

**Metropolitan Transportation Commission
Programming and Allocations Committee**

June 12, 2024 Agenda Item 3b-24-0646

MTC Resolution Nos. 4651, 4652, 4653, and 4655

Subject:

Allocation of \$450.4 million in FY2024-25 Transportation Development Act (TDA), State Transit Assistance (STA), Regional Measure 2 (RM2), and AB1107 funds to four transit operators and MTC to support transit operations and capital projects in the region, and an informational update on Senate Bill 125 Regional Accountability Measure progress for two operators claiming operating funds this month.

Background:

This month’s proposed actions begin the annual allocation process of these funds for FY2024-25. Five entities are requesting TDA, STA, RM2, RM3 and/or AB1107 allocations this month that exceed the \$1 million Delegated Authority limit. Allocation requests that are less than \$1 million are approved separately through the Executive Director’s Delegated Authority process. These funds comprise a significant share of the revenue for agencies’ operating budgets.

The proposed allocation amounts are based on the programming levels identified in the FY 2024-25 Fund Estimate (MTC Resolution 4629), the RM2 Operating Program (MTC Resolution 4643), and the RM3 Operating Program (MTC Resolution 4644) . The proposed allocations are summarized in the following table:

Allocation Amounts by Entity¹ (amounts in millions)

Entity	TDA (Res. 4651)	STA (Res. 4652)	RM2 (Res. 4653)	AB 1107 (Res. 4655)	Grand Total
VTA	\$138.7	\$49.5			\$188.2
AC Transit	\$89.6	\$45.5	\$11.4	\$52.0	\$198.7
CCCTA	\$34.1	\$7.6			\$41.8
NVTA	\$9.7	\$2.4			\$12.1
MTC		\$7.8	\$1.7		\$9.5
Total	\$272.3	\$113.0	\$13.2	\$52.0	\$450.4

Note that amounts may not sum due to rounding

Information regarding the FY 2024-25 operating budgets and current and future operations for the transit operators included in the list above is provided in Attachment A. The MTC share of

¹ Includes all allocations to be approved in the resolutions listed above, the details of which are provided in Attachment A, including allocations for transit capital or planning and administration. Not inclusive of allocations approved by Executive Director’s Delegated Authority as allowed by MTC Resolution No. 3620, Revised.

the Clipper operating budget is estimated to be \$32.9 million of the total \$62.8 million. STA and RM2 funds are estimated to provide \$15.3 million of revenue toward MTC's cost share, \$9.5 million of which will be allocated in June.

Update on Senate Bill (SB) 125 Funding and Accountability Measures:

The SB 125 guidelines established that MTC and other regional transportation planning agencies would receive their first tranche of funds by April 30, 2024, amounting to roughly \$385 million in Transit and Intercity Rail Capital Program (TIRCP) funds and \$150 million in Zero Emission Transit Capital Program (ZETCP) funds for the Bay Area. In light of the state's budgetary challenges, these funds were temporarily frozen and have not yet been disbursed to MTC. Additionally, the Governor's May Revise Budget for FY2024-25 proposes deferrals of TIRCP and ZETCP disbursements to future years, though total funding amounts for both programs remain unchanged. Once MTC receives SB 125 funds from the state, staff will return to the Programming and Allocations Committee to request approval of FY2024-25 allocations in line with the funding framework established in MTC Resolution No. 4619, Revised.

MTC Resolution No. 4619, Revised establishes a set of Regional Accountability Measures which incentivize operators to advance enhancements to efficiency and customer experience in exchange for receiving Senate Bill (SB) 125 funding to address transit operating shortfalls. For all operators receiving SB 125 funds, these requirements will 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.

Operators receiving SB 125 funds will update MTC on the status of these Regional Accountability Measures as part of the annual claim of transit operating funds, which occurs on a rolling basis. In June, two operators receiving SB 125 funds submitted claims of transit operating funds: AC Transit and NVTA. Attachment B summarizes the information provided by these operators on the status of their assigned Regional Accountability Measures and staff's determination of progress toward these objectives.

