

Date: February 28, 2024
W.I.: 1511
Referred by: PAC

ABSTRACT

MTC Resolution No. 4629

This resolution approves the FY 2024-25 Fund Estimate, including the distribution and apportionment of Transportation Development Act (TDA), State Transit Assistance (STA), State of Good Repair (SGR) Program, Assembly Bill (AB) 1107 sales tax, Low Carbon Transit Operations (LCTOP) cap-and-trade auction revenues, transit-related bridge toll funds, and Senate Bill (SB) 125 funds for transit operating assistance.

Further discussion of this action is contained in the MTC Programming and Allocations Summary Sheets dated February 14, 2024.

Date: February 28, 2024
W.I.: 1511
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RE: Determination of Transportation Development Act (TDA) Area Apportionments and Proposed Distribution of Operating Funds for FY 2024-25

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4629

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Section 66500 *et seq.*; and

WHEREAS, the Transportation Development Act (TDA), Public Utilities Code (PUC) Sections 99200 *et seq.*, provides that funds are made available from the Local Transportation Fund (LTF) for various transportation purposes; and

WHEREAS, pursuant to 21 California Code of Regulations Section 6620, the County Auditor for each of the nine counties in the Bay Area has submitted the revised and new TDA fund estimates for FY 2023-24 and FY 2024-25 as shown in Attachment A to this resolution, attached hereto and incorporated herein as though set forth at length; and

WHEREAS, MTC is required to determine and advise all prospective claimants, prior to March 1 each year, of all area apportionments from the LTF for the following fiscal year pursuant to 21 California Code of Regulations Section 6644; and

WHEREAS, all area apportionments of TDA funds for the 2024-25 fiscal year are shown in Attachment A to this resolution, attached hereto and incorporated herein as though set forth at length; and

WHEREAS, MTC has prepared a proposed distribution of operating/capital assistance funds, including TDA, State Transit Assistance (STA) pursuant to Public Utilities Code § 99310 *et seq.*, State of Good Repair (SGR) Program pursuant to Public Utilities Code § 99312.1, Low Carbon Transit Operations Program (LCTOP) pursuant to Health and Safety Code § 39719(b)(1)(B), the twenty-five percent (25%) of the one-half cent transaction and use tax collected pursuant to PUC Section 29142.2 (AB 1107), and estimates of certain toll bridge revenues (SHC §§ 30910 *et seq.*), in order to provide financial information to all prospective claimants to assist them in developing budgets in a timely manner; and

WHEREAS, the proposed distribution of such operating assistance funds is also shown in Attachment A; now, therefore, be it

RESOLVED, that MTC approves the area apportionments of TDA funds, and the proposed distribution of operating assistance funds for the 2024-25 fiscal year as shown in Attachment A, subject to the conditions noted therein; and, be it further

RESOLVED, that MTC intends to allocate operating assistance funds for the 2024-25 fiscal year, based on the area apportionments of TDA funds, the proposed distribution of operating assistance funds and upon the receipt of appropriate claims from eligible claimants; and, be it further

RESOLVED, that Attachment A may be revised by the MTC Executive Director or his/her designee to reflect funds returned to the Local Transportation Fund and expired capital allocations or by approval of the MTC Programming and Allocations Committee, except that any significant changes shall be submitted to the full Commission for approval.

METROPOLITAN TRANSPORTATION COMMISSION



Alfredo Pedroza, Chair

The above resolution was approved by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California, and at other remote locations, on February 28, 2024.

Metropolitan Transportation Commission

February 28, 2024

Agenda Item 7a - 24-0136

Programming and Allocations Committee – Update to Commission

MTC Resolution No 4629. Fiscal Year 2024-25 MTC Fund Estimate

Subject:

This memorandum summarizes changes that were made to the materials associated with MTC Programming and Allocations Committee Agenda Item 3a: MTC Resolution No. 4629 – Fiscal Year 2024-25 MTC Fund Estimate.

