Metropolitan Transportation Commission
Programming and Allocations Committee

May 13, 2026 **Agenda Item 3b-26-0449**

MTC Resolution No. 4758

Subject:

Adoption of the $61.3 million FY 2026-27 Regional Measure 3 (RM3) Operating program.

Background:

The RM3 Operating Program receives a maximum of 16 percent, up to sixty million dollars ($60,000,000), of the revenues generated each year from the $3 toll increase approved by voters through RM3 for operations assistance [California Streets and Highway Code § 30914.7(c)]. Within the annual RM3 Operating Program, funding levels for operating assistance are determined for the Transbay Terminal (8%), Regional Express Bus (34%), and Expanded Ferry Service (58%). Only the San Francisco Bay Area Water Emergency Transit Authority (WETA), the Transbay Joint Powers Authority (TJPA), and selected operators that provide Express Bus service are eligible to receive RM3 Operating funds. The Bay Area Toll Authority (BATA) anticipates $338.0 million in RM3 revenue for Fiscal Year (FY) 2026-27, an increase of less than one percent relative to anticipated FY 2025-26 revenues. As shown in Table 1 below, the proposed FY 2026-27 RM3 Operating Program reflects the same increase in annual revenues, including $54.0 million in FY 2026-27 revenues plus $7.2 million in prior years' funds, totaling $61.3 million.[1]

Table 1. Proposed FY 2026-27 RM3 Operating Program Overview

Project	FY 2026-27 RM3 Total Programming ($M)
Transbay Terminal	$4.3
Ferry Service	$31.4
Regional Express Bus	$18.4
Regional Express Bus – Prior Years' Funds	$7.2
Total	**$61.3**

[1] The FY 2026-27 RM3 Operating program exceeds $60 million due to the inclusion of $7.2 million in prior years' funds. Total programming of the revenues generated in FY 2026-27 is $54.0 million, below the statutory limit.

Funds programmed for operations of the Transbay Terminal and Ferry Service will be used by TJPA and WETA for existing operations purposes. Information on sponsors receiving RM3 Operating funds for Regional Express Bus operations is included later in this memo.

MTC's RM3 Operating Policies and Procedures state that MTC will adopt a project specific budget for RM3 operating funds prior to the beginning of each fiscal year. The proposed FY 2026-27 BATA budget will include the RM3 Operating Program, pending approval.

Proposed FY 2026-27 Programming for Express Bus

Prior to FY 2026-27, RM3 Regional Express Bus funds were programmed based on sponsors' operating needs, including the standardized shortfalls outlined in MTC Resolution No. 4619, Revised. Starting in FY 2026-27, MTC is establishing a formulaic approach to apportioning express bus funds which will increase the predictability and stability of RM3 funding amounts for express bus operators going forward.

In line with RM3 statute, which calls for express bus funds to be distributed by "prioritizing bus routes that carry the greatest number of transit riders" [SHC § 30914.7(c)(2)(C)], staff have developed a methodology to apportion express bus funds proportionally to the ridership on eligible routes. Under this methodology, express bus funds are programmed for each operator based on their share of ridership relative to total regional ridership on eligible routes, with each operator receiving a minimum of $500,000 or an amount equal to the operator's estimated eligible operating costs, whichever is less, and no more than 33 percent of the total express bus program amount. Proposed programming amounts for the Regional Express Bus program for FY 2026-27 are summarized in Table 2, totaling $18.4 million.

In accordance with the RM3 Policies and Procedures (MTC Resolution No. 4404, Revised), total RM3 programming amounts will be limited such that the combined RM2 and RM3 operating revenue received by each operator is not greater than the cost of operating RM3-eligible service, less fare revenue.

Table 2. Proposed FY 2026-27 RM3 Operating Program (Express Bus)

Operator	FY 2026-27 RM3 Express Bus Programming ($M)
AC Transit	$6.1
CCCTA	$0.5
ECCTA	$0.2
GGBHTD	$2.1
LAVTA	$1.4
NVTA	$0.5
SFMTA	$2.9
SolTrans	$3.0
WestCAT	$1.7
Total	**$18.4**

Contribution of Prior Years' RM3 Operating Program Funds

Over the period spanning FY 2018-19 to FY 2021-22, roughly $24 million in RM3 funding for express bus operations was accrued but not disbursed while RM3 was under legal challenge. Now that legal challenges have been dismissed, MTC is able to disburse this funding to eligible recipients. In FY 2025-26, $9.4 million in prior years' funds were allocated to help address standardized shortfalls for RM3 Operating sponsors. In FY 2026-27, $7.2 million in prior years' funds are proposed for programming to five RM3-eligible express bus operators, in addition to the amounts programmed in Table 2.

County Connection (CCCTA), Tri-Delta Transit (ECCTA), Tri-Valley Wheels (LAVTA), and WestCAT will receive a zero-interest rate loan of RM3 prior years' funds equivalent to the FY 2025-26 amounts received under the BART Feeder Bus funding agreement, which provided a portion of BART's state operating funds to East Bay bus operators to support local bus services that connect to BART stations. The final year of the BART Feeder Bus agreement was FY 2025-26. To ensure that the loaned funds can be fully expended within the fiscal year, these four operators will be provided increased flexibility to use prior years' funds on eligible routes which serve an intended bridge corridor and/or provide a direct connection to BART. Should SB 63

pass, operators will repay the loan through reduced annual RM3 Operating Program allocations beginning in FY2027-28.

Golden Gate Transit (GGBHTD) will also receive $500,000 in prior years' funds to support implementation of the Marin-Sonoma Coordinated Transit Service (MASCOTS) plan. Proposed FY 2026-27 programming amounts for the express bus prior years' funds are summarized in Table 3 below.

Table 3. Proposed FY 2026-27 Programming of RM3 Express Bus Prior Years' Funds

Operator	FY 2026-27 RM3 Express Bus Programming of Prior Years' Funds ($M)
CCCTA	$0.8
ECCTA	$2.6
LAVTA	$0.6
WestCAT	$2.7
GGBHTD	$0.5
Total	**$7.2**

Staff will return to the Commission with a recommendation on potential uses of the remaining $7.3 million in prior years' funds at a later date, following further coordination with transit agency partners.

Funding Availability

MTC's RM3 Policies and Procedures state that MTC will adopt a project specific budget for RM3 operating funds prior to allocation. The proposed FY 2026-27 programming levels are consistent with Bay Area Toll Authority revenue projections for RM3. However, should actual revenues be lower than budgeted revenues, revisions to programming will be necessary to stay within the statutory 16 percent maximum. Operators will continue to have flexibility to direct funding to any eligible service so funds can be used where operators determine they are most needed.

Issues:

Historically, RM3 Express Bus operating funds were programmed according to sponsors' operating needs, while the proposed FY 2026-27 program does not address potential budgetary shortfalls that many Bay Area operators continue to face. If the regional transportation revenue measure authorized by Senate Bill 63 is not approved by voters in November 2026, the Commission may choose to alter the RM3 Express Bus operating program in FY 2027-28 and beyond to respond to the resulting fiscal challenges.

Recommendations:

Refer MTC Resolution No. 4758 to the Commission for approval.

Attachments:

- MTC Resolution No. 4758
    - Attachment A - RM3 Operating Program of Projects
- Presentation

Andrew B. Fremier