

**Metropolitan Transportation Commission
Programming and Allocations Committee**

March 11, 2026

Agenda Item 3a-26-0089

MTC Resolution No. 4743

Subject:

Adoption of the Fiscal Year 2025-26 Productivity Improvement Program (PIP) and final update on operator progress toward Senate Bill 125 Regional Accountability Measures.

Senate Bill (SB) 125 Background

Amendments to the California State Budget Act of 2023 provided immediate transit operating assistance to help avert the near-term transit operating fiscal cliff that has resulted from the COVID-19 pandemic and associated changes in travel patterns. Based on adopted formulas, the Bay Area is expected to receive an estimated \$400 million from the newly created Zero-Emission Transit Capital Program (ZETCP) and an additional \$770 million from the Transit and Intercity Rail Capital Program (TIRCP) between FY 2023-24 and FY 2027-28. State action allows these funds to be used flexibly for capital or operating purposes, pursuant to Regional Transportation Planning Agency (RTPA) discretion. Consistent with prior MTC advocacy and supported by the possibility of leveraging between \$6 and \$8 billion in federal funds, a combined \$665 million in TIRCP funds will support capital expenses related to BART to Silicon Valley Phase II and BART Core Capacity, resulting in \$105 million in TIRCP and \$400 million in ZETCP available for operating purposes.

Update on Funding for Fiscal Cliff Support

In December 2023, MTC submitted to the California State Transportation Agency (CalSTA) its SB 125 Short-Term Financial Plan, which demonstrated the plan to use SB 125 funds to address operating shortfalls and meet capital commitments. This plan included the use of \$300 million in currently unassigned regional funds that can be made available as a one-time contribution to transit operations expenses.

In November 2024, the Commission approved the regional funding framework through the adoption of MTC Resolution No. 4619, Revised, assigning regional fund sources to operators. Regional revenues include those from the Surface Transportation Program/Congestion Mitigation and Air Quality Improvement Program (STP/CMAQ); Federal Transit Administration

Section 5307/5337 (Transit Capital Program); State Transit Assistance Population-Based Program (STA Regional Program); and Regional Measure 3 Operating Program funds for express bus service.

To date, MTC has received \$728 million in SB 125 funds and has allocated all \$535 million in SB 125 funds and \$75 million in regional funds for FY 2024-25 and FY 2025-26 operating assistance and MTC planning and administration. These dollars support transit agencies' continued service provision, funding critical needs including operator salaries, fuel/energy, public safety/police services, and maintenance activities. SB 125 operating dollars do not fund operator capital commitments.

Near-term milestones related to SB 125 include MTC's receipt of the third tranche of SB 125 funds in spring 2026, coordinating with the recipients of SB 125 capital funds to establish an allocation timeline in summer 2026, and the completion of federal grants (TCP, STP/CMAQ) that are part of the regional funding contribution.

Regional Accountability Measures

MTC Resolution No. 4619, Revised, also establishes a set of Regional Accountability Measures including customer experience and efficiency enhancements that operators must advance to be eligible for SB 125 funding. For all operators receiving SB 125 funds, these requirements 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.

Summary of Final Progress for Operators Receiving SB 125 Funds

This item summarizes the final status of progress toward the SB 125 Regional Accountability Measures for Alameda-Contra Costa Transit District (AC Transit), San Francisco Bay Area Rapid Transit Authority (BART), Peninsula Corridor Joint Powers Board (Caltrain), Tri-Delta Transit (ECCTA), Golden Gate Bridge, Highway and Transportation District (Golden Gate Transit), Livermore Amador Valley Transit Authority (LAVTA), Napa Valley Transportation Authority (NVTA), San Joaquin Regional Rail Commission (SJRRRC), San Francisco Municipal Transportation Agency (SFMTA), Solano County Transit (SolTrans), and Western Contra Costa

Transit Authority (WestCAT).

Summarized in greater detail in Attachment A, all operators have fulfilled the SB 125 Regional Accountability Measures. Notably, participation in regional initiatives remains strong, with all operators fulfilling the requirements identified by MTC. All applicable operators have shifted to the common operator sign-up schedule (January and August). All operators have completed the General Transit Feed Specification (GTFS) audit, with most operators meeting all basic best practices and all operators demonstrating planned implementation for the remaining best practices where feasible. Operators have also fulfilled the accountability measures for longer-term initiatives focused on fare collection, service optimization, ambassador programs, and crisis prevention.

Productivity Improvement Program

In accordance with Transportation Development Act (TDA) legislation, MTC annually adopts a Productivity Improvement Program (PIP), which is a set of projects to be undertaken by transit operators in the region in the near-term to improve productivity and lower operating costs. Before MTC can allocate TDA or State Transit Assistance (STA) funds to transit operators for Fiscal Year (FY) 2026-27, MTC must approve the FY 2025-26 PIP and affirm that operators have made a reasonable effort to implement their PIP project(s).

The PIP for the prior two fiscal years adopted the SB 125 Regional Accountability Measures as projects for operators receiving SB 125 funds. With the conclusion of the SB 125 operating program, the proposed PIP for FY 2025-26 returns to establishing PIP projects based on the recommendations from the most recent Triennial TDA Performance Audits conducted for each transit operator, as outlined in Public Utilities Code section 99244. This year's PIP includes productivity-related recommendations from the triennial audits conducted in FY 2023-24 and FY 2024-25. In addition, this year's PIP continues the "Participation in Regional Initiatives" project from the FY 2024-25 PIP, as detailed in Appendix 1 of the resolution attachment. This project will apply to all operators in the region, including those that did not have any recommendations in their most recent TDA audit.

In spring 2026, MTC is conducting a separate accountability effort for AC Transit, BART, Caltrain, and SFMTA, as required by Senate Bill (SB) 63. This first phase of the SB 63 Financial

Efficiency Review will summarize past cost-saving measures deployed by these four operators and identify early action strategies that would assist operators in improving rider outcomes and cost effectiveness moving forward. In order to streamline MTC's process for tracking progress and ensuring accountability, MTC plans to incorporate any productivity-related findings into the FY 2025-26 PIP for these four operators, in addition to the triennial audit PIP projects. MTC Resolution No. 4743 will be revised to include applicable recommendations from the Financial Efficiency Review after it has completed in summer 2026.

Next Steps

Operators will report on PIP progress in their submitted FY 2026-27 TDA/STA Transit Funding Application materials. MTC will assess operator compliance with PIP projects prior to allocating FY 2026-27 operating funds.

Issues:

None.

Recommendations:

Refer MTC Resolution No. 4743 to the Commission for approval.

Attachments:

- Attachment A – Senate Bill 125 Regional Accountability Progress Summary
- MTC Resolution No. 4743
 - Attachment A
 - Appendix 1
- Presentation

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