Background:

On February 14, 2024, staff presented an overview of the Fiscal Year 2024-25 MTC Fund Estimate. The Programming and Allocations Committee packet included Attachment A to MTC Resolution No. 4629, which did not properly capture recent Transportation Development Act (TDA) refunds from County Connection, Suisun City, Solano County, Santa Rosa, and Sonoma County Transit. These omissions thus understated the amount of funding available for allocation.

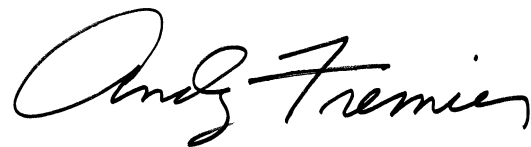
Attachment A to MTC Resolution No. 4629 has been revised to include these refunds and to reflect the correct amounts available for allocation.

Recommendations:

Information.

Attachments:

- MTC Resolution No. 4629 – Attachment A (Revised February 14, 2024)
- February 14, 2024 Programming and Allocations Committee agenda item 3a



Andrew B. Fremier

Metropolitan Transportation Commission

February 28, 2024

Agenda Item 7a - 24-0136

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MTC Resolution No 4629. Fiscal Year 2024-25 MTC Fund Estimate

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Background:

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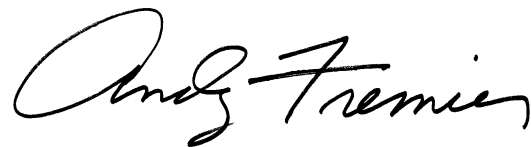
Attachment A to MTC Resolution No. 4629 has been revised to include these refunds and to reflect the correct amounts available for allocation.

Recommendations:

Information.

Attachments:

- MTC Resolution No. 4629 – Attachment A (Revised February 14, 2024)
- February 14, 2024 Programming and Allocations Committee agenda item 3a



Andrew B. Fremier

MTC Resolution No. 4629: FY 2024-25 MTC Fund Estimate

MTC Programming & Allocations Committee

February 14, 2024

Fund Estimate Overview

1. Fund Estimate Preview
 - TDA, STA, AB1107 estimates
2. Economic Overview
 - Population, Unemployment, Sales Tax
3. Other Issues
 - BART-Feeder Bus, Sales Tax Attribution

TDA Sales Tax Forecast FY 2024-25

- Estimates for each county prepared by individual county Auditor/Controllers
- TDA receipts in the first half of FY24 are tracking below original estimates
- FY24 (Current Year) estimates revised to **\$497M**
 - Down 4% from original \$519M FY24 estimate
 - Down 1% from FY23 Actuals (\$503M)
- FY25 estimates projected to be 2.4% higher at **\$509M**