Staff will return to the Programming and Allocations Committee in July to provide an update on the status of Regional Accountability Measure implementation for other large operators receiving SB 125 funds. Staff will also continue to update this body on the status of accountability measures on a rolling basis as claims are received from small- and medium-sized operators receiving SB 125 funds.

Issues:

In its Short-Term Financial Plan, MTC demonstrated that the standardized shortfalls would be addressed through FY2025-26 by a combination of state SB 125 funds, a regional contribution of up to \$300 million, and roughly \$28 million in interest anticipated to be earned on SB 125 funds.

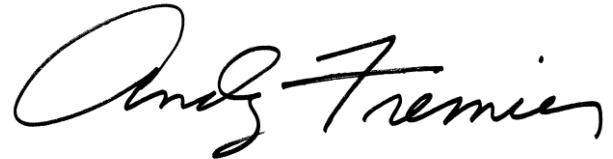
The temporary freeze on FY2023-24 funds and the proposed deferrals of future year funds will reduce total interest earnings by an estimated \$20 million. After accounting for these interest losses, MTC still anticipates being able to meet the cash flow needs of capital projects funded by SB 125 and cover the operating shortfalls, though lower interest earnings mean less money available for investments to enhance transit service and a greater likelihood that the full \$300 million in regional funds will be needed for operating support.

Recommendations:

Refer MTC Resolution Nos. 4651, 4652, 4653, and 4655 to the Commission for approval.

Attachments:

- Attachment A – Transit Operator Budget Summary
- Attachment B – Senate Bill 125 Regional Accountability Measure Progress Update for Claimant(s)
- MTC Resolution No. 4651, 4652, 4653, and 4655



Andrew B. Fremier

Attachment A – Transit Operator Budget Summary

Santa Clara Valley Transportation Authority/ VTA

FY2024-25 Operating Budget	\$624.5 million
FY2023-24 Operating Budget	\$603.8 million
Increase in Budget compared to FY2023-24	8%
Projected Ridership (Estimated FY2024-25 as a percentage of FY2018-19 Actual)	87%
Total Proposed FY2024-25 Operating Allocation ¹	\$188.3 million
Proportion of Operating Budget Funded with Allocations	30%

Budget and Operating Highlights

VTA operates 47 bus routes and 3 light rail lines spanning across 346 square miles in Santa Clara County provides service to over 20 million riders annually. In addition, VTA funds contracted paratransit and shuttle services in the county and participates in providing inter-regional commuter rail and express bus services. VTA’s efforts to return to full pre-pandemic service levels have resulted in significant ridership growth, improved service quality, service hours, service frequency, and service stability in 2023. Growth in fixed route bus service ridership outperforms VTA’s other service classes on all days of the week. Recovery of weekend ridership outpaces weekday ridership on average as well. Building on the FY2023-24’s strong ridership trends, VTA plans to complete restoration of full-service levels by the end of 2024. As new operators are hired and trained to provide pre-pandemic service levels, riders will benefit from improved weekday and weekend service frequencies on routes across the system.

¹ Includes allocations made through Executive Director’s Delegated Authority as allowed by MTC Resolution No. 3620, Revised. Any allocations made by Delegated Authority will be reported as part of the quarterly Delegated Authority update to the Commission. Excludes allocations made for transit capital or planning and administration purposes.

VTA's continued coordination with neighboring agencies has supported an increase in ridership in the following services in the last quarter of FY2023-24: Dumbarton Express by 24.8%, Altamont Corridor Express (ACE) by 49%, Caltrain by 11.7%, and BART (Milpitas and Berryessa) by 25.3%.

VTA's FY2024-25 operating budget shows an increase of 8% from FY2023-24. This increase is composed primarily of higher operation and fuel costs that can be attributed to inflationary and contractual increases. Of this amount, \$188.3 million is funded by TDA and STA revenue.

