Credit: Karl Nielsen

FY 2025-26 Productivity Improvement Plan – Revision to Incorporate SB63 Financial Efficiency Review Early Action Strategies

METROPOLITAN TRANSPORTATION COMMISSION

MTC Programming and Allocations Committee

August 12, 2026

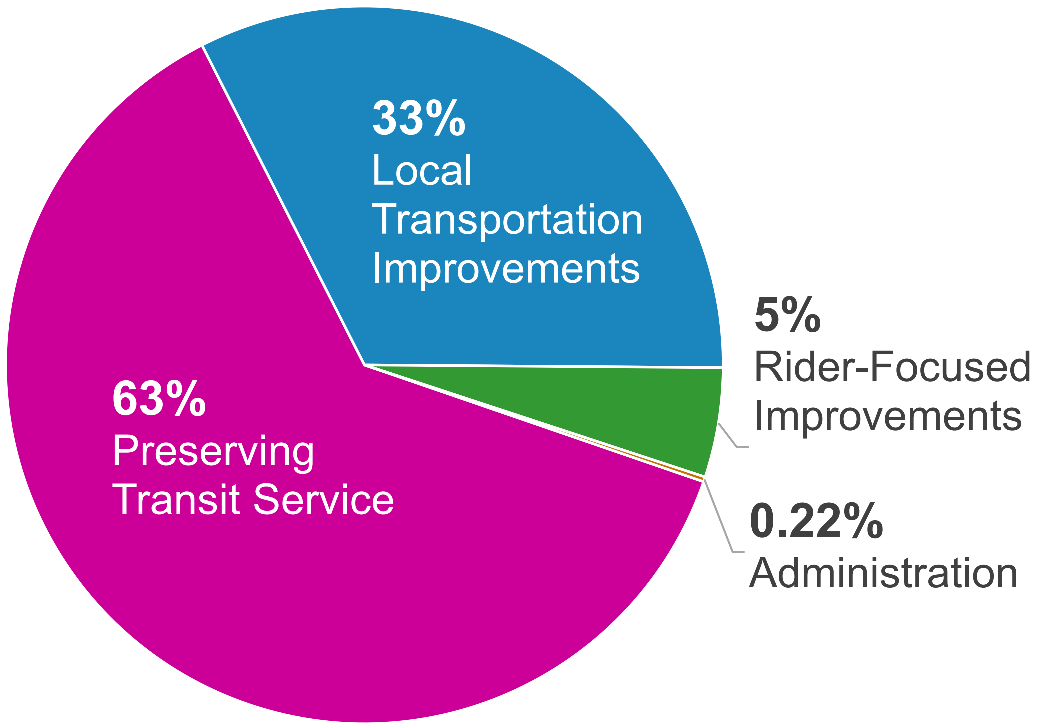
Productivity Improvement Program (PIP)

- Each fiscal year, MTC adopts the PIP to ensure accountability for recipients of operating funds
  - The PIP provides specific projects for each operator to improve financial and operational efficiency
  - Operators must advance PIP projects to receive operating funds
- In March, MTC adopted the FY 2025-26 PIP in Resolution No. 4743, derived from the findings of each operator's Triennial TDA Performance Audit
- **Staff recommend incorporating the SB63 Financial Efficiency Review Early Action Strategies adopted by each operator into the PIP so that operators report on implementation progress through the existing PIP reporting process**

Senate Bill 63

- SB 63 authorizes placement of a November 2026 ballot measure in the counties of Alameda, Contra Costa, San Mateo, San Francisco and Santa Clara counties to prevent major service cuts on AC Transit, BART, Caltrain, SFMTA, and other operators
- Revenue Mechanism: 14-year sales tax
  - Generating about $980 million annually
  - Alameda, Contra Costa, San Mateo and Santa Clara: **0.5% rate**
  - San Francisco: **1% rate**

SB 63 Expenditure Plan



SB 63 Accountability Framework

Before November 2026 Election

- MTC established the Financial Efficiency Review Independent Oversight Committee (IOC)
- Third-party consultant completed and the IOC adopted the Phase One Financial Efficiency Review (FER) for AC Transit, BART, Caltrain, and SFMTA identifying cost-saving measures and Early Action Strategies
- FER-subject operators adopted selected Early Action Strategies as formal policy or budget actions

If Voters Approve Ballot Measure

- Maintenance of Effort Requirements
- Phase Two Financial Efficiency Review, culminating in operator implementation plans
- Continued compliance with adopted implementation plans as a condition of receiving funding
- County-initiated review process for inconsistent operator performance across counties

SB 63 Financial Efficiency Review

Phase One (2026)

- Cost-saving measures taken since 2020
- **Early action strategies** for increasing or improving service and enhancing customer experience with existing resources
- Analysis of operators' real property assets and identification of potential redevelopment opportunities, with an emphasis on housing, commercial and mixed-used projects that can support ridership growth and generate long term value

Phase Two (2027-2028)*

**if voters approve measure*

- Menu of cost-saving measures (administrative, operating, capital)
- Regional development & financing strategy to maximize the value of each operator's real property assets

Early Action Strategies

- Early Action Strategies from Phase One fall into three categories:
  1. Strategies to Contain Costs
  2. Strategies to Enhance Revenues
  3. Strategies to Increase Ridership & Enhance Experience
- The strategies had to meet three screening criteria:
  - Can generally be implemented within one to three years
  - Are substantially within the agencies' control
  - Are expected to deliver relatively high value compared with the level of effort required
- Additional "Strategies for Future Consideration" were also recommended

Adopted Early Action Strategies

Strategies to Contain Costs	AC Transit	SFMTA	BART	Caltrain
Evaluate zero-emission bus transition plan for cost efficiency	✓	✓	–	–
Offer incentives to improve attendance	✓	✓	–	–
Improve speed and reliability of service	✓	✓	✓	–
Right-size fleet to serve demand	–	✓	✓	–
Examine schedules for efficiencies	–	✓	–	–
Examine contracts for opportunities to reduce costs	–	✓	✓	✓
Explore feasibility of energy storage project	–	–	–	✓

✓ Strategy adopted by agency board

Early Action Strategies

Strategies to Enhance Revenues	AC Transit	SFMTA	BART	Caltrain
Improve fare compliance and enforcement	✓	✓	✓	–
Enhance parking revenue	–	✓	✓	✓
Lease fiber and communications assets	–	–	✓	✓
Expand retail and/or amenity partnerships	–	–	✓	✓

Strategies to Increase Ridership & Enhance Experience	AC Transit	SFMTA	BART	Caltrain
Expand fare pass programs, e.g., Clipper BayPass, EasyPass, GoPass	✓	✓	✓	✓

✓ Strategy adopted by agency board

Recommended Action and Next Steps

Recommended Action

- Refer MTC Resolution No. 4743, Revised, FY 2025-26 Productivity Improvement Program (PIP), to the Commission for adoption

Next Steps

- Operators will report on the status of PIP projects (including SB 63 Early Action Strategies) in their TDA/STA Claims throughout FY 2026-27