

THIS PRINT COVERS CALENDAR ITEM NO.: 10.8

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance

BRIEF DESCRIPTION:

Authorizing the Director of Transportation, or her designee, to execute and file a request for funding (claim) – anticipated to be approximately \$173.5 million, subject to finalization of the State budget and unforeseen economic volatility – with the Metropolitan Transportation Commission for allocation of operating assistance from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2 and Regional Measure 3 funds for Fiscal Year 2026-2027 to support the operating budget.

SUMMARY:

- The SFMTA annually files a claim for operating assistance with the Metropolitan Transportation Commission (MTC).
- Annually, the SFMTA gets operating assistance from the Transportation Development Act (TDA), State Transit Assistance (STA), Assembly Bill 1107 BART District Sales Tax (AB1107), Regional Measure 2 (RM2), and Regional Measure 3 (RM3) funds administered by MTC. This year, the claim is expected to be approximately \$173.5 million, subject to finalization of the State budget and unforeseen economic volatility.
- MTC requires the SFMTA to submit a resolution from its governing board authorizing the SFMTA to execute and file a claim for allocation of TDA, STA, AB1107, RM2 and RM3 funds.
- The SFMTA Fiscal Year (FY) 2026-2027 Operating Budget included TDA, STA, AB1107, RM2, and RM3 funds. The amounts to be allocated from these sources will be finalized once MTC confirms the availability of the funds after the State budget is approved.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DIRECTOR _____



SECRETARY _____



DATE

July 16, 2026

July 16, 2026

ASSIGNED SFMTAB CALENDAR DATE: July 21, 2026

PURPOSE

Authorizing the Director of Transportation, or her designee, to execute and file a request for funding (claim) – anticipated to be approximately \$173.5 million, subject to finalization of the State budget and unforeseen economic volatility – with the Metropolitan Transportation Commission for allocation of operating assistance from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2 and Regional Measure 3 funds for Fiscal Year 2026-2027 to support the operating budget.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item will support the following Strategic Plan Goal:

Goal 5: Deliver reliable and equitable transportation services.

TRANSIT FIRST POLICY PRINCIPLES

This item will support the following Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.

DESCRIPTION

MTC is the regional transportation planning agency for the San Francisco Bay Area. (Gov't Code §§66500, et seq.) The TDA provides for the disbursement of funds from the Local Transportation Fund (LTF) of the City and County of San Francisco (City) for use by eligible applicants for the purpose of approved transit projects. (Cal. Pub. Util. §§99200, et seq.) Under implementing regulations of the TDA, prospective applicants wishing to receive an allocation from the LTF for any transit-related purposes must file an annual claim with MTC. (21 Cal. Code of Regs. §§6600, et seq.) MTC apportions TDA funds (that are held in the LTF) based on an estimate of sales tax generation for the claim year prepared by MTC and San Francisco County auditors.

STA revenue-based operating assistance comes from a State sales tax on fuel, and STA-population-based (paratransit) assistance is computed according to a formula based on the population of the area, which may be adjusted during the governor's annual budget process. The STA makes funds available for allocation to eligible applicants to support approved transit projects. (Cal. Pub. Util. Code §99313.6.)

AB1107 is based on MTC estimates of sales tax growth generations and makes available 25 percent of the half-cent sales tax revenues collected in three BART counties (Alameda, Contra

Costa, and San Francisco) for allocation by MTC to eligible applicants. (Cal. Pub. Util. Code §29140, et seq.)

RM2 establishes the Regional Traffic Relief Plan and identifies specific capital projects and programs eligible to receive RM2 funding, including operating assistance. (Cal. Streets & Highway Code §30914(c) and (d), §30914.5.) RM2 funds are dispensed based on the agency's request for operating allocations, subject to meeting eligibility requirements and availability of RM2 operating funds.

RM3 establishes the Regional Measure 3 Expenditure Plan and identifies specific capital and operating projects and programs eligible to receive RM3 funding as identified in Cal. Streets & Highway Code §30914.7(a) and (c). RM3 funds are dispensed based on the agency's request for operating allocations, subject to meeting eligibility requirements and availability of RM3 operating funds.

The SFMTA FY2026-2027 Operating Budget included TDA, STA, AB1107, RM2, and RM3 funds. The exact amounts available to the SFMTA for FY2026-2027 will not be known until after the State budget is approved. The RM2 and RM3 funding are restricted to funding specific activities; MTC has designated RM2 to support the Third Street Light Rail Line and late-night OWL operating service, and RM3 to support the Treasure Island Line.

STAKEHOLDER ENGAGEMENT

On April 21, 2026, the SFMTA Board of Directors approved the operating budget for FY2026-2027, which included TDA, STA, AB1107, RM2, and RM3 funds.

