



Budget Development Committee Agenda

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Live Verbal Public Comments:

Use the 'Raise Hand' icon every time you wish to make a public comment on an item. Raise your hand once the agenda item you wish to comment on has been called. In person public comments will be taken first, virtual attendees will be taken in the order in which they raise their hand. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting. Two-minutes of time is allotted per speaker, unless otherwise directed by the Chair.

Public Comments Made Via Zoom

1. Click the link found at the top of this instruction page
2. Click the raise hand icon located in the bottom center of the platform
3. The Clerk will announce your name when it is your turn to speak
4. Unmute yourself to speak

Public Comments Made by Phone Only

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2. Type in the zoom meeting ID found in the link and press #
3. Dial *9 to raise your hand via phone
4. The Clerk will call out the last 4 digits of your phone number to announce you are next to speak
5. Dial *6 to unmute yourself



Written Public Comments (before the meeting): Written public comments will be recorded in the public record and will be provided to MTS Board Members in advance of the meeting. Comments must be emailed or mailed to the Clerk of the Committee* by 4:00pm the day prior to the meeting.



Translation Services: Requests for translation services can be made by contacting the Clerk of the Committee* at least four working days in advance of the meeting.



In-Person Participation: In-person public comments will be heard first. Following in-person public comments, virtual attendees will be heard in the order in which they raise their hand via the Zoom platform. Speaking time will be limited to two minutes per person, unless specified by the Chairperson. Requests to speak will not be taken after the public comment period ends, unless under the Chair's discretion.

Instructions for providing in-person public comments:

1. Fill out a speaker slip located at the entrance of the Board Room;
2. Submit speaker slip to MTS staff seated at the entrance of the Board Room;
3. When your name is announced, please approach the podium located on the right side of the dais to make your public comments.

Members of the public are permitted to make general public comment at the beginning of the agenda or specific comments referencing items on the agenda during the public comment period. General Public Comment, at the beginning of the Board of Directors meeting only, will be limited to five speakers. Additional speakers with general public comments will be heard at the end of the meeting.



Assistive Listening Devices (ALDs): ALDs are available from the Clerk of the Committee* prior to the meeting and are to be returned at the end of the meeting.



Reasonable Accommodations: As required by the Americans with Disabilities Act (ADA), requests for agenda information in an alternative format or to request reasonable accommodations to facilitate meeting participation, please contact the Clerk of the Committee* at least two working days prior to the meeting.



***Contact Information:** Contact the Clerk of the Committee via email at Lucia.Mansour@sdmts.com, phone at (619) 557-4521 or by mail at 1255 Imperial Ave. Suite 1000, San Diego CA 92101.



Agenda del Comité de Desarrollo Presupuestario

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Funciones del Seminario En Línea:

 Levantar la mano	▶	Use la herramienta de levantar la mano cada vez que desee hacer un comentario público.
	▶	Los participantes pueden habilitar el subtitulado haciendo clic en el ícono CC. También puede ver la transcripción completa y cambiar el tamaño de letra haciendo clic en “configuración de subtítulos”. Estas herramientas no están disponibles por teléfono.
	▶	Este símbolo indica que usted se encuentra en silencio , haga clic en este ícono para quitar el silenciador de su micrófono.
	▶	Este símbolo indica que su micrófono se encuentra encendido . Haga clic en este símbolo para silenciar su micrófono.
	▶	La herramienta de chat deben usarla los panelistas y asistentes únicamente para asuntos “pertinentes a la reunión”, ya que comentarios realizados a través de esta herramienta no se conservarán como parte del registro de la reunión. Consulte el Comentario público verbal en vivo para obtener instrucciones sobre cómo hacer un comentario público.



Teléfono Inteligente o Tableta: Descargue la aplicación de Zoom y participe en la reunión haciendo clic en el enlace o usando el ID del seminario web (que se encuentra en el enlace).



