

**Metropolitan Transportation Commission
Programming and Allocations Committee**

May 8, 2024

Agenda Item 2e-24-0506

MTC Resolution No. 4642

Subject:

Adoption of the \$15.8 million FY2024-25 Regional State Transit Assistance (STA) Program

Background:

As the Regional Transportation Planning Agency for the nine county Bay Area, MTC is responsible for the programming and allocation of STA funds. STA funds are derived from a sales tax on diesel and split evenly at the state level into a population-based account and a revenue-based account. MTC has discretion over the programming of population-based funds and MTC Resolution No. 4321 establishes the framework (70 percent by County Block Grant formula, 30 percent to a Regional Program, and a small off the top set aside for a Transit Emergency Service Contingency Fund) for the apportionment of these funds. This item presents the proposed annual program for the 30 percent of these funds apportioned to support regional transit priorities.

Revenue Outlook:

As diesel prices continued to be elevated throughout FY2023-24, STA Regional Program revenues for that fiscal year are higher than historical norms at roughly \$25.3 million. However, the California State Controller's Office estimates that revenues will fall in FY2024-25 to \$19.1 million, and state officials have signaled that estimates for FY2023-24 may be revised down. This downturn reflects a reduction in diesel prices and consumption relative to the elevated figures seen in previous years.

FY2024-25 Program:

FY2024-25 STA Regional Program funds support three primary initiatives, which are described below. For detailed information about individual projects, please refer to Attachment B.

- **Clipper (\$7.8 million):** The Clipper operating program used the bulk of funds from this program until revenue increased through the Road Repair and Accountability Act of 2017 (Senate Bill 1). MTC's share of Clipper operating costs is expected to temporarily increase with the deployment of the Clipper 2.0 system alongside the existing Clipper system.

- **Clipper BayPass (\$4 million):** The Clipper BayPass pilot program provides a group of users with unlimited access to all transit operators in the nine-county Bay Area. STA funding will be provided to participating transit agencies to compensate them for fares lost due to participation in the program.
- **Transit Transformation Action Plan and Regional Network Management (\$2.0 million):** In June 2022, MTC approved the programming for \$85 million in funding to implement the Transit Transformation Action Plan. FY2023-24 funds will be used for staff support and other implementation activities. In addition, a portion of these funds may be used as start-up funding for Regional Network Management following Commission approval of the Regional Network Management Framework in February 2023.
- **Other Regional Transit Coordination Efforts (\$2.0 million):** The remainder of FY2024-25 STA Regional Program funds support ongoing transportation planning initiatives and the implementation of improvements to the regional transit system. This includes funding for MTC to staff TDA/STA program administration and explore process improvements to streamline the administration of these critical funds, as well as improvements to transit hub signage, customer information provided by 511, staffing for the MTC Commuter Benefits Program, administration of the regional paratransit accessibility database by Central Contra Costa Transit Authority, and transit planning activities in Contra Costa County.

MTC Resolution No. 4321 also commits to paying for the administrative costs and helping to offset transit fare revenue loss for a regional means-based fare program, with an estimated annual contribution of \$8 million in STA funds. In July 2020, MTC and Bay Area operators initiated Clipper START, a regional transit fare discount program for riders with lower incomes. As a result of the pandemic, transit ridership was significantly diminished, and ridership continues to return gradually. Between FY2021-22 and FY2023-24, programming of STA contributions was suspended because sufficient funding existed to fulfill MTC's commitment to fund the program. Staff propose continuing to suspend this contribution in FY2024-25.

In FY2024-25, MTC intends to use \$2.1 million in funds previously earmarked for the means-based program to support administration of Clipper START and studies to inform future fare affordability work.

In future years, the Commission may reassess the framework for using STA funds in response to changing revenues from diesel fuel sales or in order to provide additional support for regional priorities such as the Transit Transformation Action Plan and other regional transit coordination activities.

Issues:

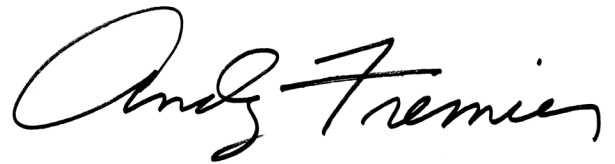
None identified.

Recommendations:

Refer MTC Resolution No. 4642 to the Commission for approval.

Attachments:

- MTC Resolution No. 4642
 - Attachment A: STA Regional Coordination Program Summary for FY2024-25
 - Attachment B: STA Regional Coordination Program for FY2024-25: Project Descriptions



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