Metropolitan Transportation Commission
Programming and Allocations Committee

May 13, 2026 **Agenda Item 2d-26-0448**

MTC Resolution No. 4757

Subject:
Adoption of the $45.7 million FY 2026-27 Regional Measure 2 (RM2) Operating and Marketing Assistance Program.

Background:
MTC's RM2 Operating Policies and Procedures state that MTC will adopt a project specific budget for RM2 operating funds prior to the beginning of each fiscal year. In addition, RM2 legislation provides for the annual allocation of a portion of RM2 funding for public information and advertising to support the services and projects funded with RM2 toll revenues.

The proposed Fiscal Year (FY) 2026-27 BATA budget will include the RM2 Operating and Marketing Programs, pending approval.

FY 2026-27 RM2 Operating Assistance Program

The RM2 Operating Program receives a maximum of 38 percent of the revenue generated from the $1 RM2 toll in a fiscal year [SHC § 30915(d)]. With the prolonged suppression of travel due to factors stemming from the COVID-19 pandemic, such as the sustained prevalence of telework, traffic volumes have remained below pre-pandemic levels and the Bay Area Toll Authority (BATA) is projecting a gradual recovery. Looking ahead to FY 2026-27, BATA anticipates $108.3 million in RM2 revenue, an increase of less than one percent relative to anticipated FY 2025-26 revenues based on receipts to date. The proposed FY 2026-27 RM2 Operating Program reflects the same increase, totaling $41.2 million.

Operators will continue to have flexibility to direct funding to any eligible service so funds can be used where operators determine it is most needed. Last year, the Commission extended the waiver of the RM2 Operating Program performance requirements for FY 2019-20 through FY 2025-26 in recognition of the difficulty that operators would face in meeting farebox recovery and productivity performance standards associated with RM2 Operating Program funds. Staff recommends continued suspension of the metrics for FY 2026-27 as operators continue to adjust service and ridership recovers from the pandemic, though operators will still be required to report performance data to MTC for monitoring purposes.

FY 2026-27 RM2 Marketing Assistance Program

The RM2 Marketing Assistance Program includes $4.6 million for marketing and public information activities which encourage utilization of RM2 projects. Funds are used primarily to support regional projects that enhance the transit customer experience. Funding primarily will be directed to support the Clipper Program including ongoing Clipper® operations and customer service at San Francisco and Oakland locations and other customer education, communication, and outreach activities. Approximately $1.8 million will support marketing and public information activities related to other

regional coordination efforts, such as the Regional Traveler Information and regional marketing initiatives.

Issues:

The Transbay Joint Powers Authority started receiving RM2 Operating funds in FY 2017-18 to support operations of the Salesforce Transit Center for an initial five-year period, after which point, the need for funding would be reassessed. Staff recommend continuing RM2 operating funding through FY 2028-29, after which further funding would again be subject to an assessment of TJPA's financial need.

Due to the continued changes to travel behavior following the pandemic, ridership and fare revenues on RM2-eligible transit services remain below pre-pandemic levels, preventing operators from meeting the farebox recovery and productivity performance standards. As a result, the Commission has waived the RM2 Operating performance requirements each year since FY 2019-20. Prior to adoption of the FY 2027-28 RM2 Operating program in Spring 2027, staff will make recommendations on revised standards to account for the pandemic's long-term impacts to transit demand and enable full enforcement of the performance requirements going forward.

Recommendations:
Refer MTC Resolution No. 4757 to the Commission for approval.

Attachments:

- MTC Resolution No. 4757
    - Attachment A - RM2 Operating and Marketing Program of Projects

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