Teléfono:

1. Si está participando en la reunión mediante audio de su teléfono y viendo la reunión en un dispositivo, marque el número indicado en la pestaña de llamada telefónica “unirse por audio” en la ventana emergente inicial e ingrese el ID de la reunión (que se encuentra en el enlace).
2. Si está participando solo por teléfono, marque: **+1-669-900-9128** o **+1-253-215-8782** e ingrese el ID de la reunión que se encuentra en el enlace, pulse #. Tendrá acceso al audio de la reunión, **pero NO podrá ver las presentaciones en PowerPoint.**



Comentarios Públicos Verbales en Vivo: Use la herramienta “levantar la mano” cada vez que desee hacer un comentario público sobre alguno de los artículos. Levante la mano una vez que el artículo de la agenda sobre el que desea comentar haya sido convocado. Los comentarios públicos en persona se escucharán primero, se escuchará a los asistentes virtuales en el orden en el que levanten la mano. No se aceptarán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción. Comentarios públicos generales, únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión. Se otorga dos minutos de tiempo por persona que desee hablar, a menos de que el presidente instruya de otra forma. (Consulte la página 2 para obtener instrucciones sobre cómo hacer un comentario público.)

Comentarios Públicos a Través de Zoom

1. Haga clic en el enlace que se encuentra en la parte superior de esta página de instrucciones
2. Haga clic en el ícono de levantar la mano en el centro inferior de la plataforma
3. El secretario anunciará su nombre cuando sea su turno de hablar
4. Desactive el silenciador para que pueda hablar

Comentarios Públicos Realizados Únicamente por Teléfono

1. Marque el **+1-669-900-9128**
2. Ingrese el ID de la reunión en Zoom que se encuentra en el enlace y pulse #
3. Marque *9 para levantar la mano por teléfono
4. El secretario indicará los últimos 4 dígitos de su número de teléfono para anunciar que usted será el siguiente en hablar
5. Marque *6 para desactivar el silenciador



Comentarios Públicos por Escrito (Antes de la Reunión): Los comentarios públicos por escrito se registrarán en el registro público y se entregarán a los miembros de la Junta de MTS antes de la reunión. Los comentarios deben enviarse por correo electrónico o postal al secretario del Comité* antes de las 4:00 p.m. el día anterior a la reunión.



Servicios de Traducción: Pueden solicitarse servicios de traducción comunicándose con el secretario del Comité* por lo menos cuatro días hábiles antes de la reunión.



Participación en Persona: Los comentarios públicos en persona se escucharán primero. Después de los comentarios públicos en persona, se escuchará a los asistentes virtuales en el orden en el que levanten la mano a través de la plataforma de Zoom. El tiempo para hablar se limitará a dos minutos por persona, a menos de que el presidente especifique de otra forma. No se recibirán solicitudes para hablar después de que termine el periodo para hacer comentarios públicos, a menos de que el presidente determine de otra forma a su discreción.

Instrucciones para brindar comentarios públicos en persona:

1. Llene la boleta para personas que desean hablar que se encuentran en la entrada de la Sala de la Junta.
2. Entregue la boleta para personas que desean hablar al personal de MTS que se encuentra sentado en la entrada de la Sala de la Junta.
3. Cuando anuncien su nombre, por favor, acérquese al podio ubicado en el lado derecho de la tarima para hacer sus comentarios públicos.

Los miembros del público pueden hacer comentarios públicos generales al inicio de la agenda o comentarios específicos que hagan referencia a los puntos de la agenda durante el periodo de comentarios públicos. Los comentarios públicos generales únicamente al inicio de la reunión de la Junta de Directores, se limitarán a cinco personas que deseen hablar. Las personas adicionales que deseen aportar comentarios públicos generales podrán hacerlo al final de la reunión.



Dispositivos de Asistencia Auditiva (ALD, por sus siglas en inglés): Los ALD están disponibles con el secretario del Comité* antes de la reunión y estos deberán ser devueltos al final de la reunión.



Facilidades Razonables: Según lo requerido por la Ley de Estadounidenses con Discapacidades (ADA, por sus siglas en inglés), para presentar solicitudes de información de la agenda en un formato alternativo o solicitar facilidades razonables para facilitar su participación en la reunión, por favor, comuníquese con el secretario del Comité* por lo menos dos días hábiles antes de la reunión.



***Información de Contacto:** Comuníquese con el secretario del Comité por correo electrónico en Lucia.Mansour@sdmts.com, por teléfono al **(619) 557-4521** o por correo postal en **1255 Imperial Ave. Suite 1000, San Diego CA 92101.**



**Metropolitan
Transit
System**

Budget Development Committee

Agenda

September 13, 2023 at 1:00 p.m.

