Metropolitan Transportation Commission
Programming and Allocations Committee

May 13, 2026 **Agenda Item 2c-26-0447**

MTC Resolution No. 4763

Subject:

Adoption of the $15.6 million FY2026-27 State Transit Assistance (STA) Regional Coordination Program

Background:

As the Regional Transportation Planning Agency for the nine county Bay Area, MTC is responsible for the programming and allocation of STA funds. STA funds are derived from a sales tax on diesel and split evenly at the state level into a population-based account and a revenue-based account. MTC has discretion over the programming of population-based funds and MTC Resolution No. 4321 establishes the framework (70 percent by County Block Grant formula, 30 percent to a Regional Coordination Program, and a small off the top set aside for a Transit Emergency Service Contingency Fund) for the apportionment of these funds. This item presents the proposed annual program for the 30 percent of these funds apportioned to support regional transit priorities.

Revenue Outlook:

Following a period of elevated diesel prices from FY2022-23 through FY2024-25, estimates from the California State Controller's office project STA revenues will likely be lower in FY2025-26 and FY2026-27. The latest estimates from the California State Controller's Office indicate that the Bay Area's share of revenues will total $20.8 million in FY2026-27, down from a peak of $27.9 million in FY2022-23. However, state officials have signaled that revenue estimates for the current year, FY2025-26, may be revised upwards slightly by roughly 1%.

FY2026-27 Program:

FY2026-27 STA Regional Coordination Program funds support four primary initiatives, which are described below. For detailed information about individual projects, please refer to Attachment B.

- Clipper ($8 million): The Clipper operating program used the bulk of funds from this program until revenue increased through the Road Repair and Accountability Act of 2017

(Senate Bill 1). MTC's share of Clipper operating costs is expected to temporarily increase with early operational costs of the Clipper 2.0 system alongside the existing Clipper system.

- Clipper BayPass ($4.0 million): The Clipper BayPass pilot program provides a group of users with unlimited access to all transit operators in the nine-county Bay Area. STA funding will only be used if revenue generated by the sales of Clipper BayPass are insufficient to fully reimburse participating transit agencies for fares lost due to participation in the program.
- Transit Transformation Action Plan and Regional Network Management ($1.5 million): In June 2022, MTC approved the programming for $85 million in funding to implement the Transit Transformation Action Plan. FY2026-27 funds will be used for staff support and other implementation activities.

MTC Resolution No. 4321 also commits to paying for the administrative costs and helping to offset transit fare revenue loss for a regional means-based fare program, with an estimated annual contribution of $8 million in STA funds. In July 2020, MTC and Bay Area operators initiated Clipper START, a regional transit fare discount program for riders with lower incomes. As a result of the pandemic, transit ridership was significantly diminished, and ridership continues to return gradually. Between FY2021-22 and FY2025-26, programming of STA contributions was suspended because sufficient funding existed to fulfill MTC's commitment to fund the program. The pause in funding enabled MTC to increase its reserves of STA funds. Staff propose continuing to suspend this contribution in FY2026-27 in light of the significant draw on STA funds that occurred in FY2025-26 as part of the one-time Senate Bill 125 Regional Funding Framework operating assistance commitment, and the remaining sufficient balance in the means-based fare program available to satisfy Clipper START funding commitments.

In FY2026-27, MTC intends to use $2.5 million in funds earmarked for the means-based program to support administration, operations and marketing costs of Clipper START in addition to studies to inform future fare affordability work.

In future years, the Commission may reassess the framework for using STA funds in response to changing revenues from diesel fuel sales or to provide additional support for regional priorities such as the Transit Transformation Action Plan and other regional transit coordination activities.

Issues:

None identified.

Recommendations:

Refer MTC Resolution No. 4763 to the Commission for approval.

Attachments:

- MTC Resolution No. 4763
    - Attachment A: STA Regional Coordination Program Summary for FY2026-27
    - Attachment B: STA Regional Coordination Program for FY2026-27: Project Descriptions

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