Metropolitan Transportation Commission

Programming and Allocations Committee

August 12, 2026 **Agenda Item 2g-26-0810**

MTC Resolution Nos. 4742, Revised; 4771, Revised; 4772, Revised; 4773, Revised; 4774, Revised; and 4783

Subject:

The proposed action revises the FY2026-27 MTC Fund Estimate to incorporate actual sales tax receipts for FY2025-26, allocates $73.5 million in FY2026-27 Transportation Development Act (TDA), State Transit Assistance (STA), Regional Measure 2 (RM2), and Regional Measure 3 (RM3) funds to four transit operators and MTC to support transit operations and capital projects in the region, and approves the FY2026-27 State Transit Assistance State of Good Repair (SGR) Program project list.

Background:

Fund Estimate Revision

The initial FY2026-27 MTC Fund Estimate (adopted by the Commission in February) reflected indicators that sales tax performance would plateau in FY2025-26 after consecutive years of falling revenue in the region. Actual Bay Area revenues slightly exceeded these expectations, with TDA and AB 1107 sales tax receipts totaling $499.4 million and $108.9 million respectively, or 3.0% and 4.7% above February estimates.

This month, staff recommend revisions to the FY2026-27 MTC Fund Estimate to reflect actual TDA and AB 1107 revenues from the prior fiscal year. This includes programming $14.8 million more in TDA funding for Bay Area transit operators and $4.9 million in AB 1107 funding for AC Transit and SFMTA, based on the 50%-50% split between the two operators. While regionwide TDA sales tax receipts exceeded initial estimates, receipts in select counties were below initial estimates. As such, recissions will be needed in Contra Costa, Marin, Napa, and Sonoma counties to bring allocations in line with actual receipts. The actual AB1107 and TDA revenues are summarized in the table below and can also be found in Attachment A to MTC Resolution No. 4742, Revised.

AB1107 and TDA Actual Revenue

AB 1107 Recipient	FY2025-26 Estimate	FY2025-26 Actuals	FY2025-26 Estimate vs. Actuals
AC Transit	$52.0	$54.5	4.7%
SFMTA	$52.0	$54.5	4.7%
Total	**$104.0**	**$109.0**	**4.7%**

County	FY2025-26 Estimate	FY2025-26 Actuals	FY2025-26 Estimate vs. Actuals
Alameda	$90.8	$102.6	11.5%
Contra Costa	$55.9	$58.6	-0.5%
Marin	$17.8	$17.3	-4.12%
Napa	$11.5	$11.7	-1.4%
San Francisco	$48.3	$49.0	5.5%
San Mateo	$57.9	$61.0	3.4%
Santa Clara	$143.7	$148.1	1.2%
Solano	$28.5	$28.5	-8.2%
Sonoma	$30.0	$29.6	-1.3%
Total	**$484.6**	**$499.4**	**2.97%**

State of Good Repair (SGR) Program – FY2026-27 Regional Project List

The Road Repair and Accountability Act of 2017, Senate Bill 1, makes roughly $141 million in funding available statewide for transit infrastructure repair and service improvements through the State of Good Repair (SGR) Program. Consistent with the STA program, half of SGR revenues are apportioned to transit agencies based on their share of qualifying revenues (SGR Revenue-Based funds) and half of SGR revenues are apportioned to Regional Transportation Planning Agencies based on their share of statewide population (SGR Population-Based funds). Caltrans guidelines require regional agencies like MTC to approve SGR Program Revenue-Based projects from transit operators, in addition to the Population-Based funds, and submit a single region-wide list of projects to Caltrans by September 1st of each year. Staff have worked with the Bay Area's transit operators to compile a single, regional list of recommended SGR Program projects for FY2026-27 as shown in Attachment A to MTC Resolution No. 4783.

Approximately $37.7 million is expected in Revenue-Based funds, along with $13.6 million in Population-Based funds. Most operators are requesting to use their Revenue-Based funds for State of Good Repair projects at facilities and stations, or to provide local matches, and in a few cases for rehabilitation of vehicles or to contribute to replacement vehicle costs. For the Population-Based funds, staff recommend programming $10.6 million to the next generation Clipper® system and $3 million for WETA Charging Infrastructure in accordance with the policy priorities established in MTC Resolution No. 4321.

FY2026-27 Allocation of TDA, STA, RM2, and RM3 Funds

This month's proposed actions continue the annual allocation process of TDA, STA, RM2, and RM3 funds for FY2026-27. These funds comprise a significant share of the revenue for agencies' operating budgets. Four entities and MTC are requesting 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.