In-Person Participation: James R. Mills Building, 1255 Imperial Avenue, 10th Floor, San Diego CA 92101

Teleconference Participation: (669) 444-9171; Webinar ID: 829 0799 8675, <https://us02web.zoom.us/j/82907998675>

NO.	ITEM SUBJECT AND DESCRIPTION	ACTION
1.	Roll Call	
2.	Public Comments	
3.	Approval of Minutes Approval of the April 27, 2023 Budget Development Committee Meeting Minutes.	Approve
DISCUSSION ITEMS		
4.	Fiscal Year (FY) 2023 Preliminary Operating Budget Results (Gordon Meyer) Action would receive the MTS operations budget status report for FY 2023 and forward a recommendation to the Board of Directors to approve staff recommendations for programming excess revenues less expenses.	Approve
5.	Senate Bill (SB) 125 Funding Update (Julia Tuer and Mike Thompson)	Informational
OTHER ITEMS		
6.	Next Meeting Date: TBD - November	
7.	Other Staff/Committee Member Communications and Business	
8.	Adjournment	

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San Diego Metropolitan Transit System (MTS) is a California public agency comprised of San Diego Transit Corp., San Diego Trolley, Inc. and San Diego and Arizona Eastern Railway Company (nonprofit public benefit corporations). MTS member agencies include the cities of Chula Vista, Coronado, El Cajon, Imperial Beach, La Mesa, Lemon Grove, National City, Poway, San Diego, Santee, and the County of San Diego. MTS is also the For-Hire Vehicle administrator for nine cities.



DRAFT MINUTES
MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE (BDC)

04/27/2023

[Clerk's note: Except where noted, public, staff and board member comments are paraphrased. The full comment can be heard by reviewing the recording at the [MTS website](#).]

1. Roll Call

Ms. Moreno called the Budget Development Committee meeting to order at 2:00 p.m. A roll call sheet listing Budget Development Committee member attendance is attached.

2. Public Comments

Alex Wong – Mr. Wong expressed that cutting services should not be the first resource that MTS cuts during a budget crisis. He mentioned that some of the things that should be cut are capital spending for on-board WiFi, and fancy stations. He mentioned that while they are nice, they are not what keep the passengers moving. He mentioned that projects such as rebuilding the San Ysidro Transit Center and free youth fares are not nearly as important as keeping frequency and service.

3. Approval of Minutes

Ms. Moreno moved to approve the minutes of the April 6, 2023, San Diego Metropolitan Transit System Budget Development Committee meeting. Mr. Goble seconded the motion, and the vote was 4 to 0 in favor with Mr. Whitburn absent.

DISCUSSION ITEMS

4. Report from California Transit Association – (Michael Pimentel of California Transit Association)

Mr. Pimentel, Executive Director of California Transit Association, gave an overview of the organization and went over their approach to addressing the transit operational process funding crisis across the State of California.

Mr. Pimentel went over the California Budget Development Timeline for FY 23–24. He mentioned that the timeline anchors the schedule that they operate under in order to move this advocacy effort forward. He mentioned the Governor released the proposed State budget on January 10th for FY 23-24 mentioning that the Governor's proposed budget projects a deficit of \$22.5B, which the government is proposing to balance with a series of cuts including a proposed reduction of \$2.0B for the Transit and Intercity Rail Capital Program (TIRCP). Between February – May, the State Legislature will be holding a series of topic specific budget sub-committee hearings, which provides the public the opportunity to review the Governor's proposed budget. He mentioned the hearings will continue until the Governor releases the "May Revise", which this year is scheduled to be May 15th. Between May – July, the legislature will hold hearings on the "May Revise" budget adjustment. Mr. Pimentel did mention that in some California counties, the tax filing dateline was extended to October for both State and Federal taxes due to the severe weather. This extension will impact the timeline process in an unprecedented way as the State will not have a clear picture come the "May Revise" of what to expect in terms of tax receipts for the next FY. He mentioned the adoption of a balanced budget

will be June 15th, and that will be in effect July 1st for the start of State's FY 23-24. Between July – September, there will be continued action on the main budget bill and trailer bills.

Mr. Pimentel went over the Budget Advocacy Phased Approach. He mentioned that Phase (1) is to issue awareness, Phase (2) includes coordinated statewide advocacy and Phase (3) is negotiations.

He went over the issue awareness campaign. He mentioned that Phase (1) started November 2022 – March/April 2023 once the January budget was released including the proposed cuts to the TIRCP. They worked closely with State Senator Scott Wiener of San Francisco to respond to the budget, and they have also been meeting directly with key legislators, and government officials to continue to speak to the specifics of their requests. He mentioned that all of this work has led to some measurable outcomes for the industry, which includes a budget document that was released by the Senate. The document does highlight the need to preserve the funding for the TIRCP. The Phase (2) timeline is from April 2023 – September 2023, and focuses on building a coordinated statewide advocacy effort now that a budget request was finalized last week and was submitted to the legislature this week. Relating to Phase (3), the Association has formally requested \$5.15B in transit operations funding over a 5-year horizon. The Association also asked the legislature for a commitment in Calendar Year (CY) 2023 to give agencies some certainty around the level of funding that may be received over the 5-year time horizon.

