



RM3 IOC Annual Report Process, Format, and Timeline

RM3 Independent Oversight Committee

August 4, 2025 | Agenda Item 5a-Attachment B
MTC Staff



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Setting the stage for the IOC FY 2024-25 Annual Report



Timeline for the FY 2024-25 Report

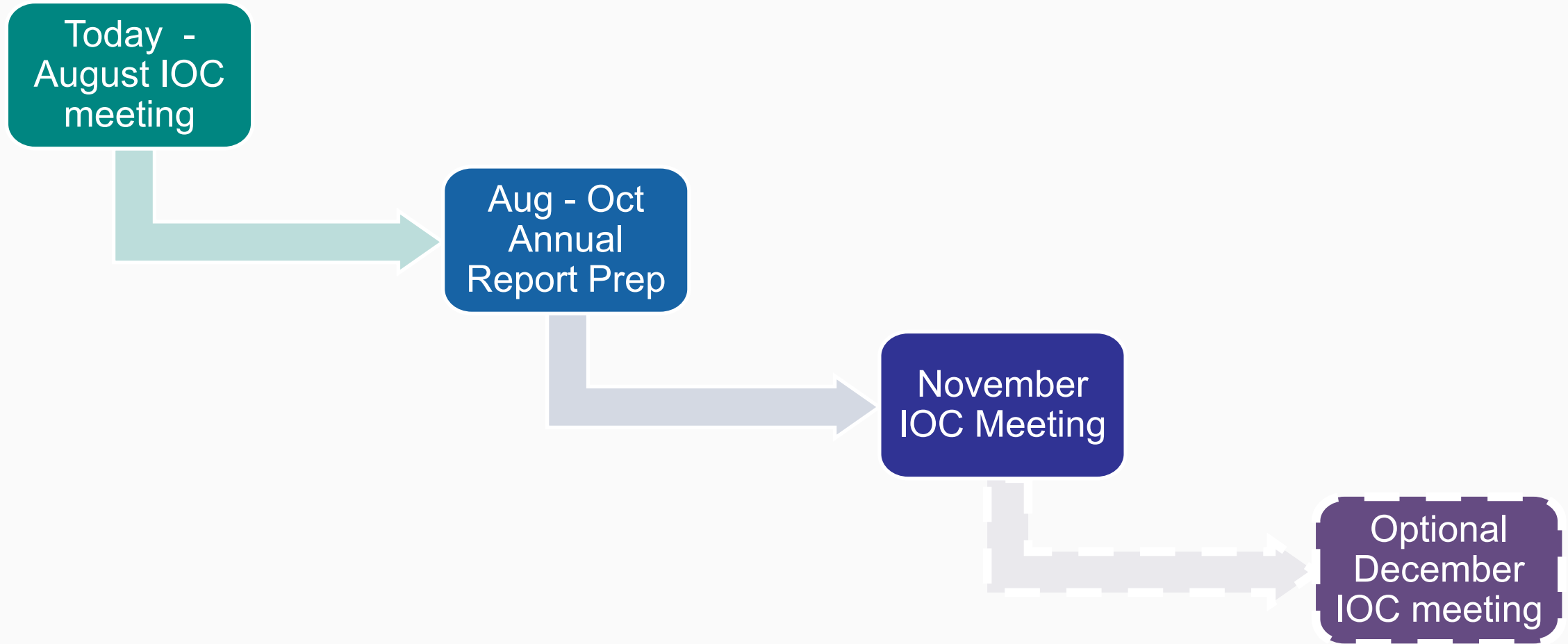


Format and template from FY 2023-24 Report



IOC role and direction to MTC staff

IOC is scheduled to consider adoption of the Annual Report in November 2025



The FY 2023-24 IOC Annual Report can be used as a template or iterated on

Agenda Item 5a Attachment A

Regional Measure 3 Independent Oversight Committee Fiscal Year 2023–24 Annual Report – Introduction and Summary

Regional Measure 3 (RM 3) was approved by the State Legislature in 2017 and by Bay Area voters in 2018, to fund projects that would help solve growing congestion problems. The measure's plan, published by MTC in 2018, called for \$4.45 billion in financing of 35 specific highway and transit improvements by increasing tolls on the region's seven state-owned toll bridges.

The project funding list includes new BART cars, with extension of service to Silicon Valley, extension of Caltrain to downtown San Francisco, expansion of S.F. Muni's vehicle fleet; improved transbay bus service; freeway improvements; expansions of the freeway express lane network; new ferry services, upgrades to relieve congestion in the Dumbarton Bridge corridor; highway 37 improvements; and extension of the SMART rail system to Windsor and Healdsburg. The RM 3 plan specifies the amounts to be dedicated to each project. RM 3 requires that an independent committee of citizens must verify that the toll proceeds are used exclusively for the listed projects.

Winning 55% overall approval by voters in the nine Bay Area counties, the legislation providing for RM 3 raised tolls by \$1 beginning Jan. 1, 2019. Tolls were increased by another \$1 in January 2022 with another \$1 increase set for January 2025. The 2019 increase marked the first toll hike on the seven state-owned bridges since 2010. However, due to litigation over the percentage of votes to authorize the toll increases, proceeds were held in escrow until January 2023. Thereafter, the escrow account was terminated, and the Commission began making RM 3 allocations in June. Establishment of an independent committee of citizens was commenced, and four meetings have been held to verify the accuracy of the process for allocation of funds.