STA Formula Programs

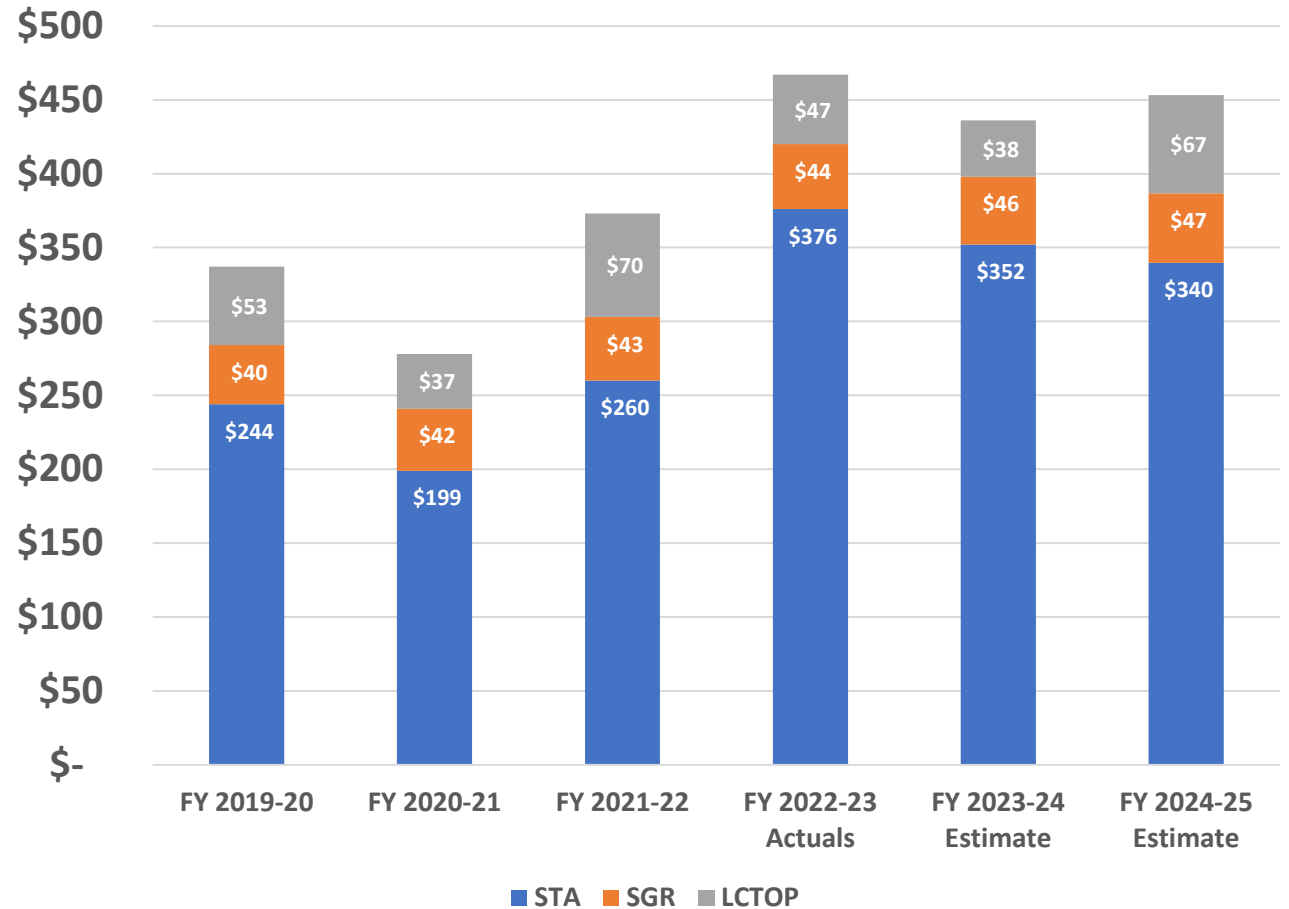
FY 2024-25

State Transit Assistance (STA) formula splits statewide revenue 50/50 between a Revenue-Based program and a Population-Based program

Revenue-Based funds flow to transit operators via MTC based on their qualifying local revenue

Population-Based funds flow to the Bay Area based on our ~19% share of the state's population and are programmed by MTC

FY 2024-25 forecast of \$453 million for the Bay Area in STA, State of Good Repair (SGR) Program and Low Carbon Transit Operations Program (LCTOP) revenue



AB 1107 Sales Tax Forecast FY 2024-25

- 25% of total revenue from BART's sales tax in Alameda, Contra Costa, and San Francisco counties
- MTC estimates revenue and establishes funding policy
- Only AC Transit, BART, and SFMTA eligible to receive AB 1107 funds per state statute
- Historically, Commission policy is to distribute 50% of funds to AC Transit and 50% to SFMTA
- **FY 2024-25 forecast of \$104 million is a conservative estimate based on sales tax trends in Alameda, Contra Costa, and San Francisco counties**

FY 2023-24 forecast remains at the original estimate of \$104 million.