Mr. Pimentel mentioned that elements of the Association's budget requests mostly pulls from funding sources that have traditionally supported transit capital and operations. Some of these elements are sales tax on diesel fuel, and unallocated cap and trade revenue. Mr. Pimentel also mentioned that the Governor is proposing the reduction of TIRCP from \$4B to \$2B, that were supported through a general fund, a one-time investment. He mentioned that the Association will ask for the \$2B cut to be rejected and to maintain the \$4B of investment, and to allow agencies to flex 25% of the restored \$4B over 2 years for operations on a regional basis. He also mentioned that within the San Diego Region, the money that is contemplated here for transit capital and potentially operations flowing directly to MTS.

Mr. Pimentel went over the accountability metrics, mentioning that the feedback was received from the legislature. Their feedback included a demonstrated commitment from the transit industry to reform its operations to implement new accountability metrics, as there will not be any new funding provided for transit operations. Mr. Pimentel mentioned that having heard that message, they have incorporated within their budget framework a reference to the work they are committed to doing to improve transit operations. He also mentioned that of the agencies statewide, MTS has made significant strides to regrow its ridership. To find fiscal stability for quite a few more fiscal years, he mentioned that the Association will be supporting some key reform efforts, including AB 761 Transit Transformation Task Force, AB 1377 Homeless Housing, Assistance and Prevention (HHAP) and SB 434 Street harassment.

Action Taken

Informational item only. No action taken.

5. Fiscal Year (FY) 2024 Proposed Operating Budget (Mike Thompson)

Mike Thompson, Director of Financial Planning and Analysis, gave an overview of the FY 2024 Operating Budget development and presented a PowerPoint explaining the Revenue Assumptions and Expense Assumptions for FY24.

Mr. Thompson gave the preliminary passenger revenue results for March. He mentioned that in July of 2021, ridership was down to 56% compared to the pre-pandemic baseline and currently we are up to 80% ridership. He mentioned that the original projection for the March mid-year budget was slightly missed. This ridership decrease was due to March numbers decreasing to 79%, primarily due to the rain, however April had already increased to 83% and ridership trends are expected to continue to increase. Mr. Thompson mentioned that even with January and March being very rainy this year, ridership is at 80% of baseline in 2023 compared to only 66% in FY22. He mentioned that the continued steady growth over the past two years is being used as the assumption for next FY, which forecasts 11% growth or 81M passengers. Mr. Thompson went over passenger revenue, and mentioned that it was also slightly below the mid-year budget by \$0.5M. He mentioned that even though this month's baseline was missed, ridership is expected to get back on track and still hit the amended budget of \$78.9M at this point in time.

Mr. Thompson went over the changes to the FY24 Operating Budget Revenue since the last draft, starting with Other Operating Revenue which is increasing by \$2.8M. The majority of the increase is in the energy credit revenues. Mr. Thompson went over the energy credit revenue, and mentioned that the State credit is increasing from \$70.00 per credit to \$85.00 at the start of July and will grow slowly over the course of the year. On the Federal side, the credit is still trending at about \$2.00 per credit and is not changing substantially. Real estate revenue is increasing by \$300k. Mr. Thompson went over the Revenue Summary for FY24. Total Operating Revenue is increasing by \$10.8M, 11.7%, for a total of \$103.6M. Total Subsidy Revenue is increasing \$1.7M, 0.7%, and overall Revenue is increasing by \$12.7M, 3.7% for FY24.

