

## Bay Area Partnership Board

May 12, 2025

Agenda Item 4d

### **Senate Bill (SB) 125 (Chapter 54, Statutes of 2023) Transit Transformation Task Force: Proposed Bay Area Priorities for Report to the Legislature**

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#### **Subject:**

Information on the proposed Bay Area priorities for the SB 125 Transit Transformation Task Force and CalSTA report to the Legislature regarding strategies to grow transit ridership and improve the transit experience for all transit users.

#### **Background:**

Senate Bill 125 (July 2023) requires the California State Transportation Agency (CalSTA) to establish and convene the [Transit Transformation Task Force](https://calsta.ca.gov/press-releases/2023-12-08-secretary-appoints-25-members-to-transit-transformation-task-force) (<https://calsta.ca.gov/press-releases/2023-12-08-secretary-appoints-25-members-to-transit-transformation-task-force>) to develop policy recommendations to grow transit ridership and improve the transit experience for all users of those services (Government Code Sec. 13979.3(c)). SB 125 requires that CalSTA consult with the Task Force to prepare and submit a report of findings and policy recommendations to the appropriate policy and fiscal committees of the Legislature on or before October 31, 2025. SB 125 further requires that the report identify where statutory changes would be needed to implement recommendations as well as the financial and technical feasibility of those recommendations. SB 125 identifies several topics for which the report should develop recommendations (Government Code Sec. 13979.3(f)), including strategies to improve mobility and increase ridership on transit; changes to land use, housing, and pricing policies that could improve public transit use; transit workforce development; and new options for revenue sources to fund transit operations and capital projects.

The Task Force has convened regularly since December 2023 and includes staff representatives from the following Bay Area agencies and organizations: MTC, BART, the Napa Valley Transportation Authority, the Eastern Contra Costa Transit Authority, the San Francisco Bay

Water Emergency Transportation Authority, Seamless Bay Area, Public Advocates, SPUR, and the Bay Area Council.<sup>1</sup>

**Policy Priorities for Report to the Legislature:**

Given the number and scope of topics for which the report will develop policy recommendations, MTC staff recommend that the Task Force and CalSTA identify priorities for legislative action among the report's recommendations. Furthermore, MTC staff recommend that the Task Force and CalSTA clearly identify which policy recommendations the state should lead, which recommendations are best led at the regional level (with state support), and which recommendations will require strong partnerships across state agencies, regions, and transit operators.

**Expanded, Stable Funding for Transit is the Highest Priority**

To make progress toward mobility, climate, and equity goals, the state needs to significantly increase funding for transit operations in the near term and develop a stable, reliable source of funding for both transit operations and capital needs in the long term. None of the potential recommendations to improve mobility and increase transit ridership can be accomplished without adequate, stable, long-term funding. The Task Force's report should coordinate and align with the SB 1121 State and Local Transportation Needs Assessment which identifies both the magnitude of the state's ten-year unmet transportation funding needs as well as policy recommendations for addressing that need.<sup>2</sup> Transit capital and operating funding should be expanded and maintained at or above the rate of inflation, which will require a diverse portfolio of both state and local funding sources. At the state level, this includes near-term support for transit operators facing a "fiscal cliff," (including supporting Senator Arreguin's \$2 billion proposal for new support from the state budget in FY 2025-26 and FY 2026-27), extension of the Cap and Trade Program, including with expanded support for transit operations, and adoption of new dedicated funding sources to fund transit operations that include an exploration of broader

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<sup>1</sup> Transit Transformation Task Force meeting recordings and materials are available at <https://calsta.ca.gov/subject-areas/sb125-transit-program>.

<sup>2</sup> The SB 1121 Needs Assessment report is available at <https://catc.ca.gov/programs/sb1121>.

dedicated tax options (e.g., income, payroll, etc.) as well as new user pricing mechanisms such as road user charges, congestion pricing, and tolling.

While flexing funding between capital and operating needs should be considered, MTC staff strongly recommend that any consideration of flexing funding clearly identifies potential tradeoffs and weighs those tradeoffs against potential benefits and the extent to which existing and future transit operating needs would be met. Furthermore, any funding recommendations must consider how different regions throughout the state may be impacted given significant differences between regions in terms of transit funding needs (both operating and capital), and revenue sources. For example, the San Francisco Bay Area is a relatively transit-rich environment compared to the rest of California, and the need for operations funding to ensure the continuity of existing service is critical; in less transit-rich locations, there may be a greater need for capital funds to purchase new buses or develop new rail lines.