Fund Estimate Summary

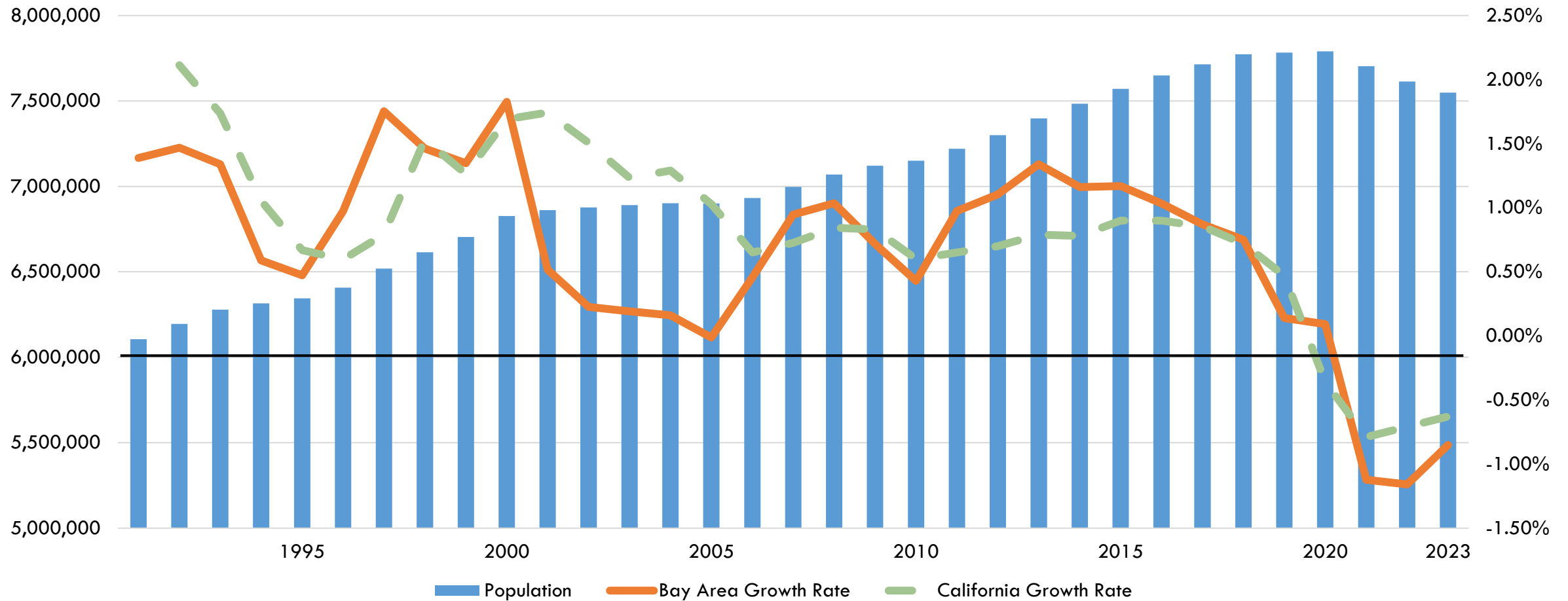
	Program	Description	FY 2022-23 Actuals	FY 2023-24 Revised Estimates	FY 2024-25 Estimates
Sales Taxes and Tolls	Transportation Development Act (TDA) ¼ ¢ Sales Tax	¼ ¢ sales tax in each county	\$503M	\$497M	\$509M
	AB 1107 ½ ¢ Sales Tax	MTC administers 25% of the revenue from the ½ ¢ sales tax in the three BART district counties	\$109M	\$104M	\$104M
	Bridge Tolls	MTC 2% Toll Revenues and 5% State General Fund Revenues	\$5M	\$5M	\$5M
STA Formula	State Transit Assistance (STA)	Sales tax on diesel fuel in CA	\$375M	\$352M*	\$340M
	State of Good Repair (SGR) Program	Transportation Improvement Fee (vehicle registration fee)	\$44M	\$44M	\$47M
	Low Carbon Transit Operations Program (LCTOP)	5% of Cap-and-Trade auction revenues	\$70M	\$78M	\$67M

*FY24 STA forecasts are revised down to \$317M based on the Governor's Proposed FY25 budget

Note: Estimated revenue amounts are rounded to nearest million.

