

Date: November 15, 2023  
W.I.: 1514  
Referred By: Commission  
Revised: 12/20/2023-C

ABSTRACT

Resolution No. 4619, Revised

This resolution approves the principles to inform funding distribution, the funding distribution framework, and regional accountability measures for funding from the Transit and Intercity Rail Program (TIRCP), Zero-Emission Transit Capital Program (ZETCP), and various regional funding sources pursuant to Senate Bill (SB) 125 (Chapter 54. Statutes of 2023).

This resolution includes the following attachments:

Attachment A – Principles to Inform the Distribution of Transit Operations Funding from  
Senate Bill 125

Attachment B – Senate Bill 125 Transit Operations Funding Distribution Framework

Attachment C –Regional Accountability Measures

Attachment C was revised on December 20, 2023 to provide more detail on the Regional Accountability Measures, and to include information on the mechanism for ensuring transit agency board acknowledgement of the measures and monitoring of their implementation.

Further discussion is contained in the Programming and Allocations Committee Summary Sheets dated November 8, 2023 and December 13, 2023.

Date: November 15, 2023  
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RE: Senate Bill 125 Transit Operations Funding Principles, Distribution Framework, and Regional Accountability Measures

METROPOLITAN TRANSPORTATION COMMISSION  
RESOLUTION NO. 4619

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Sections 66500 et seq.; and

WHEREAS, MTC is the designated Regional Transportation Planning Agency (RTPA) for the nine-county Bay Area; and

WHEREAS, Assembly Bill 102 (Chapter 38, Statutes of 2023) and Senate Bill 125 (Chapter 54, Statutes of 2023) amended the Budget Act of 2023 to appropriate \$4 billion to TIRCP between Fiscal Year (FY) 2023-24 and 2024-25 and \$1.1 billion between FY 2023-24 and FY2026-27 to establish the Zero-Emission Transit Capital Program (ZETCP); and

WHEREAS, Senate Bill 125 (Chapter 54, Statutes of 2023) guides the distribution of this funding to RTPAs, which have the flexibility to use the money to fund transit operations or capital improvements; and

WHEREAS, Senate Bill 125 (Chapter 54, Statutes of 2023) establishes an accountability program to govern the distribution of these funds; and

WHEREAS, the principles that MTC shall use to develop the distribution framework for Senate Bill 125 transit operations funding are set forth in Attachment A, which is incorporated herein as though set forth at length; and

WHEREAS, the Senate Bill 125 funding framework developed in partnership with Bay Area transit operators using the principles defined in Attachment A and a regionally standardized

set of assumptions compliant with the Senate Bill 125 guidelines is summarized in Attachment B; and

WHEREAS, transit operations funding provided in accordance with Senate Bill 125 (State or Regional Contribution) will be conditioned on satisfactory progress toward and/or implementation of the regional accountability measures outlined in Attachment C; and

WHEREAS, MTC will determine whether an operator has made satisfactory progress toward and/or implemented the regional accountability measures described in Attachment C; now, therefore, be it

RESOLVED, that MTC adopts the Senate Bill 125 principles to inform the distribution of funding as set forth in Attachment A; and, be it further

RESOLVED, that MTC adopts the Senate Bill 125 funding distribution framework as set forth in Attachment B; and, be it further

RESOLVED, that MTC may adjust the Senate Bill 125 funding distribution framework in order to respond to changing needs as transit operator financial conditions continue to evolve; and, be it further

RESOLVED, that MTC adopts the regional accountability measures as set forth in Attachment C; and, be it further

RESOLVED, that the Executive Director of MTC, or their designee, is authorized and directed to modify the Senate Bill 125 funding distribution framework as listed in Attachment B to meet requirements of the California State Transportation Agency.

METROPOLITAN TRANSPORTATION COMMISSION

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Alfredo Pedroza, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, and at other remote locations, on November 15, 2023.

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## **Principles to Inform the Distribution of Transit Operations Funding from Senate Bill 125**

The following six principles were used to inform the proposed distribution of funding. These principles were developed in partnership with Bay Area transit operators.

### **1. Use state and regional funds for transit operations to address the most dire shortfalls and avoid service cuts**

Consistent with the legislative intent of Senate Bill (SB) 125, the distribution will consider the magnitude of shortfalls and the service cuts that would occur if shortfalls were not addressed in the distribution of state and regional funding for transit operations.

### **2. Prioritize high-ridership agencies and the provision of service for transit-dependent riders**

In accordance with the SB 125 legislative intent, the distribution will consider the demographics of current riders and ridership markets in the distribution of funding. MTC encourages operators to use state and regional funds to prioritize the retention and restoration of service on high-ridership routes and those that serve a high number of transit-dependent riders.

### **3. Incentivize accountability of transit operators to improve coordination and customer experience**

MTC will identify specific progress milestones related to improvements to coordination and customer experience that operators must meet prior to the distribution of funds. Requirements for coordination and customer experience improvements will be informed by the direction of the Regional Network Management Council, comprised of elected officials and transit operator representatives, and as such, MTC reserves the right to condition funding on the delivery specific initiatives at a future date.

### **4. Preserve flexibility to adjust distribution year to year as circumstance change**

It is likely that shortfalls may change over time for a number of reasons, including operator-driven changes to service provision or ridership recovery trajectories that differ from estimates and alter revenue

from sources such as fares and parking. As such, it is critical that MTC retain flexibility to adjust the distribution from year to year in response to decreasing or increasing shortfalls.

**5. Ensure consistency and level footing across operator shortfall forecasts**

Forecasting future shortfalls over a multi-year period requires many assumptions, including assumptions around future state operations funding, the effect of inflation on expenses, and the amount of service provided. These assumptions have meaningful impacts on the shortfall calculations. In order to prevent an operator being disadvantaged because the assumptions used in their forecast were different from those used by another operator, MTC has provided a set of standardized assumptions used by all operators to estimate shortfalls for the purpose of distribution.

