities

*Nick Josefowitz, Vice Chair*  
San Francisco Mayor's Appointee

*Margaret Abe-Koga*  
Cities of Santa Clara County

*Eddie Abu*  
San Francisco Bay Conservation  
and Development Commission

*Marilyn Ezzy Ashcraft*  
Cities of Alameda County

*David Canepa*  
San Mateo County

*Dina El-Tawansy*  
California State  
Transportation Agency

*Victoria Fleming*  
Sonoma County and Cities

*Dorene M. Giacomini*  
U.S. Department of Transportation

*Federal D. Glover*  
Contra Costa County

*Rebecca Kaplan*  
Oakland Mayor's Appointee

*Matt Mabani*  
San Jose Mayor's Appointee

*Nate Miley*  
Alameda County

*Stephanie Moulton-Peters*  
Marin County and Cities

*Sue Noack*  
Cities of Contra Costa County

*Gina Papan*  
Cities of San Mateo County

*David Rabbitt*  
Association of Bay Area Governments

*Hillary Ronen*  
City and County of San Francisco

*Libby Schaaf*  
U.S. Department of Housing  
and Urban Development

*James P. Spering*  
Solano County and Cities

*Vacant*  
Santa Clara County

*Andrew B. Fremier*  
Executive Director

*Alix Bockelman*  
Chief Deputy Executive Director

**Introduction:** The Metropolitan Transportation Commission (MTC) seeks proposals from qualified independent firms to conduct a third-party review of projected budget deficits for specific Bay Area transit operators, including AC Transit, BART, Caltrain, Golden Gate Transit, and SFMTA (Muni), and fair-share analysis for agencies included in the potential regional revenue measure, with a focus on regional operators such as BART and Caltrain. The purpose of this analysis is to ensure full transparency, consistent financial modeling, and reporting of operating deficits across these operators, and information regarding fair-share contributions and operational deficits.

**Estimated Contract Budget:** \$100,000 to \$200,000

**Project Timeframe:** MTC expects the work to commence in January 2025 and to be completed no later than March/April 2025.

**Engagement Requirements:** To ensure effective and timely results, the consultant must maintain a quick-turnaround engagement approach, ensuring responsiveness and adherence to the project's tight deadlines.

---

The services to be performed by consultant shall consist of services requested by the Project Manager or a designated representative including, but not limited to, the following:

**TASK 1: Review of Transit Agency Revenues, Expenses, and Cost-Saving Measures**

The consultant will review all available inputs and assumptions underlying the operating shortfalls as expressed by transit operators. The review should acknowledge and contextualize each operator's unique financial and operational circumstances, while ensuring that inputs are accurate and up-to-date, and assumptions are fair and consistent with observed trends.

Tasks 1.2 and 1.3 will both be conducted for the following transit operators: BART, Muni, AC Transit, Caltrain, and Golden Gate Transit.

### **1.1 Kickoff Meeting/Context Setting**

The consultant will:

- Discuss project goals, schedule, and deliverables.
- Confirm key stakeholders and how to include them in the process.
- Review logistics and strategies--including potential for one-on-one meetings with operators -- for coordination and communication tools.
- Develop project implementation plan for operator engagement and review of operator finances
- Confirm data gathering plan.
- Research effort is expected to focus on publicly available materials (e.g., board meeting packets).
- MTC will facilitate a request to the transit operators as necessary, for backup information and analysis that was developed during preparation of board materials.
- Consultant should include the potential for one-on-one focused meetings with the operators.

### **1.2 Operator-Reported Shortfalls Analysis**

The consultant will:

- Review assumptions used by BART, Muni, AC Transit, Caltrain, and Golden Gate Transit for forecasting deficits focusing on the five year period from FY 2026-27 through FY 2030-31 as presented to and/or adopted by their respective boards. 10-year deficits through FY 2035-36 may be reviewed if available.
- Analyze revenue assumptions for major operating sources, including but not limited to:
  - Fare revenue projections including an analysis of fare revenue trends since 2019 (briefly outline the history of fare increases prior to 2019), focusing on changes in ridership, fare rates, fare collection, compliance, and discount programs. Assess or document the impact of new fare gates at BART stations on compliance and revenue collection.
  - Major funding sources, such as federal, state, and local subsidies.
  - Other sources of earned revenues such as parking or rental revenues.
- Summarize downtown San Francisco office occupancy trends and compare to transit ridership and fare revenue trends/projections.