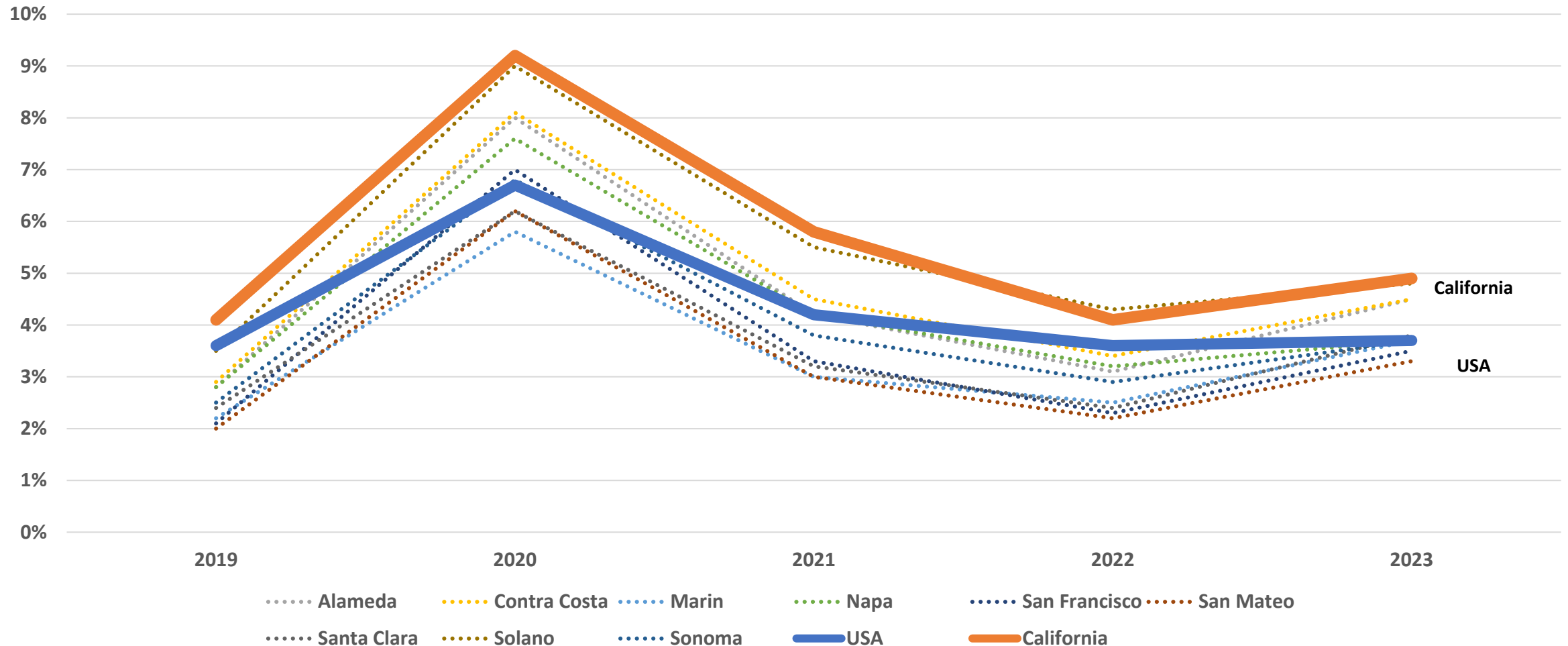
Bay Area Population

- Bay Area Population has declined for 3 consecutive years
- The regional population continues to decline faster than the state population.



