

**THIS PRINT COVERS CALENDAR ITEM NO.:** 10.4

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Authorizing the Director of Transportation, or his designee, to execute and file a claim with the Metropolitan Transportation Commission for approximately \$300 million in operating assistance, subject to finalization of the state budget and unforeseen economic volatility; this claim will include allocations from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2, and Senate Bill 125 funds for Fiscal Year 2025 to support the SFMTA's Operating Budget.

**SUMMARY:**

- The SFMTA annually files a claim for operating assistance with the Metropolitan Transportation Commission (MTC).
- Each year, the SFMTA receives operating assistance from Transportation Development Act (TDA), State Transit Assistance (STA), Assembly Bill 1107 BART District Sales Tax (AB1107), and Regional Measure 2 (RM2) funds, which are administered by MTC.
- SB 125 is a new source of funding, providing approximately \$5.1 billion statewide to support transit providers' operating and capital needs; the SFMTA had not previously applied for these funds.
- This year, the claim is expected to be approximately \$300 million, subject to finalization of the State budget and unforeseen economic volatility.
- MTC requires the SFMTA to submit a resolution from its governing board authorizing the Agency to execute and file a claim for allocation of TDA, STA, AB1107, RM2 and SB125 funds.
- The SFMTA Fiscal Year (FY) 2025 Budget included TDA, STA, AB1107, RM2, and SB125 funds. The amounts to be allocated from these sources will be finalized once the MTC confirms the availability of the funds after the State budget is approved.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

	<b>DATE</b>
DIRECTOR <u>          <i>Victoriya Wise</i>          </u>	<u>June 12, 2024</u>
SECRETARY <u>          <i>[Signature]</i>          </u>	<u>June 12, 2024</u>

**ASSIGNED SFMTAB CALENDAR DATE:** June 18, 2024

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### **PURPOSE**

Authorizing the Director of Transportation or his designee, to execute and file a claim with the Metropolitan Transportation Commission for approximately \$300 million in operating assistance, subject to finalization of the state budget and unforeseen economic volatility; this claim will include allocations from Transportation Development Act, State Transit Assistance, AB1107 BART District Sales Tax, Regional Measure 2 and Senate Bill 125 funds for Fiscal Year 2025 to support the SFMTA's Operating Budget.

### **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

This item will support the following Strategic Plan Goal:

Goal 5: Deliver reliable and equitable transportation services.

### **TRANSIT FIRST POLICY PRINCIPLES**

This item will support the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

### **DESCRIPTION**

The Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area. (*See Cal Gov't Code §§66500, et seq.*) The Transportation Development Act (TDA) (Cal. Pub. Util. §§99200, *et seq.*) provides for the disbursement of funds from the Local Transportation Fund (LTF) of the City and County of San Francisco (City) for use by eligible applicants for the purpose of approved transit projects.

Under implementing regulations of the TDA, prospective applicants wishing to receive an allocation from the LTF for any transit-related purposes must file an annual claim with MTC. (21 Cal. Code of Regs. §§6600, *et seq.*) MTC apportions TDA funds (that are held in the LTF) based on an estimate of sales tax generation for the claim year prepared by MTC and San Francisco County auditors.

State Transit Assistance (STA) revenue-based operating assistance comes from a State sales tax on fuel, and STA-population-based (paratransit) assistance is computed according to a formula based on the population of the area, which may be adjusted during the governor's annual budget process. The STA makes funds available for allocation to eligible applicants to support approved transit projects. (Cal. Pub. Util. Code §99313.6.)

Assembly Bill 1107 BART District Sales Tax (AB1107) is based on MTC estimates of sales tax growth generations and makes available 25 percent of the half-cent sales tax revenues collected in three BART counties (Alameda, Contra Costa, and San Francisco) for allocation by MTC to eligible applicants. (Cal. Pub. Util. Code §29140, *et seq.*)

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Regional Measure 2 (RM2) establishes the Regional Traffic Relief Plan and identifies specific capital projects and programs eligible to receive RM2 funding, including operating assistance. (Cal. Streets & Highway Code §30914(c) and(d), §30914.5.) RM2 funds are dispensed based on the agency’s request for operating allocations, subject to meeting eligibility requirements and availability of RM2 operating funds.

In September 2023, California enacted Senate Bill 125 (SB 125), amending the Budget Act of 2023 to allocate approximately \$5.1 billion in one-time funding to the Transit and Intercity Rail Capital Program (TIRCP) and the Zero Emission Transit Capital Program (ZETCP). SB 125 aims to reduce greenhouse gas emissions, improve and expand transit services, integrate state rail operations, and enhance transit safety, with at least 25 percent of funding benefiting disadvantaged and low-income communities.

MTC, as an eligible Regional Transportation Planning Agency (RTPA), will manage and sub-allocate its share of these funds to public transit agencies to support high-priority transit projects and zero-emission equipment. MTC will also ensure compliance with SB 125 goals, including preventing service cuts and increasing ridership, while prioritizing projects that benefit disadvantaged and low-income communities.

The SFMTA FY 2025 Operating Budget included TDA, STA, AB1107, RM2, and SB 125 funds. The exact amounts available to the SFMTA for FY 2025 will not be known until after the state budget is approved. The RM2 funding is restricted to funding a specific activity; it has been designated by MTC to support Third Street Light Rail Line and late-night OWL operating service.

**STAKEHOLDER ENGAGEMENT**

On April 16, 2024, the SFMTA Board of Directors approved the operating budget for FY FY2024-2025, which included TDA, STA, AB1107, RM2, and SB125 funds.