Photos of projects completed with RM 3 Capital Funding.
Left – Mokelumne Trail Bicycle/Pedestrian Overcrossing of SR-4.
Right – Vine Transit Maintenance Facility.

Regional Measure 3 (RM 3) Accomplishments During FY 2024

- First full year of program implementation since final RM 3 legal clearance
- Advanced a variety of capital projects, including completion of the Mokelumne Trail Bicycle/Pedestrian Overcrossing of SR-4, Vine Transit Maintenance Facility, and County Connection Bus Replacements
- Supported the operation of the Salesforce Transit Center, regional express bus, and ferry service
- Aligned RM 3 projects with regional Complete Streets and Transit Oriented Communities Policies



Photos of transit service assisted with RM 3 Operating Funding. Left: SF Bay Ferry, Right: AC Transit Transbay Service

RM 3 IOC MEMBERS

TIM AMBROSE
ALAMEDA COUNTY

STEVE BIRDEBOUGH
SONOMA COUNTY

KATHY CHANG
CONTRA COSTA COUNTY

KEVIN HAGERTY
MARIN COUNTY

FREDERICK ARN HANSSON
SAN MATEO COUNTY

WILLIAM G. JERRY HAYES
SOLANO COUNTY

PAMELA KINDIG
NAPA COUNTY

JOHN MAITLAND
SONOMA COUNTY

AISHA NASIR
NAPA COUNTY

ANU NATARAJAN
ALAMEDA COUNTY

NAZANIN SHAKERIN
CONTRA COSTA

JOANNE WEBSTER
MARIN COUNTY

About the RM 3 IOC

- Established by RM 3 statute to ensure RM 3 toll revenues are spent following the requirements of the statute
- Comprised of two representatives from each Bay Area county

RM 3 IOC Accomplishments Supporting FY 2023-24

- Initiated the RM 3 IOC and held its first three meetings
- Evaluated FY 2023-24 expenditures of RM 3 Bridge Toll funds
- Developed the RM 3 IOC annual report format

RM 3 IOC Plans for FY 2024-25 and Beyond

- Provide input on RM 3 allocation processes
- Develop recommended additional IOC responsibilities to enhance Committee effectiveness and contributions to the RM 3 program
- Provide recommendations on ways to further enhance RM 3 program transparency, reporting, and public engagement
- Send a letter to county Boards of Supervisors urging appointments to vacant IOC seats

A report of the IOC's findings for FY 2023-24 follows this summary.

Respectfully submitted,

RM 3 Independent Oversight Committee

IOC Findings

The IOC presents the following findings on BATA and the Metropolitan Transportation Commission (MTC's) expenditure of RM 3 funds.

Capital Allocations

MTC/BATA Actions

Through the end of FY24, MTC allocated \$1.5 billion to capital projects in the RM 3 expenditure plan. Details of these allocations were reviewed by the IOC at previous meetings and are available in the meeting materials posted to MTC's website.

IOC Findings

Capital Allocations made through June 30, 2024 are consistent with the RM 3 statute.

Operating Allocations

MTC/BATA Actions

In FY 24, MTC approved operating allocations consistent with the FY 24 RM 3 Operating Program. Prior to allocating RM 3 operating funds, MTC was required to adopt performance measures and execute operating agreements with the project sponsors. Details of these allocations were reviewed by the IOC at previous meetings and are available in the meeting materials posted to MTC's website.

IOC Findings

Operating Allocations made through June 30, 2024 are consistent with the RM 3 statute.

Invoicing and Monitoring

MTC/BATA Actions

RM 3 funds are provided to project sponsors on a reimbursement basis. After funds are allocated, sponsors may submit invoices for eligible expenditures. MTC staff review these invoices for accuracy and consistency with the allocation and approve payment.

At the close of each fiscal year, MTC engages an auditor to perform agreed-upon procedures (AUP) to verify on a sampling test basis that the RM3 expenditures reported by project sponsors were eligible under the RM3 policies and procedures and the allocation scope, and were supported by backup documentation. The FY 23 AUP review was completed in early 2024, and no issues were flagged with any FY 23 invoices. The FY 24 AUP review is in progress and findings will be provided to the IOC when available. MTC also periodically engages an auditor to confirm RM3 invoices for capital programs to ensure they were submitted in accordance with the RM3 policies and procedures and check for duplicate charges or other errors. The most recent review covered the period from April 1, 2023 to February 29, 2024 and no issues were flagged with any invoices during this period. These reviews are available as Appendices II and III to this report.

FY24 IOC Report Excerpts



Annual Report Content – For Discussion and Input

From RM3 Statute:

“Ensure that any toll revenues generated pursuant to this section are expended consistent with the applicable requirements set forth in Section 30914.7”

What does the IOC wish to communicate to the legislature and the public about your review of MTC/BATA’s implementation of RM3?

Recommendations

Follow similar process to FY2024 report:

- MTC staff provides support in writing and compiling report – content is responsibility of IOC
- Consider forming working group to provide content recommendations to Chair
- Chair directs staff to include recommendations in draft FY2025 report for IOC consideration in November