- Review projected increases in expenses related to wages, salaries, benefits, energy costs, and other major cost drivers, and understand the assumptions and reasons behind these projected increases.
- Identify available reserves and how they are incorporated into financial forecasts. Include a comparison of reserves with federal standards or industry best practices.
- Include an analysis of transfers of funds from operating to capital budgets and ensure comparability across operators in terms of how specific categories of expenditures are either capitalized or assigned to the operating budget. This review should document the size and purpose of transfers, as well as consider the impact of eliminating or reducing the transfer. Also, review the extent to which capital project funding may support operational needs.
- Review how debt payments are treated in operating costs and ensure comparability across operators.
- Provide a comparative review of service levels for each operator, including pre-pandemic service levels, the lowest service levels post-pandemic, and assumptions for the next five years. Document service level assumptions and projections across operators, noting, as appropriate, any nuances unique to an operator.
- Disaggregate structural deficits from pre-COVID conditions versus those attributed to pandemic-related impacts, such as fare and parking revenue losses.

### **1.3 Cost-Saving or Revenue-Generating Actions Taken or Future Opportunities**

The consultant will:

- Summarize how operators have adjusted to match demand with service.
- Document and summarize cost-reduction and revenue-generating actions implemented or presented to boards, including but not limited to:
  - Improved fare collection (e.g. improved fare enforcement).
  - Service modifications, such as increased or reduced service hours.
  - Termination of underperforming routes, or reassignment of resources to better performing services.
  - More efficient use of equipment, including, but not limited to, transit priority improvements and reduced train car lengths.

### **1.4 Ongoing Coordination**

The consultant will:

- Conduct biweekly meetings to discuss project progression, key questions, upcoming deliverables, and budget management.

### **Deliverables (Task 1):**

- Kickoff meeting agenda and summary.
  - Project implementation plan.
  - Interim report summarizing financial review and cost-saving analysis.
  - Biweekly coordination meeting notes.
- 

### **TASK 2: Review of Local Contributions to BART and Caltrain**

The consultant will focus on reviewing how the costs and benefits of operating and maintaining BART and Caltrain service can be attributed to the counties in which they operate. This review should also analyze actual local contributions from these counties, including those established by existing inter-operator agreements (i.e. 2008 Caltrain Joint Powers Agreement and 2007 agreement between BART and SamTrans) and include example analysis on methodologies for determining a fair-share contribution.

The research and analysis from task will be used to develop a transparent factual record that can be used to support and inform ongoing discussions among public agency staff and policy makers regarding the need, benefits and appropriate size of local financial support of regional rail services.

#### **2.1 BART Operating Expenses and State of Good Repair Analysis**

The consultant will:

- Conduct an in-depth review of BART’s operating and capital expenditures as well as local contributions (including, but not limited to sales and property taxes, fare revenues and surcharges, capital funding, land contributions, and other revenue sharing agreements) that support BART. Consultant should engage directly with operator staff as appropriate.
- Consider whether fare revenue, including surcharges, should be considered a county/local contribution or separately as a rider contribution.
- Based on the in-depth review of BART’s expenditures and existing local contributions, provide example analysis on fair approaches for:
  - Attributing expenditures to the five counties in which BART operates, including but not limited to number of stations, boardings (AM and/or Daily), track miles, service hours and population served.
  - Future local contributions, such as surcharges, revenue transfers or the expenditure plan for a new regional measure.

- Allocation of benefits to counties, considering the inclusion or exclusion of specific stations.

## **2.2 Caltrain Operating Expenses and State of Good Repair Analysis**

The consultant will:

- Conduct an in-depth review of Caltrain’s operating and capital expenditures, as well as local contributions (including, but not limited to sales taxes, fare revenues, and other revenue sharing agreements) that support Caltrain. Consultant should engage directly with operator staff as appropriate.
- Analyze how Measure RR contributions and other local contributions should factor into regional measure discussions.
- Provide example analysis on fair approaches for:
  - Attributing expenditures to the three counties in which Caltrain operates, including but not limited to number of stations, boardings (AM and/or Daily), and population served.
  - Future local contributions, including through an expenditure plan for a new regional measure.

### **Deliverables (Task 2):**

- Comprehensive report detailing findings on BART and Caltrain needs and revenues.
  - Analysis on potential fair-share calculations and allocation methodologies.
- 

### **Final Deliverables:**

1. Final report detailing analyses and recommendations for all areas of focus.
2. Presentation to the MTC Executive Office and/or relevant stakeholders (for e.g. regional rail boards), including visualizations and actionable next steps.