Lastly, there is a continued need for capital funding to maintain a state of good repair, which is critical for providing reliable transit service, and to complete zero emission vehicle (ZEV) transition requirements mandated by the state. In the San Francisco Bay Area, where our transit network is largely built out, transit operators continue to have significant ongoing need for capital funding to maintain state of good repair and comply with state ZEV transition requirements. Given that the costs of ZEVs and related facilities are nearly double that of existing vehicle fleets, these capital funding needs are significant.

### **State Should Lead on Workforce Development**

Given that individual operators are competing for the same finite pool of trained drivers and mechanics, statewide efforts to grow the transit workforce should be accelerated. Supporting workforce development programs and standardizing certification programs to apply across all operators statewide could be beneficial, rather than asking individual operators to advance these efforts – especially small operators with constrained resources. The state should continue to work closely with transit operators to understand their workforce needs and how best to provide support.

### **State Should Empower Regions on Transit Coordination**

There are many areas where statewide consistency and uniformity are not essential to transit's success. Like the federal performance framework, the state should set realistic performance standards and targets, providing flexible funding to advance progress in areas where land use is sufficiently supportive of more significant transit investment. The Task Force report should recommend performance measures that would both support progress toward policy goals and hold regions and transit operators accountable for making progress toward desired outcomes. For example, [MTC Resolution No. 4648](#)

([https://mtc.ca.gov/sites/default/files/meetings/attachments/6003/4c\\_24\\_0463\\_Attachment\\_A\\_MTC\\_Resolution\\_4648.pdf](https://mtc.ca.gov/sites/default/files/meetings/attachments/6003/4c_24_0463_Attachment_A_MTC_Resolution_4648.pdf)) established performance measures for transit reliability, connectivity, equity, and customer safety and comfort to assess progress toward the outcomes defined by the [Transit Transformation Action Plan](#) (<https://mtc.ca.gov/planning/transportation/public-transit/transit-transformation-action-plan>).

Specifically, schedules, fares, maps, and signage need not be standardized statewide as most transit trips occur on the local or regional scale – not the interregional scale. Empowering regions by providing funding and authority to advance such integration initiatives is key; the Bay Area is a leader in this space but there is opportunity to empower more regions statewide.

When supporting regions and operators in these issue areas, the state can help by providing tools and services when economies of scale exist. For example, behind-the-scenes efforts like operating fare discount validation programs or procuring data tools would be beneficial to accelerate progress.

### **State Should Strengthen Partnerships to Maximize Impact**

Investments in transit priority improvements require close collaboration across state, regional, and local governments. Strong partnerships determine whether these high-impact, low-cost projects advance quickly or are ultimately stalled for years; the state should invest time and resources to strengthen these relationships, while aligning policy between Caltrans headquarters and districts.

Areas critical to transit's long-term success – including pricing and land use – require a careful blend of greater state action but also sufficient flexibility to reflect region-specific conditions. The state needs to continue to prioritize efforts in this space, championing politically difficult initiatives alongside regions and other local partners.

The state needs to reevaluate the timeline for implementation of the Innovative Clean Transit ZEV regulations, recognizing that prioritizing this policy over other transit maintenance and operational needs could adversely impact shared climate goals. Transit service frequency and reliability are the strongest drivers of ridership growth; scarce financial resources committed to implementing the ICT rule would come at the expense of high-impact investments in service and transit priority that more efficiently and effectively reduce emissions as well as improve safety, mobility, and access.

**Issues:**

Because California is a large, diverse state with a broad range of transit needs and conditions, it is critical for the Legislature to understand how it can be most effective in working with regional and local partners to advance common goals of growing transit ridership and improving the transit experience for all riders. The SB 125 report to the Legislature presents a unique opportunity to address the most critical needs and issues facing transit operators in both the near and longer term.

**Next Steps:**

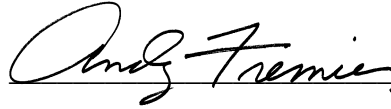
Staff will seek feedback from the Bay Area Partnership Board at its May 12, 2025, meeting. After incorporating feedback from both the Joint MTC ABAG Legislation Committee and the Bay Area Partnership Board, staff plan to submit a joint letter to CalSTA, in partnership with Bay Area transit agencies and county transportation agencies, consistent with the feedback provided.

**Recommendation:**

Information

**Attachments:**

- Attachment A: Presentation
- Attachment B: List of SB 125 Task Force Members

A handwritten signature in cursive script, reading "Andrew B. Fremier", is written over a horizontal line.

Andrew B. Fremier