**ALTERNATIVES CONSIDERED**

If this claim is not submitted to the MTC, the SFMTA will not be able to receive TDA, STA, AB1107, RM2, and SB125 funds that have been included in the operating budget for FY 2024-25. If these funds are not available, alternative funding sources will need to be identified to support the FY 2024-25 operating budget and/or services will need to be reduced or eliminated.

**FUNDING IMPACT**

MTC projects that it will distribute the following amounts to the SFMTA in FY 2024-25. As mentioned above, the exact amounts available are subject to approval of the State budget:

[Funding allocation chart on next page.]

	FY 2024-25 MTC Allocation
TDA Funding	\$48,280,799
State Transit Assistance – Revenue-Based	84,726,409
State Transit Assistance – Pop-Based (Paratransit)	5,342,905
Revenue-Based State of Good Repair	11,771,203
AB1107 funding	52,000,000
RM2 operating Assistance	2,179,756
Senate Bill 125 Transit Operations Funding	99,477,176
<b>Total Request</b>	<b>\$303,778,248</b>

**ENVIRONMENTAL REVIEW**

On May 28, 2024, the SFMTA, under authority delegated by the Planning Department, determined that MTC Fiscal Year 2025 Operating Assistance Claim is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

Copies of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference.

**OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney’s Office has reviewed this calendar item and has provided an Opinion of Counsel stating that the SFMTA is eligible to receive the funds requested and that there are no legal impediments for SFMTA’s use of the funds.

**RECOMMENDATION**

Staff recommends that the Board authorize the Director of Transportation, or his designee, to execute and file a claim with the Metropolitan Transportation Commission for approximately \$300 million in operating assistance, subject to finalization of the state budget and unforeseen economic volatility; this claim will include allocations from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2, and Senate Bill 125 funds for Fiscal Year 2025 to support the SFMTA’s Operating Budget.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The Transportation Development Act (TDA) (Public Utilities Code §§99200, *et seq.*) provides for the disbursement of funds from the Local Transportation Fund (LTF) of the City and County of San Francisco (City) for use by eligible applicants for the purpose of approved transit projects; and,

WHEREAS, Under the provisions of the TDA, and under the applicable rules and regulations promulgated pursuant to the TDA (21 Cal. Code of Regs. §§6600, *et seq.*), a prospective applicant wishing to receive an allocation from the LTF must file its claim with the Metropolitan Transportation Commission (MTC); and,

WHEREAS, The State Transit Assistance (STA) fund is created pursuant to Public Utilities Code Sections 99310, *et seq.* and makes funds available under Public Utilities Code Section 99313.6 for allocation to eligible applicants to support approved transit projects; and,

WHEREAS, TDA funds from the LTF of the City and STA funds will be required by the San Francisco Municipal Transportation Agency (SFMTA) in Fiscal Year 2025 for approved transit projects; and,

WHEREAS, Public Utilities Code Sections 29140, *et seq.* (AB1107) makes available 25 percent of the half-cent sales tax revenues collected in three BART counties (Alameda, Contra Costa, and San Francisco) for allocation by MTC to eligible applicants including Alameda-Contra Costa Transit District, the Bay Area Rapid Transit District, and the City and County of San Francisco for its Municipal Railway system; and,

WHEREAS, Regional Measure 2 (RM2) establishes the Regional Traffic Relief Plan and identifies specific capital projects and programs eligible to receive RM2 funding, including operating assistance, as identified in Section 30914 (c) and (d) and Section 30914.5 of the California Streets and Highway Code; and,

WHEREAS, Senate Bill (SB) 125, enacted in September 2023, allocates approximately \$5.1 billion in one-time funding to the Transit and Intercity Rail Capital Program (TIRCP) and the Zero Emission Transit Capital Program (ZETCP), with the goal of reducing greenhouse gas emissions, expanding and improving transit services, integrating state rail operations, and enhancing transit safety, while prioritizing projects that benefit disadvantaged and low-income communities and preventing service cuts; and,

WHEREAS, SFMTA supports the SB125 Regional Accountability Measures memorialized in MTC Resolution No. 4619 (November 2023) and commits to advancing the achievement of these initiatives to the best of its abilities; and,

WHEREAS, MTC has determined that the SFMTA complies with the requirements of Public Utilities Code Section 29142.5 and Government Code Section 66517.5); and,

WHEREAS, MTC administers and allocates funds from the TDA, STA fund, AB 1107, RM2, and SB 125 to eligible transit agencies, and requires that eligible transit agencies submit with their claims for the funds a resolution from their governing boards authorizing the agencies to execute and file a claim for these funds.; and,

WHEREAS, The SFMTA is an eligible applicant for TDA, STA, AB1107, RM2 and SB125 funds, as attested by the Opinion of Counsel submitted with this resolution; and,

WHEREAS, On May 28 2024, the SFMTA, under authority delegated by the Planning Department, determined that the MTC Fiscal Year 2025 Operating Assistance Claim is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, Copies of the CEQA determination are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; now, therefore be it

RESOLVED, That the SFMTA Board of Directors authorizes the Director of Transportation, or his designee, to execute and file a claim with the Metropolitan Transportation Commission for approximately \$300 million in operating assistance, subject to finalization of the state budget and unforeseen economic volatility; which claim will include allocations from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, and Regional Measure 2 funds for Fiscal Year 2025 to support the SFMTA’s operating budget; and be it further

RESOLVED, That a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the claim, and MTC is requested to grant the allocations of the funds as specified herein.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of June 18, 2024.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation