Metropolitan Transportation Commission
Programming and Allocations Committee

October 9, 2024 **Agenda Item 2b-24-0987**

MTC Resolution Nos. 4629, Revised; 4651, Revised; 4652, Revised; 4653, Revised; 4654, Revised; and 4668

Subject:

The proposed action revises the FY2024-25 MTC Fund Estimate and allocates $141.4 million in FY2024-25 Transportation Development Act (TDA), State Transit Assistance (STA), Regional Measure 2 (RM2), Regional Measure 3 (RM3), and Senate Bill 125 (SB 125) funds to four transit operators to support transit operations and capital projects in the region.

Background:

Fund Estimate Revision: Updates to the STA and State of Good Repair (SGR) programs

Final FY2023-24 STA revenues totaled $332 million, or 12% below FY2022-23 actual revenues of $376 million and 6% below the initial State Controller's Office (SCO) estimates of $352 million from August 2023. STA revenues are derived from a statewide tax on diesel fuel, for which prices have largely been in decline since an all-time high in June 2022 according to data from the US Energy Information Administration. Accordingly, the SCO has also revised FY2024-25 STA estimates to $336 million for the MTC region, a reduction of $3 million from the state's original estimate of $339.

Final FY2023-24 State of Good Repair (SGR) revenues totaled $48 million, or 8% above FY2022-23 actual revenues of $44 million. SGR revenues are driven by state vehicle registration fees and are expected to total $50 million in FY2024-25 based on the latest SCO forecast from August 2024. A summary of STA and SGR revenues is included in the table below.

$ in millions	**FY2022-23 STA**	**FY2023-24 STA**	**FY2022-23 SGR**	**FY2023-24 SGR**
Revenue-Based	$ 276	$ 244	$ 32	$ 35
Population-Based	$ 100	$ 88	$ 12	$ 13
Total	**$ 376**	**$ 332**	**$ 44**	**$ 48**

Correction to Fund Estimate Starting Balances in the STA Population-Based Program

The starting balances in the STA Population-Based Program have been adjusted following the discovery of an error in the February and July versions of the FY2024-25 MTC Fund Estimate (page 12 in Attachment A of MTC Resolution No. 4629). Commitments in the County Block Grant program were misattributed primarily to the Means-Based Transit Fare Program, which overstated the starting balances for most counties in the County Block Grant program, while understating the starting balance of the Means-Based Transit Fare Program by an equal amount. While this has a net-zero impact on the overall STA Population Based balance, it does impact the total funding available for allocation to each county and to the Means-Based Transit Fare Program relative to what was originally reflected in the Fund Estimate. These changes are outlined below.

Further, given that the current balance in the Means-Based Transit Fare Program is sufficient to fully fund the Clipper START program needs for FY 2024-25 and beyond, staff recommend suspending the transfer to the Means-Based Program account from the STA Regional Program account for the current fiscal year.

County Block Grant	**Original**	**Revised**	**Change**
Alameda	$ 8,803,885	$ 4,103,226	$ (4,700,660)
Contra Costa	$ 11,037,661	$ 5,315,416	$ (5,722,244)
Marin	$ 2,841,929	$ 1,317,742	$ (1,524,187)
Napa	$ 1,161,656	$ 1,161,656	$ -
San Francisco	$ 5,209,534	$ 695,849	$ (4,513,686)
San Mateo	$ 6,101,403	$ 4,849,345	$ (1,252,058)
Santa Clara	$ 681,886	$ 681,886	$ -
Solano	$ 10,266,348	$ 15,522,006	$ 5,255,659
Sonoma	$ 2,354,896	$ 924,859	$ (1,430,037)
County Block Grant Total	**$ 48,459,199**	**$ 34,571,985**	**$ (13,887,213)**
Means-Based Transit Fare Program	**$ 21,504,764**	**$ 35,391,977**	**$ 13,887,213**

FY2024-25 Allocation of TDA, STA, RM2, RM3, and SB 125 funds.

This month's proposed actions continue the annual allocation process of these funds for FY2024-25. Four entities are requesting TDA, STA, RM2, RM3, and SB 125 allocations this

month that exceed the $1 million Delegated Authority limit. Allocation requests that are less than $1 million are approved separately through the Executive Director's Delegated Authority process. These funds comprise a significant share of the revenue for agencies' operating budgets.

This month includes the first allocation of SB 125 funds to BART and ACE providing critical emergency operations funding in light of the depletion of federal COVID relief funds. Staff have reviewed progress toward the SB 125 Regional Accountability Measures, summarized in Attachment B to this memo, and have determined that claimants have made satisfactory progress toward achieving these milestones.

The proposed allocation amounts are based on the programming levels identified in the FY 2024-25 Fund Estimate (MTC Resolution 4629, Revised), RM2 Operating Program (MTC Resolution 4643), and RM3 Operating Program (MTC Resolution 4644). The proposed allocations are summarized in the following table:

Allocation Amounts by Entity[1] (amounts in millions)

[1]**Entity**	**TDA** (Res. 4651)	**STA** (Res. 4652)	**RM2** (Res. 4653)	**RM3** (Res. 4654)	**SB125 (Res. 4668)**	**Grand Total**
BART		$42.7			**$58.2**	**$100.9**
SolTrans	$10.7		$2.2			**$13.0**
WETA				**$25.7**		**$25.7**
ACE					**$1.7**	**$1.7**
Total	**$10.7**	**$42.7**	**$2.2**	**$25.7**	**$60.0**	**$141.4**

Note that amounts may not sum due to rounding

Information regarding the FY 2024-25 operating budgets and current and future operations for the transit operators included in the list above is provided in Attachment A. Information regarding WETA's FY 2024-25 operating budgets and current and future operation can be found in the July Programming and Allocations meeting materials.

[1] Includes all allocations to be approved in the resolutions listed above, the details of which are provided in Attachment A, including allocations for transit capital or planning and administration. Not inclusive of allocations approved by Executive Director's Delegated Authority as allowed by MTC Resolution No. 3620, Revised.

Issues

None.

Recommendations:

Refer MTC Resolution Nos. 4629, Revised; 4651, Revised; 4652, Revised; 4653, Revised; 4654, Revised; and 4668 to the Commission for approval.

Attachments:

- Attachment A – Transit Operator Budget Summary
- Attachment B – Senate Bill 125 Regional Accountability Measure Progress Update for Claimant(s)
- MTC Resolution No. 4629, Revised
  - Attachment A
- MTC Resolution No. 4651, Revised
  - Attachment A
- MTC Resolution No. 4652, Revised
  - Attachment A
- MTC Resolution No. 4653, Revised
  - Attachment A
- MTC Resolution No. 4654, Revised
  - Attachment A
- MTC Resolution No. 4668
  - Attachment A

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