

Regional Measure 3 Independent Oversight Committee

August 3, 2026

Agenda Item 5d-26-0843

Regional Measure 3 (RM3) Operating Program Update

Subject:

Update on RM3 Operating Program allocations, expenditures, and other activities to date.

Background:

At the March 16, 2026 meeting of the Independent Oversight Committee (IOC), staff presented an update on the RM3 revenue collection through January 2026, and allocations and expenditures through February 2026. Today's committee item includes recent updates to revenue collection, programming, allocations, and performance audits.

Revenue Collection and Fund Balances

As of May 2026, BATA collected \$303.4 million in RM3 bridge toll revenues in FY 2025-26, of which a total of \$111.44 million were collected from February 2026 to May 2026. As of May 2026, the balance in the RM3 Operating fund was \$8.12 million. The RM3 Operating fund represents the portion of toll revenues that have been collected in the current fiscal year and set aside for operating programs but have not yet been disbursed.

Additionally, Streets and Highways Code Section 30914.7(c) provides that, to the extent that funds made available for the ferry component of the RM3 operating program are not requested for expenditure by the San Francisco Bay Area Water Emergency Transportation Authority (WETA) in a given year, the funds will be held in a reserve account, until such time that WETA requests these funds for an operating or capital purpose. As of May 2026, the WETA Operating Reserve amount was \$94.95 million.¹

Over the period spanning FY 2018-19 to FY 2021-22, \$23.9 million in RM3 funding for express bus operating assistance was accrued but not disbursed while RM3 was under legal challenge. In

¹ The WETA Operating Reserve balance includes FY 2025-26 RM3 revenues to date which are apportioned to WETA, as well as FY 2025-26 RM3 Operating Program funds that have been allocated to WETA but are not yet drawn, including RM3 WETA Reserve allocations.

May 2023, the Commission directed staff to make these funds available to eligible operators in addition to the annual express bus operating program to assist with navigating budgetary shortfalls. \$9.4 million of these funds were allocated in FY 2025-26, leaving \$14.5 million available for future allocations. RM3 Operating Program funds generated during this period for ferry service are included in the WETA reserve, and prior years' funds for Transbay Terminal operations were allocated in FY 2022-23.

FY 2026-27 Operating Program

In May 2026, the Commission adopted MTC Resolution No. 4758 to establish the FY 2026-27 RM3 Operating Program. The program outlines the estimated RM3 Operating revenues for FY 2026-27 and provides the statutory 8% for Transbay Joint Powers Authority (TJPA), 58% for San Francisco Water Emergency Transportation Authority (WETA), and 34% for Regional Express Bus service. Prior to FY 2026-27, RM3 Regional Express Bus funds were programmed based on sponsors' operating needs. Starting in FY 2026-27, MTC will distribute express bus funds using a ridership-based formula.

The adopted program also draws from prior years' RM3 express bus funds accrued between FY 2018-19 and FY 2021-22 to program an additional \$7.2 million for five express bus operators. County Connection (CCCTA), Tri-Delta Transit (ECCTA), Tri-Valley Wheels (LAVTA), and WestCAT will receive a zero-interest rate loan of RM3 prior years' funds equivalent to the FY 2025-26 amounts received under the BART Feeder Bus funding agreement, which provided a portion of BART's state operating funds to East Bay bus operators to support local bus services that connect to BART stations. The final year of the BART Feeder Bus agreement was FY 2025-26. Golden Gate Transit (GGBHTD) will also receive \$500,000 in prior years' funds to support implementation of the Marin-Sonoma Coordinated Transit Service (MASCOTS) plan.

Operating Allocations

In June 2026, the Commission adopted MTC Resolution No. 4774, which allocated \$45.7 million in RM3 Operating funds to AC Transit, ECCTA, LAVTA, TJPA, and WETA for FY 2026-27 express bus, Transbay Terminal, and ferry operations. An additional \$2.6 million was allocated via Executive Director's Delegated Authority to CCCTA, ECCTA, LAVTA, and Napa

Valley Transportation Authority (NVTa). All allocations were in line with the FY 2026-27 RM3 Operating Program approved in May 2026.

Also in June 2026, the Commission adopted a revision to MTC Resolution No. 4677 to allocate \$19.1 million from the RM3 WETA Reserve for FY 2026-27 ferry operations. This allocation of reserve funds supplements the FY 2026-27 revenues allocated to WETA in MTC Resolution No. 4774.

For more details on the operating allocations, see agenda item 5c (RM3 Capital Program Update) Attachment A (Index of Commission Allocation Actions).

RM3 Performance Audits

RM3 statute calls for MTC to adopt and enforce a series of performance requirements for recipients of RM3 Operating funds. Project sponsors must report performance data annually and meet the minimum requirements to continue receiving funds. The original performance measures, adopted by MTC in May 2023 in the RM3 Policies and Procedures (see Attachment B: MTC Resolution No. 4404, Revised, Appendix B, Part 2), were described as interim requirements that will not be enforced for the first five years of the RM3 Operating program.

In preparation for the initial enforcement of the RM3 performance measures in 2028, MTC is working with a third-party auditor to conduct an informational audit of the recipients of FY 2025-26 RM3 Operating funds. The results of this audit, anticipated for completion in late 2026, will be used for information only. MTC staff will review the audit results and may recommend that the Commission adopt revisions to the performance measures prior to their enforcement starting with the FY 2026-27 RM3 audit.

Issues:

None.

Recommendation:

Information only.

Attachments:

- Attachment A: MTC Resolution No. 4758 (FY 2026-27 Regional Measure 3 Operating Program)

- Attachment B: MTC Resolution No. 4404, Revised, Appendix B, Part 2 (RM3 Performance Measures for Operating Projects)
- Attachment C: Presentation



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