The proposed allocation amounts are based on the programming levels identified in the FY2026-27 Fund Estimate (MTC Resolution 4742), the RM2 Operating Program (MTC Resolution 4757), and the RM3 Operating Program (MTC Resolution 4758). The proposed allocations are summarized in the following table.

Allocation Amounts by Entity

Entity	**TDA** (Res. 4771)	**STA** (Res. 4772)	**RM2** (Res. 4773)	**RM3** (Res. 4774)	**Grand Total**
BART		$39.5			$39.5
Marin Transit	$9.1	$3.4			$12.5
SolTrans	$8.0		$2.3	$3.0	$13.3
Solano TA	$1.2	$4.9			$6.1
MTC		$2.0			$2.0
Total	**$18.3**	**$49.8**	**$2.3**	**$3.0**	**$73.5**

Note that amounts may not sum due to rounding

Issues

None.

Recommendations:

Refer MTC Resolution Nos. 4742, Revised; 4771, Revised; 4772, Revised; 4773, Revised; 4774, Revised; and 4783 to the Commission for approval.

Attachments:

- Attachment A - Transit Operator Budget Summary
- MTC Resolution No. 4742, Revised
  - Attachment A
- MTC Resolution No. 4771, Revised
  - Attachment A
- MTC Resolution No. 4772, Revised
  - Attachment A
- MTC Resolution No. 4773, Revised
  - Attachment A
- MTC Resolution No. 4774, Revised
  - Attachment A
- MTC Resolution No. 4783
  - Attachment A

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Attachment A – Transit Operator Budget Summary

Bay Area Rapid Transit District / BART

FY 2026-27 Operating Budget	$1.0 billion
FY 2025-26 Operating Budget	$1.0 billion
Increase in Budget compared to FY2025-26	1.8%
Projected Ridership (Estimated FY 2025-26 as a percentage of FY 2018-19 actual)	53.9%
Total Proposed FY 2025-26 Operating Allocation[1]	$41.3 million
Proportion of Operating Budget Funded with Allocations	3.9%

Budget and Operating Highlights

BART is primarily a traction power, protected right-of-way commuter rail system that spans over 131 miles of double track and 50 stations. BART serves five of the 9 counties in the region and provides service in high-frequency urban markets as well as lower-frequency service in suburban markets.

BART's preliminary operating budget for FY2026-27 is approximately $1.0 billion and is less than two percent higher than the previous fiscal year. The operator successfully limited budget growth this year by identifying savings opportunities such as prolonging full funding of a portion of retiree medical benefits (without affecting actual benefits), initiating a hiring freeze, and the reduction of selected components of non-labor budgets by a targeted 5% across the board. In addition to these operating budget reductions, BART has implemented other efficiencies such as replacing outdated technologies, improved contract oversight, and simplification of functional processes that are intended to optimize staff time without compromising rider experience or safety.

BART's budget is supported by a ridership forecast of 69.9 million which is 53.9% of pre-pandemic levels. Prior to the Covid-19 pandemic, BART's fares and parking fees contributed roughly 76% of operating expense. BART's budget assumes fare revenue and parking fees will

[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

amount to $331 million or 31.1% of total operating expenses in FY2026-27. This represents a 16.7% increase from the previous fiscal year.

BART is continuing to improve service by focusing on end-to-end customer service improvements such as tap-and-go parking payment, upcoming fare payment upgrades with the Nex Generation Clipper, updated wayfinding, new and redesigned train arrival display boards, and a comprehensive installation of new faregates which will be completed in the fall of 2025. Together, these improvements are intended to increase ridership by providing a safer, easier, and more affordable travel option for Bay Area residents.

<u>Marin County Transit District / Marin Transit</u>

FY 2026-27 Operating Budget	$44.9 million
FY 2025-26 Operating Budget	$41.5 million
Increase in Budget compared to FY2025-26	8.0%
Projected Ridership (Estimated FY 2026-27 as a percentage of FY 2018-19 actual)	104%
Total Proposed FY 2026-27 Operating Allocation[1]	$12.6 million
Proportion of Operating Budget Funded with Allocations	25%

Budget and Operating Highlights

The Marin County Transit District Marin Transit is the main provider of local fixed routes service in Marin County, delivering service to cities along the Route 101 corridor, in addition to two east-west routes that connect downtown San Rafael to rural communities. These two additional routes contribute significantly to the total service are of 520 square miles, in which Marin Transit serves a market of suburban travel and provides regional connection to San Francisco and Sonoma County via Golden Gate Ferry and the Sonoma Marin Area Rail Transit (SMART) respectively. Marin Transit operates 19 fixed routes, and five demand response routes.

