

Regional Measure 3 Independent Oversight Committee

March 4, 2024

Agenda Item 3a

Welcome and Orientation

Subject:

Overview of the Regional Measure 3 (RM3) Independent Oversight Committee's responsibilities and proposed meeting schedule.

Background:

Senate Bill 595 (2017) laid the legislative groundwork for RM3 by amending the California Streets and Highways Code (SHC), including establishment of the expenditure plan, with 35 capital projects totaling \$4.45 billion and three operating programs of up to 16 percent of annual RM3 revenues (up to \$60 million). California SHC Section 30914.7:

- details the 35 capital projects
- details the 3 transit operating assistance programs
- requires the establishment of performance measures for transit operating assistance and the execution operating agreements
- requires the submission of initial project reports for capital projects
- outlines how MTC may modify the capital program
- requires the Bay Area Toll Authority (BATA) to include RM3 projects in a long-range bridge toll plan.

SB 595 also added Section 30923 to the SHC, which outlined the mechanism for the RM3 election and required BATA to establish an independent oversight committee within six months of the effective date of the toll increase:

If the voters approve a toll increase pursuant to this section, the authority shall establish an independent oversight committee within six months of the effective date of the toll increase to ensure that any toll revenues generated pursuant to this section are expended consistent with the applicable requirements set forth in Section 30914.7.

The oversight committee shall include two representatives from each county within the jurisdiction of the commission. Each representative shall be appointed by the applicable county board of supervisors and serve a four-year term and shall be limited to two terms. The oversight committee shall annually review the expenditure of funds by the authority for the projects and programs specified in Section 30914.7 and prepare and submit a report to the transportation committee of each house of the Legislature summarizing its findings. The oversight committee may request any documents from the authority to assist the committee in performing its functions.

Subsequently, the following requirements were added to statute regarding committee membership:

A representative appointed to the oversight committee shall not be a member, former member, staff, or former staff of the commission or the authority, shall not be employed by any organization or person that has received or is receiving funding from the commission or the authority, and shall not be a former employee or a person who has contracted with any organization or person that has received or is receiving funding from the commission or the authority within one year of having worked for or contracted with that organization or person.

Bay Area voters approved RM3 on June 5, 2018, and on December 19, 2018, BATA adopted a toll schedule phasing in the resulting toll increase. The first and second dollars of the toll increase were implemented on January 1, 2019 and January 1, 2022, respectively. Accordingly, BATA established the RM3 Independent Oversight Committee in June 2019, and filled its roster for the requisite four-year term as appointees were received from county boards of supervisors. (BATA Resolution No. 131, Revised.)

The Independent Oversight Committee did not meet for the entire term of July 2019-June 2023. Lawsuits challenging RM3 were appealed all the way to the California State Supreme Court, which finally resolved the litigation of RM3 in January 2023. During that time, all collected RM3 funds were held in escrow pending the litigation. BATA released the toll funds held in escrow and terminated the escrow agreement in March 2023, clearing the way for RM3 allocations and expenditures to begin.

Appointees were solicited by counties for a new term from July 2023 through June 2027. Because the committee did not meet during the first term, the 2023-2027 term shall count as the first term for the purposes of fulfilling term limits outlined in statute.

Responsibilities of the Committee

Statute outlines both the purpose and the duty of the Independent Oversight Committee. The purpose is to ensure that RM3 toll revenues are expended consistent with the applicable requirements set forth in SHC 30914.7, that is, the RM3 capital and operating expenditure plan and associated guidance in the statute.

The duty of the committee is to annually review the expenditure of funds for the RM3 expenditure plan, and prepare and submit a report to the transportation committee of each house of the Legislature summarizing its findings.

Responsibilities of BATA

Also outlined in SHC 30923, ByATA is required to annually prepare a report to the Legislature on the status of the projects and programs funded by RM3. From 2019 through 2023, BATA has prepared this report on the calendar year basis and submitted it to the Legislature in December, but with allocations and expenditures now underway, staff plan to shift this to the fiscal year basis, starting with an FY 2023-24 report.

Proposed Schedule

MTC staff proposes that the Independent Oversight Committee adopt an annual reporting schedule tied to the fiscal year (July 1 through June 30). We believe this will align well with both the start of actual RM3 expenditures, where the initial RM3 allocations were made in the middle of calendar year 2023, with the terms of appointees, and with the planned shift to fiscal-year basis reports by BATA itself.

BATA Res. No. 131, Revised provides guidance for receipt of stipends and travel expense reimbursement for up to four meetings per year. For the FY 2023-24 report year, staff welcomes committee discussion and feedback on the ideal number of meetings in addition to today.

Issues:

None.

Recommendation:

Information only.

Attachments:

A.-BATA Resolution No. 131, Revised

B-California Streets and Highways Code Sections 30914.7

C-California Streets and Highways Code Sections 30923


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