VTA's two major capital projects, Eastridge to BART Regional Connector (EBRC) and BART to Silicon Valley Phase 2 (BSVII), continue to advance. VTA anticipates that the EBRC project will break ground June 8th, 2024, and to prepare for construction related disruptions in traffic and noise pollution VTA held three Community Meetings on May 8th, 9th, and 11th to coordinate with stakeholders. The BSVII project has advanced through design and engineering, right-of-way, and environmental processes, receiving NEPA environmental approval in March 2024. Additionally, VTA submitted a request for entry into New Starts Engineering (NSE) to FTA on March 29th and continues to prepare for the Full Funding Grant Agreement (FFGA) application.

Alameda-Contra Costa Transit District/ AC Transit

FY2024-25 Operating Budget	\$598.2 million
FY2023-24 Operating Budget	\$569.0 million
Increase in Budget compared to FY2023-24	5.2%
Projected Ridership (Estimated FY2024-25 as a percentage of 2018-19 Actual)	80.1%
Total Proposed FY2024-25 Operating Allocation ¹	\$191.7 million
Proportion of Operating Budget Funded with Allocations	33.9%

Budget and Operating Highlights

Alameda-Contra Costa Transit District (AC Transit) is the Bay Area’s largest public bus-only transit system with a service area of 360 square miles and more than 130 bus lines, providing service to over 40 million riders annually. The service includes local lines, Transbay routes, Rapid routes, Tempo Bus Rapid Transit service, Dumbarton Express, Paratransit, and Supplementary Service to Schools.

The FY2024-25 Budget Draft is balanced, with projected revenue of \$598.2 million, representing a slight increase from the previous fiscal year. Farebox revenue is expected to increase by 16.8% due to the steady increase in ridership, while property and parcel taxes are budgeted at \$190.2 million, and sales taxes are projected to decrease by 4.7%. State and local revenues are expected to slightly increase by 3.4% primarily due to the Regional Measure 3 funding. The Capital budget includes a projected spending plan of \$250.6 million, composed of \$223.5 million in grant funds and \$27.1 million in District Capital funds.

AC Transit has launched the “Realign Plan” to evaluate every bus line in response to pandemic-induced changes in public transit patterns. The plan will incorporate rider feedback through

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surveys, meetings, and one-on-one conversations and assess the movement of its fleet across 13 cities and unincorporated areas. AC Transit aims to offer a sustainable, reliable, and convenient transit system and is working to explore new technologies and innovative solutions to achieve this long-term vision

Central Contra Costa Transportation Authority/ CCCTA/County Connection

FY2024-25 Operating Budget	\$54.7 million
FY2023-24 Operating Budget	\$48.1 million
Increase in Budget compared to FY2023-24	13.6%
Projected Ridership (Estimated FY2024-25 as a percentage of 2018-19 Actual)	84%
Total Proposed FY2024-25 Operating Allocation ¹	\$37.4 million
Proportion of Operating Budget Funded with Allocations	68%

Budget and Operating Highlights

County Connection provides fixed route and paratransit bus services across Central Contra Costa County. The service caters primarily to a suburban market area of over 200 square miles with over 500,000 residents. County Connection plays a role in providing accessible and reliable transportation options for the community with a fleet comprised of 125 fixed-route buses and 57 paratransit vehicles. Annual ridership for County Connection is 2.5 million passengers.

County Connection’s FY2024-25 budget shows a 13% increase from the previous fiscal year. This increase is reflected in growing service, personnel, and administration costs. . Modest increases in service levels over the previous fiscal year are projected but are contingent on filling vacant staff positions. Capital investments are earmarked for the replacement of ten fixed-route and three demand response vehicles, alongside facility upgrades and enhancements to wayfinding infrastructure. Budgetary and forecast assumptions ensure the adequacy of Transportation Development Act (TDA) reserves, meeting the Authority's reserve target of 25% of operating funds over the next five years. County Connection’s notable future challenges are

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fulfilling operator recruitment and securing alternative funding with the depletion of federal stimulus funds.

County Connection is planning for post-pandemic travel patterns, and analyzing the system to strategically optimize resources, emphasizing underused routes, and improving local services. Ongoing efforts tackle operator recruitment, training, and cost challenges, ensuring sustainable and reliable transit solutions. Innovation and partnerships are central to navigating future challenges and meeting evolving transit needs efficiently.