Marin Transit's Operating Budget for FY 2026-27 outlines $49.6 million in total operating costs. This represents an 8.0% increase from the previous fiscal year due to the escalating costs of service, comprised mainly of greater purchased transportation and fuel costs. This budget allows for the continuation of fixed route service at existing levels and a 7.3% increase in paratransit service.

Marin Transit projects fare revenues to be $2.7 million, or 6.3% of total revenue. The District relies on a mix of Measure AA funds, a local ½ cent sales tax renewed by the Marin County voters in 2018 for another 30 years, TDA, and STA funds which make up 60% of total revenue.

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Marin Transit recovered to full pre-COVID ridership levels in FY2024-25 and estimates a 5% increase in FY2026-27 over the prior year. The District has also seen steady year-over-year growth in paratransit service and continues to increase service in response to greater demand.

Marin Transit's capital program for this fiscal year funds transit vehicle replacements, bus stop improvements, and facility improvements. Facility improvements are a growing share of the District's capital program as it invests in electrification facilities. Currently, the largest capital project is a major fixed route facility project at 1075 Francisco Blvd E. in San Rafael. The environmental phase was completed in FY2025-26 and is currently entering the design phase.

<u>Solano County Transit / SolTrans</u>

FY 2026-27 Operating Budget	$24.0 million
FY 2025-26 Operating Budget	$23.1 million
Increase in Budget compared to FY 2025-26	3.8%
Projected Ridership (Estimated FY 2026-27 as a percentage of FY 2018-19 actual)	65%
Total Proposed FY 2026-27 Operating Allocation[1]	$16.3 million
Proportion of Operating Budget Funded with Allocations	68%

Budget and Operating Highlights

Solano County Transit (SolTrans) is the local fixed route and paratransit service provider for south Solano County and the intercity express bus provider for Solano County. SolTrans' operating budget for FY 2026-27 is $24 million, a 3.8% increase from the previous fiscal year, which is attributed to a 4.3% increase in contracted transit services as a result from the contractor negotiating a new agreement with the union for a pay increase which occurred in 2025. The contract for service and vehicle parts accounts for 65% of the operating budget.

SolTrans underwent a Comprehensive Operational Analysis (COA) to reevaluate the transit system and identify changes to better meet the needs of the majority of riders within the budget available. Service changes will take effect in August 2026, with a focus on increasing frequency and eliminating unproductive service to increase ridership. Notable changes include streamlined and more frequent local routes, increased frequencies on Solano Express service, and renaming the Solano Express routes to align with MTC's numerical naming convention under the Regional Wayfinding and Mapping Project.

Major capital projects include acquisition of wayfinding materials, engine replacements on the CNG fleet, and facilities and technology updates. SolTrans is also currently seeking authorization from FTA to modify its Bus and Bus Facilities Program award to change the approved propulsion type from battery electric buses to diesel-hybrid buses.

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Solano Transportation Authority / Solano TA

FY 2026-27 Operating Budget	$7.8 million
FY 2025-26 Operating Budget	$7.9 million
Decrease in Budget compared to FY 2025-26	-1.4%
Projected Ridership (Estimated FY 2025-26 as a percentage of FY 2018-19 actual)	210%
Total Proposed FY 2026-27 Operating Allocation[1]	$7.6 million
Proportion of Operating Budget Funded with Allocations	97%

Budget and Operating Highlights

The Solano Transportation Authority (STA) is the Solano County area's joint powers authority and County Transportation Agency. STA's mobility programs serve a wide market of commuter, suburban, and paratransit customers within Solano County and have services that expand throughout the counties of Contra Costa, Sacramento, San Francisco, and Yolo. STA handled over 47,000 trips in FY 2025-26. The Authority's FY 2026-27 budget is 1.4% lower than FY 2025-26 due to minor savings in contracted services.

STA's high ridership in proportion to pre-pandemic levels is a result of the Authority's introduction of new programs such as the Equitable Access to Justice Pilot Program, Suisun Micro Transit, the Solano Intercity Taxi Program, and the Older Adult Medical Trip Concierge Program. Participation in these programs has consistently grown annually since their inception, in particular the Micro Transit Program which is a "dial-a-ride" service. Usage doubled in FY 2024-25, demonstrating the popularity of demand responsive service throughout the county.

Starting in August 2026, STA will operate Route 30, a new Solano Express service between Sacramento, Davis, and Vacaville Transportation Center. Route 30D will offer hourly weekday service to UC Davis Memorial Union with an intermediate stop at Dixon Park and Ride. Davis was previously served by the Solano Express Blue line. Route 30S will offer three weekday peak-period round trips to Sacramento Valley Amtrak Station with an intermediate stop at Dixon Park and Ride, bypassing Davis.

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