

**Metropolitan Transportation Commission
Programming and Allocations Committee**

June 10, 2026

Agenda Item 4a-26-0743

**MTC Resolution No. 4777. Senate Bill 125 Capital Allocation to BART for the Transbay
Core Capacity Program**

Subject:

Allocation of \$165.8 million in regional Senate Bill 125 (SB 125) funding to BART for the Transbay Core Capacity Program

Senate Bill 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. The Bay Area is expected to receive \$1.17 billion in SB 125 funds 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 leveraging of over \$5 billion in federal funds, a combined \$665 million in SB 125 funds will support capital expenses related to BART to Silicon Valley Phase II and BART Transbay Core Capacity, resulting in \$536 million in SB 125 funds available for operating purposes. These planned investments include earned interest on the SB 125 funding distributed to MTC.

To date, MTC has received \$728 million in allocations from the state of the expected \$1.17 billion. An additional \$193 million is expected to be delivered in July 2026. MTC has allocated \$535 million in operations funding to operators based on the SB 125 Operations Funding Principles and Distribution Framework (MTC Resolution No. 4619, Revised). The remaining \$252 million in SB 125 funds are subject to future appropriations by the State.

In October 2022, MTC adopted, and in October 2023 revised, the Major Projects Advancement Policy (MAP) via MTC Resolution No. 4537. The MAP commits SB 125 funding, then known as TIRCP Augment 2, to capital projects in the region, including \$350 million to BART for the Transbay Core Capacity Program and \$375 million to VTA for BART to Silicon Valley Phase 2. In December 2024, MTC approved \$60 million in STP/CMAQ funds as part of MTC's regional SB 125 contribution to BART, reducing the remaining SB 125 funds owed to BART to \$290 million.

SB 125 Capital Allocations

Maintaining regional commitments to transit capital projects remains a priority to advance critical improvements to expand and maintain the system, and to position these projects to leverage billions in federal funding commitments. At the same time, capital allocations must be balanced with the ongoing need to stabilize transit operations across the region.

BART requested allocation of available SB 125 capital funds for the Core Capacity program – which includes Fleet of the Future Rail Car procurement, a new Communications-Based Train Control System, additional rail car storage, and additional traction power substations – by early FY 2026-27 to continue delivery of the program. Staff have reviewed the request and recommend the Commission allocate a portion of the SB 125 funding that the state has transmitted or budgeted, with reimbursement conditioned on funding availability.

The amount of available funds recommended for allocation was calculated based on the share of total SB 125 capital commitment to the BART Core Capacity project including both SB 125 and regional funds. This totals \$165.8 million, including:

- \$72.8 million in hand available for reimbursement immediately;
- \$93.0 million anticipated to be transmitted to MTC in July 2026, reimbursement of which is conditioned on MTC receipt of the funds

The staff recommendation also reiterates MTC’s commitment of the remaining \$124.2 million in future SB 125 funding dependent on a future state budget action. In the future, the Commission may authorize a letter of no prejudice (LONP) to allow BART to incur costs at-risk up to the total committed amount of \$290 million, with this final portion of funding subject to future allocation action after MTC has received the funds.

Further, staff recommend the allocation include a reimbursement schedule that caps annual spending at \$72.5 million per fiscal year. MTC’s SB 125 funding plan utilizes interest earned on funds received by MTC. Setting a maximum expenditure per year ensures that MTC meets interest-earning goals.

As VTA considers its next steps in delivering the BART to Silicon Valley Phase II project, MTC staff is prepared to recommend an allocation of funds to support upcoming construction phases. This allocation may come from VTA’s \$375 million commitment of SB 125 capital funds and/or the \$375 million dedicated to the project in the RM3 expenditure plan. Such action may be recommended this calendar year, proceeding with the project’s delivery schedule.

Issues:

Securing the remaining SB 125 commitment from the state is a key component of MTC's state advocacy and requires joint advocacy by MTC, VTA, and BART

Recommendations:

Refer MTC Resolution No. 4777 to the Commission for approval.

Attachment:

- MTC Resolution 4777
 - Attachment A – Allocation of SB 125 Capital Funds
- Presentation



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