**6. Minimize impact to non-operating/capital and state of good repair programs**

To the extent possible, the distribution will aim to not adversely affect the availability of funding for critical capital and state of good repair investment purposes. While deferral of discretionary capital projects may be needed to free up revenue for operations support, essential safety and state of good repair needs will be reflected in the distribution framework.

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Attachment B

Senate Bill 125 Transit Operations Funding Distribution Framework

Distribution amounts will be reassessed on an annual basis in order to respond to changing conditions. Distribution of funding will be contingent upon operators meeting or making significant progress toward accountability measures.

Amounts shown in thousands (\$1,000)

	<b>FY 23-24</b>	<b>FY 24-25</b>	<b>FY 25-26</b>	<b>Total (\$)</b>	<b>Total (%)</b>
SFMTA	\$0	\$99,477	\$209,328	\$308,805	<b>40%</b>
BART	\$0	\$58,211	\$293,837	\$352,048	<b>45%</b>
AC Transit	\$0	\$4,000	\$28,569	\$32,569	<b>4%</b>
Caltrain	\$0	\$0	\$25,449	\$25,449	<b>3%</b>
Golden Gate Transit	\$0	\$2,838	\$38,263	\$41,101	<b>5%</b>
Other Operators	\$0	\$4,661	\$9,574	\$14,235	<b>2%</b>
<i>ACE</i>	\$0	\$1,777	\$1,829	\$3,605	
<i>ECCTA</i>	\$0	\$503	\$238	\$741	
<i>LAVTA</i>	\$0	\$897	\$1,392	\$2,289	
<i>NVTA</i>	\$0	\$1,485	\$966	\$2,450	
<i>SolTrans</i>	\$0	\$0	\$2,036	\$2,036	
<i>WestCAT</i>	\$0	\$0	\$3,113	\$3,113	
Regional Network Management	\$0	\$2,000	\$0	\$2,000	<b>0%</b>
<b>Bay Area Total</b>	<b>\$0</b>	<b>\$171,187</b>	<b>\$605,020</b>	<b>\$776,207</b>	<b>100%</b>

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### Regional Accountability Measures

*Transit Operations funding provided in accordance with Senate Bill 125 (State or Regional Contribution) is conditioned on satisfactory progress and/or implementation of the following enhancements.*

Operator	Customer Service and/or Efficiency Enhancements
All Operators	<ol style="list-style-type: none"> <li>1. Operators will participate actively in the following venues, and in the advancement of the following initiatives:               <ul style="list-style-type: none"> <li>○ Regional Network Management Council -- advance the initiatives in the Transit Transformation Action Plan.</li> <li>○ Transit Fare Policy and Integration Pilots--Clipper BayPass Phases 1 and 2, and the No Cost and Reduced Interagency Transfer Policy</li> <li>○ Mapping and Wayfinding—Development of the prototype and regional standards, and pilot projects.</li> <li>○ Accessibility:                   <ul style="list-style-type: none"> <li>▪ Support regional and local efforts to improve Americans with Disabilities Act paratransit service including maintaining standardized paratransit eligibility, cost sharing agreements, and transfer policies, along with other improvement recommendations.</li> <li>▪ Support county-based mobility management efforts</li> </ul> </li> </ul> </li> <li>2. Schedule Coordination – Provide on-going participation in efforts to improve scheduled connections between operators and take necessary steps to align operator/driver sign-up processes to facilitate connections.</li> <li>3. General Transit Feed Specification (GTFS) – Audit performance of agency’s GTFS to identify quality of delivery and usage. Develop recommendations for improvement if needed.</li> </ol>
BART	<ol style="list-style-type: none"> <li>1. Continue progress in implementation of new fare gates system-wide in a manner that facilitates completion by the end of 2025.</li> <li>2. Provide a written report on the effectiveness of BART’s Ambassador/Crisis Prevention program(s) including recommendations for improvement and/or expansion, and an assessment of opportunities for coordination with connecting agencies.</li> </ol>
SFMTA	<ol style="list-style-type: none"> <li>1. Provide a written report on the effectiveness of SFMTA’s Ambassador/Crisis Prevention program(s) including recommendations for improvement and/or expansion, and an assessment of opportunities for coordination with connecting agencies.</li> </ol>



	2. Provide a written report on fare collection procedures and opportunities and/or recommendations for reducing fare evasion.
AC Transit	Report to MTC on interim findings from AC Transit's "Realign" project and how the effort is projected to increase ridership.
Caltrain	Provide a written report on the effectiveness of Caltrain's Crisis Prevention program including recommendations for improvement and/or expansion, and an assessment of opportunities for coordination with connecting agencies.
Golden Gate	Provide active participation and collaboration with Marin and Sonoma County transit providers in efforts to optimize North Bay transit service.

Notes:

- 1.) To operationalize transit agency board acceptance and monitoring, the Regional Accountability Measures will be identified as projects in MTC's annual Productivity Improvement Program (PIP) for any agency receiving funding under SB125.
- 2.) Consistent with the process for requesting other transit operating revenues administered by MTC, operators will be required to submit a board resolution approving their request of SB125-related revenues as part of their annual claim, including acknowledgement of the Regional Accountability Measures, and operator-provided information on progress toward implementation of the measures.
- 3.) The Programming and Allocations Committee will receive a summary of operator progress toward the Regional Accountability Measures when they approve allocations of SB 125 funding. If sufficient progress has not been made, MTC may impose remedies that the operators must complete prior to receiving SB 125 funding and may withhold SB 125 funding until satisfactory progress has been made.