

# **SB 125 Funding to Address Transit Operating Shortfall: Short-Term Financial Plan Approval and Next Steps**

**Programming & Allocations Committee Meeting –  
December 13, 2023**



**METROPOLITAN  
TRANSPORTATION  
COMMISSION**

# Upcoming Milestones



***MTC and operators working simultaneously to implement customer-focused improvements in line with Transit Transformation Action Plan***

# Recap of November Action Adopting MTC Resolution No. 4619



Approve principles to inform distribution of SB 125 funding



Approve funding distribution framework



Approve regional and operator-specific accountability measures



Require transit agency board action to affirm commitment to accountability measures

# Next Milestone: Short-Term Plan and Data Submittal

**Due December 31, 2023** for FY2023-24 Allocation

Revised and resubmitted on a rolling basis to receive funding in future years

## Short-Term Financial Plan (Through FY 25-26)

- Regional strategy for using SB 125 funding for capital versus operating purposes
- Identification of regional funding contribution to address funding gap
- Operator-level distribution of SB 125 funding
- Description of benefits of SB 125 funding (e.g., ridership, equity, service hours)

## Regional Transit Operator Data

- Information on asset management, revenue collection, and safety expenditures
- Summary of current and planned service
- Opportunities for enhanced coordination and customer-focused improvements
- Monthly ridership data posted to the MTC website

## Long-Term Financial Plan

- Demonstration of implementation of ridership recovery strategies
- 5-year forecast of operating funding requirements

Due June 2026

# SB 125 Funding Averts Significant Near-Term Service Cuts

- SB 125 state and regional funds are sufficient to fully cover the standardized shortfalls, avoiding projected cuts to service through FY25-26
- In total, SB 125 state and regional funds would retain:
  - Over 800,000 service hours in FY24-25
  - Over 2 million service hours in FY25-26
- If the shortfalls are not addressed, MTC estimates the region would need to make significant service cuts to operate within available revenues



Image Credit: Noah Berger

# Regional Accountability Measures

Operator	Customer Service and/or Efficiency Enhancements
All Operators	<ul style="list-style-type: none"> <li>• Active Participation in:               <ul style="list-style-type: none"> <li>• RNM Council and advancement of the initiatives in the TTAP.</li> <li>• Transit Fare Policy and Integration Pilots</li> <li>• Mapping and Wayfinding – Prototype and regional standards development</li> <li>• Accessibility – Support for county-based mobility management efforts, and regional and local efforts to improve ADA paratransit service</li> </ul> </li> <li>• Schedule Coordination – Participation in short-term and longer-term strategies to improve connections</li> <li>• General Transit Feed Specification (GTFS) – Perform audit to identify quality of delivery and usage</li> </ul>
AC Transit	<ul style="list-style-type: none"> <li>• Report on interim findings from “Realign” project and how effort could increase ridership</li> </ul>
Golden Gate	<ul style="list-style-type: none"> <li>• Active participation and collaboration in efforts to optimize North Bay transit service.</li> </ul>
BART	<ul style="list-style-type: none"> <li>• Implementation of new fare gates systemwide to meet end of 2025 completion timeline.</li> </ul>
SFMTA	<ul style="list-style-type: none"> <li>• Report on fare collection procedures and opportunities for reducing fare evasion</li> </ul>
BART, SFMTA, and Caltrain	<ul style="list-style-type: none"> <li>• Report on effectiveness of Ambassador/Crisis Prevention program(s) and recommendations for improvement and/or expansion, and assessment of opportunities for coordination with connecting agencies</li> </ul>

# SB 125 Implementation Process

- **Operator-Level Funding Confirmation and Allocation**
  - In February, the FY 2025 Fund Estimate will confirm FY2024-25 operator funding maximums
  - MTC will work with operators to confirm needs for FY2025-26 and make revisions to the funding framework included in MTC Resolution No. 4619 as appropriate
  - The FY 2026 Fund Estimate will confirm FY2025-26 operator funding maximums
- **Accountability Progress Assessment**
  - Operators will claim SB 125 funds through established process for claiming other transit operating revenues
  - Board approval of claim and acknowledgement of accountability requirements
  - Claim includes required reporting on progress toward performance measures
  - MTC to determine satisfactory progress on accountability measures. Specific remedies may be recommended, and funding may be withheld until progress is made

# Staff Recommendation and Next Steps

## Recommended Action

- Refer Short-Term Financial Plan for the MTC region to the Commission for approval, which staff will transmit to CalSTA by the December 31, 2023 deadline

## Next Steps

- Pending CalSTA review, SB 125 funding should begin flowing to MTC by April 2024
- Funding distributions contained in MTC Resolution 4619 are contingent on future evaluations by MTC of transit operating shortfalls and may be updated with Commission approval
- Programming and allocation of state and regional contribution funds in alignment with MTC Resolution 4619 will be conducted as separate actions
- Should alternate revenue be identified to address transit operating needs, staff will return with any necessary revisions to the regional funding contribution.