

**Metropolitan Transportation Commission
Programming and Allocations Committee**

May 8, 2024

Agenda Item 2f-24-0507

MTC Resolution Nos. 4643 and 4644

Subject:

Adoption of the \$45.2 million FY2024-25 Regional Measure 2 (RM2) Operating and Marketing Assistance Program and the \$29.3 million FY2024-25 Regional Measure 3 (RM3) Operating program.

Background:

MTC's RM2 and RM3 Operating Policies and Procedures state that MTC will adopt a project specific budget for RM2 and RM3 operating funds prior to the beginning of each fiscal year. In addition, RM2 legislation provides for the annual allocation of a portion of RM2 funding for public information and advertising to support the services and projects funded with RM2 toll revenues.

The proposed Fiscal Year (FY) 2024-2025 BATA budget will encompass both the RM2 Operating and Marketing Programs along with the RM3 Operating Program, pending approval.

FY2024-25 RM2 Operating Assistance Program

The RM2 Operating Program receives a maximum of 38 percent of the revenue generated from the \$1 RM2 toll in that fiscal year [SHC Section 30915(d)]. With the prolonged suppression of travel due to factors stemming from the COVID-19 pandemic, such as the sustained prevalence of telework, traffic volumes have remained below pre-pandemic levels and the Bay Area Toll Authority (BATA) is projecting a gradual recovery. Looking ahead to FY2024-25, BATA anticipates \$106.8 million in RM2 revenue, representing a slight increase relative to anticipated FY2023-24 revenues relative to receipts to date. Accordingly, the proposed FY2024-25 RM2 Operating Program total has been increased by 4%, reaching \$40.6 million.

Operators will continue to have flexibility to direct funding to any eligible service so funds can be used where operators determine it is most needed. Last year, the Commission extended the waiver of the RM2 Operating Program performance requirements for FY2018-19 through FY2023-24 in recognition of the difficulty that operators would face in meeting farebox recovery and productivity performance standards associated with RM2 Operating Program funds. Staff recommends continued suspension of the metrics for FY2024-25 as operators continue to adjust

service and ridership recovers from the pandemic, though operators will still be required to report performance data to MTC for monitoring purposes.

FY2024-25 RM2 Marketing Assistance Program

The RM2 Marketing Assistance Program includes \$4.6 million for marketing and public information of RM2 projects. Funds are used primarily to support regional projects that enhance the transit customer experience. Funding primarily will be directed to support the Clipper Program including ongoing Clipper® operations and customer service at San Francisco and Oakland locations and other customer education, communication, and outreach activities. Approximately \$1.8 million will support marketing and public information activities related to other regional coordination efforts, such as the Regional Traveler Information and the Return-to-Transit initiatives.

FY2024-25 RM3 Operating Assistance Program

The RM3 Operating Program receives a maximum of 16 percent, up to sixty million dollars (\$60,000,000), of the revenues generated each year from the toll increase approved by voters through RM3 for operations assistance [California S&HC Section 30914.7(c)]. Within the annual RM3 Operating Program, funding levels for operating assistance are determined for the Transbay Terminal (8%), Regional Express Bus (34%), and Expanded Ferry Service (58%). Looking ahead to FY2024-25, with a \$1 toll increase starting January 1, 2025, BATA anticipates budgeting revenue at a level surpassing that of FY2023-24. Funding is currently programmed only for WETA (\$25.7 million) and TJPA (\$3.5 million) within the RM3 Operating Assistance Program. Staff will return to PAC in the coming months with a proposal for FY2024-25 Express Bus programming that considers feedback received by Commissioners at the March 2024 Programming and Allocations Committee meeting in relation to the programming of Express Bus funds.

Issues:

The Transbay Joint Powers Authority started receiving RM2 Operating funds in FY2017-18 to support operations of the Salesforce Transit Center for an initial five-year period, after which point, the need for funding would be reassessed. Staff recommends continuing RM2 operating

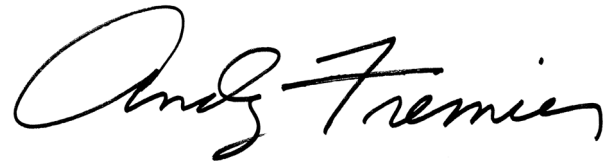
funding through at least FY2024-25, at which point the need for ongoing RM2 Operating support will be reassessed.

Recommendations:

Refer MTC Resolution No. 4643 and 4644 to the Commission for approval.

Attachments:

- MTC Resolution No. 4643
 - Attachment A, RM2 Operating and Marketing Program of Projects
- MTC Resolution No. 4644
 - Attachment A, RM3 Operating Program of Projects



Andrew B. Fremier