

**Metropolitan Transportation Commission  
Programming and Allocations Committee**

February 12, 2025

Agenda Item 3b-25-0189

**MTC Resolution No. 4689**

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**Subject:**

Adoption of the Fiscal Year 2024-25 Productivity Improvement Program (PIP) which incorporates the Senate Bill 125 Regional Accountability Measures, and update on operator progress toward Senate Bill 125 Regional Accountability Measures.

**Senate Bill (SB) 125 Background**

Amendments to the California State Budget Act of 2023 provided immediate transit operating assistance to help avert the near-term transit operating fiscal cliff that has resulted from the COVID-19 pandemic and associated changes in travel patterns. Based on adopted formulas, the Bay Area is expected to receive an estimated \$400 million from the newly created Zero-Emission Transit Capital Program (ZETCP) and an additional \$770 million from the Transit and Intercity Rail Capital Program (TIRCP) between FY2023-24 and FY2027-28. State action allows these funds to be used flexibly for capital or operating purposes, pursuant to Regional Transportation Planning Agency (RTPA) discretion. Consistent with prior MTC advocacy and supported by the possibility of leveraging between \$6 and \$8 billion in federal funds, a combined \$665 million in TIRCP funds will support capital expenses related to BART to Silicon Valley Phase II and BART Core Capacity, resulting in \$105 million in TIRCP and \$400 million in ZETCP available for operating purposes.

**Update on Funding for Fiscal Cliff Support**

In December 2023, MTC submitted to the California State Transportation Agency (CalSTA) its SB 125 Short-Term Financial Plan, which demonstrated the plan to use SB 125 funds to address operating shortfalls and meet capital commitments. This plan included the use of \$300 million in currently unassigned regional funds that can be made available as a one-time contribution to transit operations expenses.

In November 2024, the Commission approved the regional funding framework through the adoption of MTC Resolution No 4619, Revised, assigning regional fund sources to operators. Regional revenues include those from the Surface Transportation Program/Congestion

Mitigation and Air Quality Improvement Program (STP/CMAQ); Federal Transit Administration Section 5307/5337 (Transit Capital Program); State Transit Assistance Population-Based Program (STA Regional Program); and Regional Measure 3 Operating Program funds for express bus service.

To date, MTC has received \$535 million in SB 125 funds and has allocated \$160 million in SB 125 funds and \$10 million in regional funds for FY2024-25 operating assistance and MTC planning and administration. These dollars support transit agencies' continued service provision, funding critical needs including operator salaries, fuel/energy, public safety/police services, and maintenance activities. SB 125 operating dollars do not fund operator capital commitments.

Near-term milestones related to SB 125 include MTC's receipt of the second tranche of SB 125 funds in spring 2025, MTC's allocation of SB 125 funds for FY2025-26 operating assistance in summer 2025, and the completion of federal grant review for federal funds (TCP, STP/CMAQ) that are part of the regional funding contribution in fall 2025. OBAG 4 policy development will commence in winter, 2025.

### **Regional Accountability Measures**

MTC Resolution No. 4619, Revised also establishes a set of Regional Accountability Measures including customer experience and efficiency enhancements that operators must advance to be eligible for SB 125 funding. For all operators receiving SB 125 funds, these requirements include participation in ongoing Transit Transformation Action Plan initiatives, and implementation of schedule coordination and real-time transit data improvements. Other accountability requirements are specific to individual operators and center around safety and security, fare evasion reduction, and comprehensive service improvements.

### **Summary of Interim Progress for Large Operators Receiving SB 125 Funds**

This item summarizes the current status of progress toward the SB 125 Regional Accountability Measures for Alameda-Contra Costa Transit District (AC Transit), the San Francisco Bay Area Rapid Transit Authority (BART); the Peninsula Corridor Joint Powers Board (Caltrain); Golden Gate Bridge, Highway and Transportation District; and the San Francisco Municipal Transportation Agency (SFMTA).

Summarized in greater detail in Attachment A, large operators receiving SB 125 funds have generally fulfilled or made satisfactory progress toward the SB 125 Regional Accountability Measures. Notably, participation in regional initiatives remains strong among large operators, with all operators fulfilling the requirements identified by MTC. Most operators have shifted to the common operator sign-up schedule (January and August), with the remainder on track to do so by early 2025. General Transit Feed Specification (GTFS) best practice adherence is an area for improvement, with most operators not meeting all best practices. Operators are generally making satisfactory progress toward longer-term initiatives focused on fare collection, service optimization, ambassador programs, and crisis prevention.

### **Productivity Improvement Program**

In accordance with Transportation Development Act (TDA) legislation, MTC annually adopts a Productivity Improvement Program (PIP), which is a set of projects to be undertaken by transit operators in the region in the near-term to improve productivity and lower operating costs. Before MTC can allocate TDA or State Transit Assistance (STA) funds to transit operators for Fiscal Year (FY) 2025-26, MTC must approve the FY2024-25 PIP and affirm that operators have made a reasonable effort to implement their PIP project(s).

The PIP for the prior year adopted the SB 125 Regional Accountability Measures as projects for operators receiving SB 125 funds, and required all operators to comply with the project to participate in regional initiatives. MTC staff prepared checklists to clearly delineate expectations for satisfactory performance, which were included as appendices to the resolution. The proposed PIP for FY2024-25 includes the same projects, providing an opportunity for operators to report on continued progress throughout the coming year.

### **Next Steps**

Looking ahead, MTC urges operators to continue work toward fulfillment of the SB 125 Regional Accountability Measures, following the concrete near-term milestones identified for each operator in Attachment A. MTC will continue to assess operator progress toward the accountability measures prior to allocating FY2025-26 operating funds, and will continue to provide status updates to the Programming and Allocations Committee on a rolling basis throughout summer and fall 2025. Staff will return to this committee in fall 2025 with another

summary update presentation.

**Issues:**

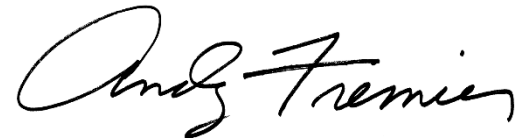
None.

**Recommendations:**

Refer MTC Resolution No. 4689 to the Commission for approval.

**Attachments:**

- Attachment A – Senate Bill 125 Regional Accountability Progress Summary
- MTC Resolution No. 4689
  - Attachment A
    - Appendix 1
    - Appendix 2
    - Appendix 3
- Presentation



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