ALTERNATIVES CONSIDERED

If this claim is not submitted to MTC, the SFMTA will not be able to receive TDA, STA, AB1107, RM2, or RM3 funds that have been included in the operating budget for FY2026-2027. If these funds are not available, alternative funding sources will need to be identified to support the FY2026-2027 operating budget and/or services will need to be reduced or eliminated.

FUNDING IMPACT

MTC projects that it will distribute the following amounts to the SFMTA in FY2026-2027. As mentioned above, the exact amounts available are subject to approval of the State budget:

	FY26-27 MTC Allocation
TDA Funding	\$ 46,353,703
State Transit Assistance – Revenue-Based	65,309,582
State Transit Assistance – Pop-Based (Paratransit)	4,119,257
AB1107 funding	52,500,000
RM2 operating Assistance	2,298,754
RM3 operating Assistance	2,886,623
Total Request	\$ 173,467,919

ENVIRONMENTAL REVIEW

On June 30, 2026, the SFMTA, under authority delegated by the Planning Department, determined that MTC FY2026-2027 Operating Assistance Claim is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

Copies of the CEQA determination are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The City Attorney’s Office has reviewed this calendar item and has provided an Opinion of Counsel stating that the SFMTA is eligible to receive the funds requested and that there are no legal impediments to the SFMTA’s use of the funds.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation, or her designee, to execute and file a request for funding (claim) – anticipated to be approximately \$173.5 million, subject to finalization of the State budget and unforeseen economic volatility – with the Metropolitan Transportation Commission for allocation of operating assistance from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2 and Regional Measure 3 funds for Fiscal Year 2026-2027 to support the operating budget.

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS**

RESOLUTION No. _____

WHEREAS, The Transportation Development Act (TDA) (Public Utilities Code §§99200, et seq.) provides for the disbursement of funds from the Local Transportation Fund (LTF) of the City and County of San Francisco (City) for use by eligible applicants for the purpose of approved transit projects; and,

WHEREAS, Under the provisions of the TDA, and under the applicable rules and regulations promulgated pursuant to the TDA (21 Cal. Code of Regs. §§6600, et seq.), a prospective applicant wishing to receive an allocation from the LTF must file its claim with the Metropolitan Transportation Commission (MTC); and,

WHEREAS, The State Transit Assistance (STA) fund is created pursuant to Public Utilities Code Sections 99310, et seq. and makes funds available under Public Utilities Code Section 99313.6 for allocation to eligible applicants to support approved transit projects; and,

WHEREAS, TDA funds from the LTF of the City and STA funds will be required by the San Francisco Municipal Transportation Agency (SFMTA) in FY2026-2027 for approved transit projects; and,

WHEREAS, Public Utilities Code Sections 29140, et seq. (AB1107) makes available 25 percent of the half-cent sales tax revenues collected in three BART counties (Alameda, Contra Costa, and San Francisco) for allocation by MTC to eligible applicants including Alameda-Contra Costa Transit District, the Bay Area Rapid Transit District, and the City and County of San Francisco for its Municipal Railway system; and,

WHEREAS, Regional Measure 2 (RM2) establishes the Regional Traffic Relief Plan and identifies specific capital projects and programs eligible to receive RM2 funding, including operating assistance, as identified in Section 30914 (c) and (d) and Section 30914.5 of the California Streets and Highway Code; and,

WHEREAS, Regional Measure 3 (RM3) establishes the Regional Measure 3 Expenditure Plan and identifies specific capital and operating projects and programs eligible to receive RM3 funding as identified in Section 30914.7(a) and (c) of California Streets and Highway Code; and,

WHEREAS, MTC has determined that the SFMTA complies with the requirements of Public Utilities Code Section 29142.5 and Government Code Section 66517.5; and,

WHEREAS, The SFMTA is an eligible applicant for TDA, STA, AB1107, RM2, and RM3 funds, as attested by the Opinion of Counsel submitted with this resolution; and,

WHEREAS, On June 30, 2026, the SFMTA, under authority delegated by the Planning Department, determined that the MTC Fiscal Year 2026-2027 Operating Assistance Claim is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, Copies of the CEQA determinations are on file with the Secretary to the SFMTA Board of Directors and are incorporated herein by reference; now, therefore be it

RESOLVED, That the San Francisco Municipal Transportation Board of Directors authorizes the Director of Transportation, or her designee, to execute and file a claim – anticipated to be approximately \$173.5 million, subject to finalization of the State budget and unforeseen economic volatility – with the Metropolitan Transportation Commission for allocation of operating assistance from Transportation Development Act, State Transit Assistance, Assembly Bill 1107 BART District Sales Tax, Regional Measure 2, and Regional Measure 3 funds for Fiscal Year 2026-2027 to support the operating budget; and be it further

RESOLVED, That a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the claim, and MTC is requested to grant the allocations of the funds as specified herein.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of July 21, 2026.

Secretary to the Board of Directors
San Francisco Municipal Transportation