Bay Area Unemployment Rate

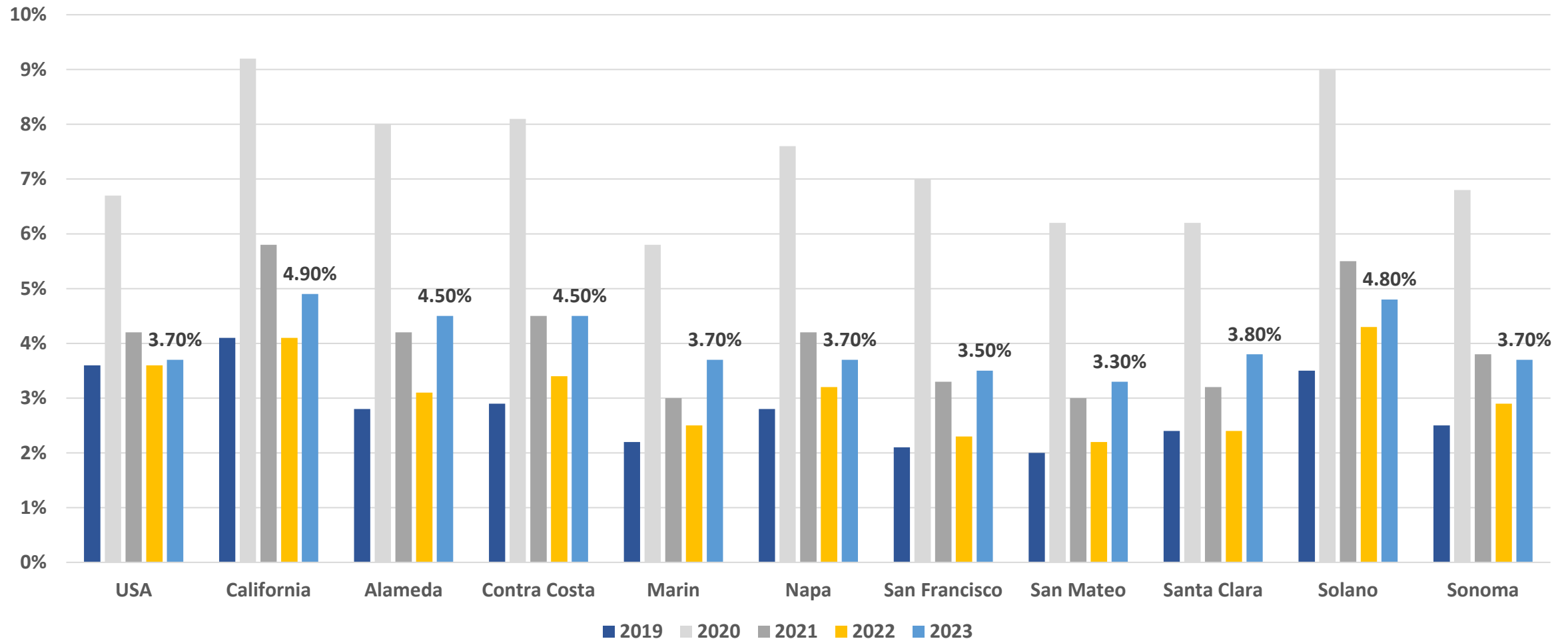
- Unemployment rates have worsened in the last year, mostly lagging behind the national average



Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics
Graph reflects November unemployment rates of each year