Napa Valley Transportation Authority/ NVTA

FY2024-25 Operating Budget	\$31.8 million
FY2023-24 Operating Budget	\$28.5 million
Increase in Budget compared to FY2023-24	11%
Projected Ridership (Estimated FY2024-25 as a percentage of 2018-19 Actual)	69%
Total Proposed FY2024-25 Operating Allocation ¹	\$8.7 million
Proportion of Operating Budget Funded with Allocations	44%

Budget and Operating Highlights

Napa Valley Transportation Authority (NVTA) operates fixed route and on-demand transit services in Napa County including Napa Vine (Vine Transit), American Canyon Transit, Calistoga Shuttle, Yountville Trolley, St. Helena Shuttle, and Vine Go paratransit services. Vine Transit is a fixed-route bus system for Napa County, offering both local routes and regional connection to Solano County transit providers, BART, Capital Corridor, and WETA’s Vallejo Ferry Terminal. NVTA’s Vine Transit fleet is comprised of 66 vehicles: 42 fixed route buses, 22 paratransit vans, and 2 commuter buses. Annual ridership for NVTA is just over 510,00 passengers.

Since April 2020, NVTA has implemented service modifications to reduce operating costs while still meeting demand in the City of Napa. Systemwide, NVTA intends to preserve the current level of service and contain operating costs but does anticipate a return to full-pre-pandemic service in the fall of 2024. Additionally, NVTA has plans to expand service on Route 29 to the El Cerrito del Norte BART station with Regional Measure 3 operating assistance in early 2025.

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This expansion is dependent on employing additional drivers, which NVTA has struggled with over the past fiscal year.

NVTA's FY2024-25 adopted operating budget is comprised of \$31.8 million in expenses. Of this amount, \$8.7 million (44%) is funded with TDA and STA revenue. A total of \$1.1 million in Regional Measure 2 and 3 funds support NVTA's Vine Express Commuter service that delivers connection from the city of Calistoga to the Vallejo Ferry Terminal in Solano County. NVTA's operating budget shows an increase of 11% which is attributed to an increase in personnel, utilities, fuel costs, and purchased transportation. Additionally, NVTA moved its bus maintenance facility in March of 2024 six miles outside of the City of Napa which has slightly increased non-revenue mileage.

Date: June 26, 2024
W.I.: 1514
Referred by: PAC

ABSTRACT

Resolution No. 4651

This resolution approves the allocation of fiscal year 2024-2025 Transportation Development Act Article 4, Article 4.5 and Article 8 funds to claimants in the MTC region.

This resolution includes the following attachments:

Attachment A—Allocation Summary

Attachment B—Findings

This resolution allocates funds to Alameda-Contra Costa Transit District (AC Transit), Central Contra Costa Transit Authority (CCCTA), Napa Valley Transportation Authority (NVTA), and Santa Clara Valley Transportation Authority (VTA).

Discussion of the allocations made under this resolution is contained in the MTC Programming and Allocations Committee Summary Sheet dated June 12, 2024.

Date: June 26, 2024
W.I.: 1514
Referred by: PAC

Re: Allocation of Fiscal Year 2024-25 Transportation Development Act Article 4, Article 4.5 and Article 8 Funds to Claimants in the MTC Region

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4651

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

WHEREAS, the Mills-Alquist-Deddeh Act (“Transportation Development Act” or “TDA”), Public Utilities Code Section 99200 et seq., makes certain retail sales tax revenues available to eligible claimants for public transportation projects and purposes; and

WHEREAS, MTC is responsible for the allocation of TDA funds to eligible claimants within the MTC region; and

WHEREAS, claimants in the MTC region have submitted claims for the allocation of fiscal year 2023-24 TDA funds; and

WHEREAS, Attachment A to this resolution, attached hereto and incorporated herein as though set forth at length, lists the amounts of and purposes for the fiscal year 2024-25 allocations requested by claimants, and is from time-to-time revised; and

