Agenda Item No. (5)(a)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of July 23, 2026

From: Jacob Brown, Grants Manager
Grant Martinez, Director of Budget and Financial Analysis
Jennifer H. Mennucci, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE ACTIONS RELATED TO GRANT PROGRAMS**
(a) AUTHORIZE FILING AN APPLICATION WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR FY 26/27 TRANSPORTATION DEVELOPMENT ACT, STATE TRANSIT ASSISTANCE, REGIONAL MEASURE 2, AND REGIONAL MEASURE 3 OPERATING FUNDS TO SUPPORT BUS, FERRY, AND PARATRANSIT SERVICES

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize the General Manager to file an application with the Metropolitan Transportation Commission (MTC) for the following FY 26/27 funds:

- Transportation Development Act (TDA),
- State Transit Assistance (STA),
- Regional Measure 2 (RM2), and
- Regional Measure 3 (RM3),

to support bus, ferry, and paratransit services in the amount of $27,573,265. Approval of this action also authorizes the General Manager to file revisions to this application if projected funding amounts change during FY 26/27.

This matter will be presented to the Board of Directors at its July 24, 2026, meeting for appropriate action.

Summary

TDA funds (statewide sales tax revenues) are made available annually to the Golden Gate Bridge, Highway and Transportation District (District) for transit operating purposes through the MTC. The District is eligible to claim $8,009,836 in TDA funds for FY 26/27 from Marin and Sonoma apportionment areas to subsidize the District’s transit services provided in these counties. The breakdown of TDA funds the District may claim in FY 26/27 are as follows:

- $7,209,318 from Marin County (43% of Marin's TDA revenue estimate)
- $800,518 from Sonoma County (3% of Sonoma's TDA revenue estimate)

STA funds (from gasoline and diesel fuel sales tax revenues) are also available annually to support transit operations. Based on current funding agreements, the District is eligible to claim Marin and Sonoma County population-based and Statewide revenue-based STA funds in the amount of $14,577,013 to support the District's bus, ferry, and paratransit operations in FY 26/27. The total allotment of STA funds includes $13,341,490 in revenue-based funds, $796,559 in Marin County population-based funds, and $438,964 in Sonoma County population-based funds.

In March 2004, voters passed RM2, raising the toll for all vehicles on the seven state-owned toll bridges in the San Francisco Bay Area by $1.00. This extra dollar funds various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors. The District is eligible to claim up to $2,338,776 to support ongoing express bus service operations in FY 26/27. The District will claim these funds for the operation of Bus Route 580, San Rafael/Richmond Bridge service. Funds will be transferable to new routes as needed.

In June 2018, Bay Area voters approved RM3, authorizing increased Bay Area bridge tolls to fund specific capital projects and operating programs outlined in the RM3 Expenditure Plan. RM3 was proposed to implement three toll increases of $1.00 each, scheduled to take effect on January 1, 2019, January 1, 2022, and January 1, 2025. Following RM3's approval, multiple lawsuits were filed, temporarily halting access to the RM3 funds. These legal challenges were eventually heard by the California Supreme Court, which resulted in the dismissal of the lawsuits and the restoration of access to the RM3 funds in 2023.

For FY 26/27, the District is eligible to claim a total amount of $2,647,640 for RM3 funding. The District is eligible to claim up to $2,147,640 to support ongoing express bus service operations for Bus Route 580, San Rafael/Richmond Bridge service, and Bus Route 101, Limited Stop Express. Funds will be transferable to new routes as needed. The District is also eligible to claim an additional $500,000 to offset District funds allocated to the second year of Sonoma-Marin Area Rail Transit's (SMART) implementation of the Marin-Sonoma Coordinated Transit Service Plan (MASCOTS).

Sonoma County Allocation Formula

As part of the MASCOTS Plan, transit operators and county transportation authorities in Marin and Sonoma Counties agreed to replace the historical allocation methodology used to distribute Sonoma County TDA, STA, and Low Carbon Transit Operations Program (LCTOP) population-based funds with a new performance-based formula.

Beginning in FY 25/26, the District's share of Sonoma County state operating assistance has been calculated under this revised formula. In the first year of implementation, allocations were based on historical actual service data. For FY 26/27, the same formula applies, but allocations are based on projected ridership and revenue miles following MASCOTS implementation. The FY 27/28 distribution will continue to use the performance-based formula with projected service levels. In subsequent years, the performance-based formula will remain in effect, but the data for the allocation apportionment will revert back to utilize historic actual ridership and revenue mileage.

Compared to FY 24/25, the District will receive approximately $5.8 million less in Sonoma County operating assistance revenues, which will be shifted from the District to SMART and Sonoma County local bus operators.

Expiration of State "Hold Harmless" Provision

Also beginning in FY 26/27, statewide State Transit Assistance (STA) and State of Good Repair (SGR) revenue-based allocations are no longer subject to the COVID-era hold harmless provisions established by Senate Bill 125 (Chapter 54, Statutes of 2023). Through FY 25/26, these allocations were based on the operator ratios established in the State Controller's August 2020 allocation memorandum, effectively tying allocations to pre-pandemic qualifying revenue.

With the expiration of the "hold harmless" provision, FY 26/27 allocations reflect each operator's FY 24/25 qualifying revenue. Because the District's qualifying revenues have increased significantly since the pre-pandemic period, the District's STA revenue-based allocation is expected to increase by more than $3 million, which is approximately 29% above the FY 25/26 amount.

Fiscal Impact

This item authorizes an application for funds totaling $27,573,265, of which $27,073,265 will support District operations for intercounty transit services. The remaining difference of $500,000 of District funding will be passed through to SMART to support the first full year of the MASCOTS pilot program. In addition, the increase from the expiration of the "hold harmless" provision partially offsets the District's reduction from the Sonoma County operating assistance allocation.

TDA/STA/RM2/RM3 revenues to support the District's transit operations are included in the Adopted FY 26/27 Operating Budget.

Source	FY 26 Actual Allocation	FY 27 Claim	Difference
Annual Operating Support			
TDA – Marin	$7,550,008	$7,209,318	($340,690)
TDA – Sonoma	$3,698,654	$800,518	($2,898,136)
STA – Revenue-Based	$10,327,306	$13,341,490	$3,014,184
STA – Marin (Block Grant)	$1,247,872	$796,559	($451,313)
STA – Sonoma	$7,846	$438,964	$431,118
RM2 – Operating	$2,336,900	$2,338,776	$1,876
RM3 – Operating*	$3,292,211	$2,647,640	($644,571)
Total	**$28,460,797**	**$27,573,265**	**($887,532)**

*FY 26 RM3 amount shown includes $800,000 allocated to SMART; FY 27 RM3 amount shown includes $500,000 to be allocated to SMART.

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