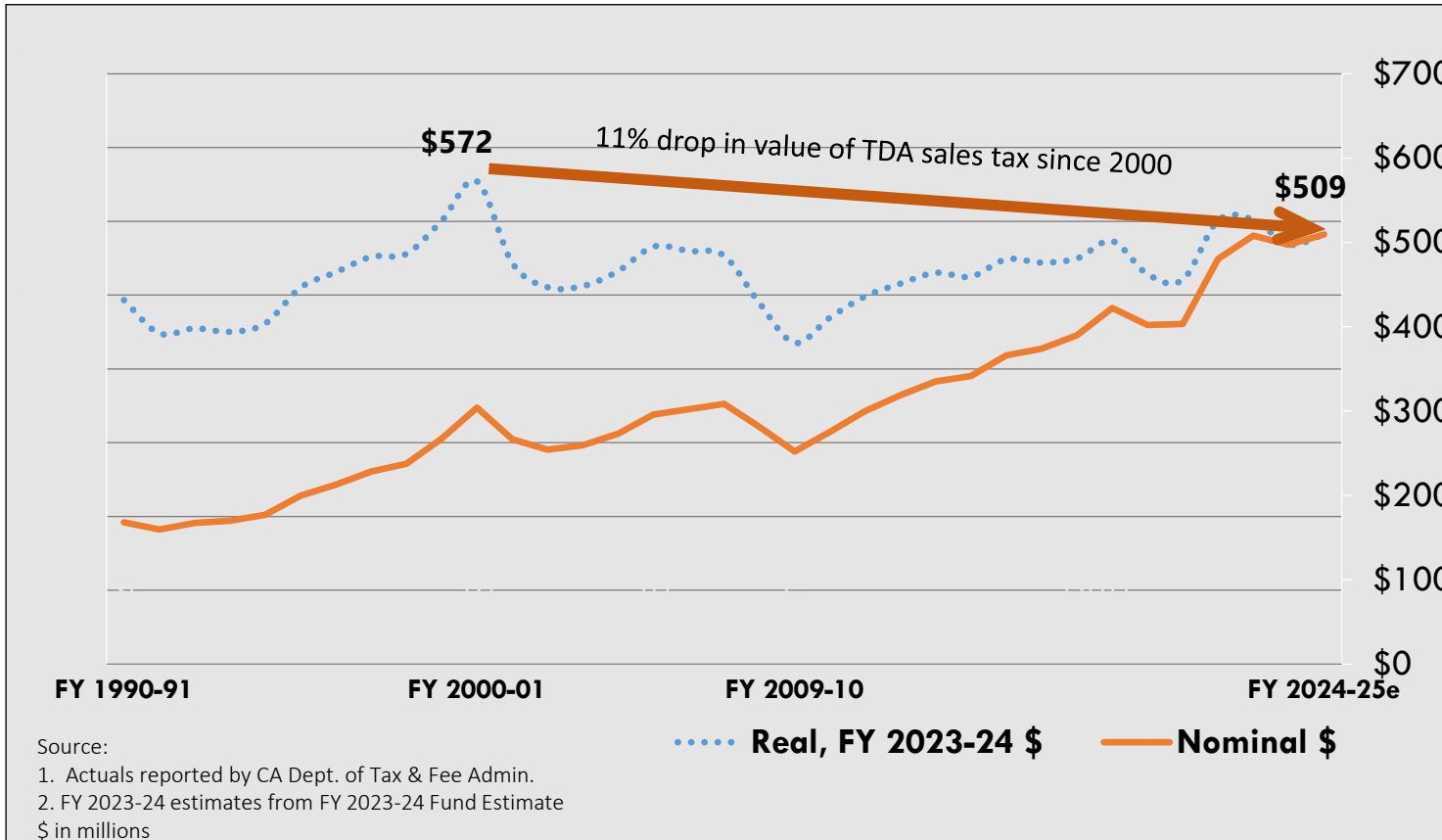
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Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics
Graph reflects November unemployment rates of each year

Real Sales Tax Revenue: 11% drop since 2000



- Despite near continuous increases in sales tax revenues in nominal terms, revenues have not kept up with inflation
- Since 2000, real sales tax revenues have declined 11%

Other Considerations

BART Feeder Bus Agreement

- Established in 1997 to transfer feeder bus operations from BART to East Bay bus operators
- Initial payments were established in 1997 and are indexed to change in AB1107
- BART has communicated an interest in establishing a path to reduced feeder bus payments, as well as a new approach for how payments are calculated
- In FY24, operators agreed to reduce FY23 payments by 15% and FY24 payments by 25%.
- Proposal: Continue same reduction % as FY24 for Feeder Bus Payments in FY25

CDTFA Sales Tax Attribution

- The CA Dept. of Tax & Fee Administration (CDTFA) has been auditing sales tax attribution, and several recent findings may impact TDA sales tax revenues in the Bay Area
- Staff will continue to monitor the result of these audits, and will share updates to the MTC Commission as appropriate

Senate Bill 125 (SB125)

- In November 2023, the Commission adopted MTC Resolution No. 4619 which established a distribution framework for SB 125 funding
- These funds will be tracked in the Fund Estimate, including the \$171 million that will be allocated to operators in FY 2024-25.

Staff Recommendation

Staff recommendation:

Refer **MTC Resolution No. 4629** to the Commission for adoption.