WHEREAS, this resolution, including the revisions to Attachment A and the sum of all allocations made under this resolution, are recorded and maintained electronically by MTC; and

WHEREAS, Attachment B to this resolution, attached hereto and incorporated herein as though set forth at length, lists the required findings MTC must make, as the case may be, pertaining to the various claimants to which funds are allocated; and

WHEREAS, the claimants to which funds are allocated under this resolution have certified that the projects and purposes listed and recorded in Attachment A are in compliance with the requirements of the California Environmental Quality Act (Public Resources Code

Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 15000 et seq.); now, therefore, be it

RESOLVED, that MTC approves the findings set forth in Attachment B to this resolution; and, be it further

RESOLVED, that MTC approves the allocation of fiscal year 2024-25 TDA funds to the claimants, in the amounts, for the purposes, and subject to the conditions, as listed and recorded on Attachment A to this resolution; and, be it further

RESOLVED, that pursuant to 21 California Code of Regulations Sections 6621 and 6659, a certified copy of this resolution, along with written allocation instructions for the disbursement of TDA funds as allocated herein, shall be forwarded to the county auditor of the county in which each claimant is located; and, be it further

RESOLVED, that all TDA allocations are subject to continued compliance with MTC Resolution No. 3866, Revised, the Transit Coordination Implementation Plan.

METROPOLITAN TRANSPORTATION COMMISSION

Alfredo Pedroza, Chair

The above resolution was approved by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, and at other remote locations, on June 26, 2024.

Date: June 26, 2024
Referred by: PAC

Attachment A

ALLOCATION OF TRANSPORTATION DEVELOPMENT ACT ARTICLE 4, 4.5 and 8 FUNDS
DURING FISCAL YEAR 2024-25

All TDA allocations are subject to continued compliance with MTC Resolution 3866,
the Transit Coordination Implementation Plan.

Claimant	Project Description	Allocation Amount	Alloc. Code	Approval Date	Apportionment Area	Note
5801 - PUC 99233.7, 99275 Community Transit Service - Operations						
AC Transit	Paratransit Operations	4,327,294	01	06/26/24	AC Transit - Alameda	
VTA	Community Transit	6,935,078	02	06/26/24	Santa Clara County	
CCCTA	Paratransit Operations	1,079,293	03	06/26/24	CCCTA	
		Subtotal	12,341,665			
5802 - PUC 99260A Transit - Operations						
NVTA	Transit Operations	4,321,000	04	06/26/24	NVTA	
AC Transit	Transit Operations	9,213,421	05	06/26/24	AC Transit - Contra Costa D1	
AC Transit	Transit Operations	15,957,528	06	06/26/24	AC Transit - Alameda D2	
AC Transit	Transit Operations	60,180,711	07	06/26/24	AC Transit - Alameda D1	
VTA	Transit Operations	131,766,472	08	06/26/24	VTA	
CCCTA	Transit Operations	27,613,208	09	06/26/24	CCCTA	
		Subtotal	249,052,340			
5803 - PUC 99260A Transit - Capital						
NVTA	Transit Capital	2,594,000	10	06/26/24	NVTA	
CCCTA	Transit Capital	5,468,714	11	06/26/24	CCCTA	
		Subtotal	8,062,714			
5812 - PUC 99400D Planning and Administration - Operations						
NVTA	Planning and Administration	2,829,800	12	06/26/24	NVTA	
		Subtotal	2,829,800			
		Total	272,286,519			

Date: June 26, 2024
Referred by: PAC

Attachment B
Resolution No. 4651
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ALLOCATION OF FISCAL YEAR 2024-25
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 4, ARTICLE 4.5 AND ARTICLE 8
FUNDS TO CLAIMANTS IN THE MTC REGION

FINDINGS

The following findings pertain, as the case may be, to claimants to which Transportation Development Act funds are allocated under this resolution.

Transportation Development Act Article 4 Funds

Public Utilities Code § 99268 et seq.

