

## Regional Measure 3 Independent Oversight Committee

November 15, 2024

Agenda Item 5a

### Regional Measure 3 (RM3) Allocations and Expenditures Update

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#### **Subject:**

Update on RM3 allocations and expenditures to date.

#### **Background:**

At the September 9<sup>th</sup> meeting, staff presented an update on the RM3 revenue collection through June 30<sup>th</sup>, 2024, and allocations and expenditures through August 31, 2024. Today's committee item includes recent updates to revenue collection, allocations, and expenditures.

#### **Revenue Collection**

The final FY 2023-24 RM3 bridge toll revenues were \$213.4 million, as presented at the September 9<sup>th</sup> meeting and confirmed by the financial statement audit in October. Additionally, Streets and Highways Code Section 30914.7(c) provides that, to the extent that funds made available for the ferry component of the RM3 operating program are not requested for expenditure by the San Francisco Bay Area Water Emergency Transportation Authority ("WETA") in a given year, the funds will be held in a reserve account, until such time that WETA requests these funds for an operating or capital purpose. As of June 30, 2024, the WETA Operating Reserve amount was approximately \$79 million.

#### **Updates to the Expenditure Plan**

The RM3 statute gives MTC discretion to approve changes to the scope of projects within the RM3 expenditure plan or reassign funds to another project within the same bridge corridor, provided MTC consults with the program or project sponsor and holds a public hearing. No such changes were made, or public hearings held, since the last IOC meeting. Only one public hearing and expenditure plan change has been approved since the implementation of RM3; this has been presented at previous IOC meetings, and a summary of these changes are included as Attachment A to this item.

### **Operating Program Allocations and Expenditures**

The FY 2024-25 RM3 Operating Program, MTC Resolution No. 4644, was adopted by the Commission in May 2024. The FY 25 program includes funding maximums for ferry service and the Transbay Terminal; funding levels for express bus services are being reassessed and will be set later this year.

In October 2024, the Commission approved \$25.7 million in operating allocations consistent with the FY 2024-25 RM3 Operating Program. Attachment B, Index of Commission Allocation Actions, breaks down the Commission meetings featuring RM3 operating actions by month and includes links to where the staff reports and allocating resolutions can be viewed.

### **Capital Allocations and Expenditures**

In September 2024, the Commission approved \$85.5 million in new capital allocations. Additional capital allocations were made via delegated authority in September and October 2024. Attachment C, RM3 Capital Allocations Summary, provides an overview of all capital allocations made to date and previews the allocations recommended for Commission approval in November. Attachment B, Index of Commission Allocation Actions, breaks down the Commission meetings featuring RM3 capital and operating allocations by month, and includes links to where the staff reports and allocating resolutions can be viewed.

For capital projects in which MTC or BATA is a sponsor or co-sponsor and that need further definition or distribution between multiple sponsors prior to allocation, MTC can program the funds via MTC Resolution No. 4411, Revised, included as Attachment D. No new programming actions were approved by MTC since the last IOC meeting.

As of October 2024, the RM3 capital program has made a total of \$1.6 billion in allocations, and \$234 million has been reimbursed to project sponsors.

An additional \$4 million in capital allocations are recommended for approval by the Commission in November 2024. Details of these recommendations are available in the November 13, 2024 Programming and Allocations Committee meeting materials.

**Audits of RM3 Project Sponsors and RM3 Capital Project Invoices**

At the close of each fiscal year, MTC engages an auditor to perform agreed-upon procedures (AUP) to verify on a sampling test basis that the RM3 expenditures reported by project sponsors were eligible under the RM3 policies and procedures and the allocation scope, and were supported by backup documentation. The FY 23 AUP review was completed in early 2024, and no issues were flagged with any FY 23 invoices. The FY 24 AUP review is in progress and findings will be provided to the IOC when available. MTC also periodically engages an auditor to confirm RM3 invoices for capital programs to ensure they were submitted in accordance with the RM3 policies and procedures and check for duplicate charges or other errors. The most recent review covered the period from April 1, 2023 to February 29, 2024 and no issues were flagged with any invoices during this period.

**Issues:**

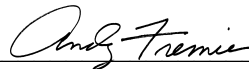
None.

**Recommendation:**

Information only.

**Attachments:**

- Attachment A: MTC Resolution No. 4621 – Attachment A (Summary of Project/Program Changes) and Attachment B (Revised RM3 Project List)
- Attachment B: Index of Commission Allocation Actions
- Attachment C: Capital Allocations and Expenditures
- Attachment D: MTC Resolution No. 4411, Revised – Attachments A - D (Programming of Regional Measure 3 Capital Projects)
- Attachment E: Presentation



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