1. That each claimant has submitted, or shall have submitted prior to the disbursement of funds, copies, to MTC and to appropriate agencies, of all required State Controller's reports and fiscal audit reports prepared in accordance with Public Utilities Code §§ 99243 and 99245; and
2. That the projects and purposes for which each claimant has submitted an application for TDA Article 4 funds to MTC are in conformance with MTC's Regional Transportation Plan (21 California Code of Regulations § 6651), and with the applicable state regulations (21 California Code of Regulations § 6600 et seq.), and with the applicable MTC rules and regulations; and
3. That each claimant has submitted to MTC as part of its application for TDA Article 4 funds a budget indicating compliance with the 50% expenditure limitation of Public Utilities Code § 99268, or with the applicable fare or fares-plus-local-support recovery ratio requirement (Public Utilities Code §§ 99268.2, 99268.3, 99268.4, 99268.12, or 99270.5) as attested to by the claimant's chief financial officer; and

4. That the sum of each claimant's total allocation of Transportation Development Act and State Transit Assistance funds does not exceed the amount that the claimant is eligible to receive, in accordance with the calculations prescribed by 21 California Code of Regulations § 6633.1, or § 6634; and

Transportation Development Act Article 4.5 Funds

Public Utilities Code § 99275

1. That each claimant has submitted, or shall have submitted prior to the disbursement of funds, copies, to MTC and to appropriate agencies, of all required State Controller's reports and fiscal audit reports prepared in accordance with Public Utilities Code §§ 99243 and 99245; and
2. That the projects and purposes for which each claimant has submitted an application for TDA Article 4.5 funds to MTC are in conformance with MTC's Regional Transportation Plan (21 California Code of Regulations § 6651), and with the applicable state regulations (21 California Code of Regulations § 6600 et seq.), and with the applicable MTC rules and regulations, including MTC Resolution No. 1209, Revised; and
3. That in accordance with Public Utilities Code § 99275.5(c), MTC finds that the projects and purposes for which each claimant has submitted an application for TDA Article 4.5 funds to MTC, responds to a transportation need not otherwise met in the community of the claimant; that the services of the claimant are integrated with existing transit services, as warranted; that the claimant has prepared and submitted to MTC an estimate of revenues, operating costs and patronage for the fiscal year in which TDA Article 4.5 funds are allocated; and that the claimant is exempt from applicable fare or fares-plus-local-match recovery ratio requirement (as set forth, respectively, in Public Utilities Code § 99268.5 or MTC Resolution No. 1209, Revised) as provided by PUC § 99268.9; and
4. That the sum of each claimant's total allocation of Transportation Development Act and State Transit Assistance funds does not exceed the amount that the claimant is eligible to receive, in accordance with the calculations prescribed by 21 California Code of Regulations § 6634; and

5. That each claimant is in compliance with Public Utilities Code §§ 99155 and 99155.5, regarding user identification cards.

Transportation Development Act Article 8 Transit Funds

Public Utilities Code §§ 99400(c), 99400(d) and 99400(e)

1. That each claimant has submitted, or shall have submitted prior to the disbursement of funds, copies, to MTC and to appropriate agencies, of all required State Controller's reports and fiscal audit reports prepared in accordance with Public Utilities Code §§ 99243 and 99245; and
2. That the projects and purposes for which each claimant has submitted an application for TDA Article 8 funds to MTC are in conformance with MTC's Regional Transportation Plan (21 California Code of Regulations § 6651), and with the applicable state regulations (21 California Code of Regulations § 6600 et seq.), and with the applicable MTC rules and regulations, including MTC Resolution No. 1209, Revised; and
3. That each claimant has submitted to MTC as part of its application for TDA Article 8 funds a budget indicating compliance with the applicable fare or fares-plus-local-match recovery ratio requirement (as set forth, respectively, in Public Utilities Code §§ 99268.5, 99268.12, or MTC Resolution No. 1209, Revised) as so attested to by the claimant's chief financial officer; and
4. That the sum of each claimant's total allocation of Transportation Development Act and State Transit Assistance funds does not exceed the amount that the claimant is eligible to receive, in accordance with the calculations prescribed by 21 California Code of Regulations § 6634.