Mr. Thompson went over the FY 24 Operating Budget Expense Assumptions. He mentioned that energy assumption changes were made, mentioning that electricity costs have two major components: the transmission/demand that is paid to San Diego Gas & Electric (SDG&E) and the actual commodity. Mr. Thompson explained that a 10% increase is projected every year on the transmission side. On the commodity side, the rate per kilowatt hour (kWh) is usually between the \$0.05 - \$0.08 range and in FY 22, the rate went up to almost \$0.10 because of the war in Ukraine and currently we are on track to pay over \$0.14 in the current FY. Mr. Thompson mentioned that staff creates multiple forecasts of what the price could be and staff also obtains a quote from their external vendors of what a fixed price would be. Staff is projecting \$0.128 kWh for the commodity side. Staff is not recommending a fixed position at this time with the projected rate of \$0.128 kWh, but will continue to monitor pricing and if the pricing does look more favorable, it will be brought back to the committee. Natural Gas will be increasing 7% for transportation of the actual gas (through SDG&E). Natural gas commodity increased in FY22 to up to over \$6.00/Dekatherm and in FY23 there were increases because of problems in December 2022 through February 2023 causing the projected average of over \$13.00 for the year. He mentioned that as of right now staff is

projecting about \$6.00/Dekatherms for FY24, which is still a high number, but it is lower than the fixed price quote that was received from their vendor of \$7.44/Dekatherm; staff is not recommending a fixed position. Mr. Thompson went over the Expense Summary, energy net increased by \$175k, personnel costs increased by \$160k since the last draft, and overall the proposed budget will be an increase of \$26.6M, 7.0%.

Mr. Thompson went over the Consolidated Revenues Less Expenses for FY24. He stated that Total Revenues are increasing by \$12.6M, 3.7% and Total Expenses are increasing by \$26.6M, 7.0%, resulting in a Net Operating Deficit of \$51.1M. Mr. Thompson mentioned the deficit will be balanced with federal stimulus funding.

Mr. Thompson went over the 5-year Operating Budget projections. He mentioned that some of the major revenue assumptions will come from passenger growth as we continue to head towards the pre-pandemic levels. He mentioned the other revenue growth assumptions for the 5-year projection include growth in energy credits and the Gaslamp Quarter Digital information board. Mr. Thompson mentioned that sales tax revenue assumptions are projected by SANDAG to grow 3.0% per year over the next four years. He went over the Expense Assumptions, mentioning that for CPI and Wage/Benefits, staff is assuming higher levels in the first couple of years before getting back to more normal levels. Mr. Thompson went over the net operating deficit for the next five years, stating that in FY24 the deficit is at \$51.1M. It will grow to \$57.0M in FY25 as there will be additional service in FY25 as well lower revenue growth versus expense growth. The deficit continues to grow in the outyears as projected revenue does not keep pace with the projected expense growth. Mr. Thompson mentioned staff is projecting to have stimulus funding available into FY27.

Mr. Thompson gave an update on the Contingency Reserve Balance. He mentioned the Board policy sets the contingency reserve balance at 12.5% of the Operating Expense Budget. Based on the current draft budget, the target would be \$44.9M, and at the end of last year's audit in FY22, the reserve was at \$41.8M, putting us \$3.0M under the target reserve balance. Mr. Thompson mentioned that MTS is not expected to utilize any reserves in FY23 or FY24. Staff is projecting a reserve balance target of 11.6% versus 12.5%. Staff is not proposing any changes at this time, instead staff is proposing to continue to monitor until the end of FY23.

Action Taken

Mr. Elo-Rivera moved to:

- 1) Receive testimony, review, and comment on the FY 2024 San Diego Metropolitan Transit System (MTS) Operating Budget at a public hearing to be scheduled on May 18, 2023; and
- 2) Enact Resolution No. 23-04 (in substantially the same format as Attachment B) adopting the FY 2024 operating budget for the San Diego Metropolitan Transit System, San Diego Transit Corporation (SDTC), San Diego Trolley (SDTI), MTS Contract Services, and the Coronado Ferry.

Mr. McCann seconded the motion, and the vote was 4 to 0 in favor with Mr. Whitburn absent.

OTHER ITEMS

6. **Next Meeting Date**

The next Budget Development Committee meeting is to be determined.

*Clerk's note: the next Budget Development Committee meeting was subsequently scheduled for September 13, 2023 at 1:00 p.m.

7. **Adjournment**

Chair Moreno adjourned the meeting at 3:31 p.m.

Chairperson
San Diego Metropolitan Transit System

Committee Clerk
San Diego Metropolitan Transit System

Attachment: Roll Call Sheet

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE MEETING

ROLL CALL

MEETING OF (DATE): 04/27/2023 CALL TO ORDER (TIME): 2:00 p.m.

ADJOURN: 3:31 p.m.

BOARD MEMBER		(Alternate)	PRESENT (TIME ARRIVED)	ABSENT (TIME LEFT)
MORENO (Chair)	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	2:00 p.m.	
ELO-RIVERA	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	2:00 p.m.	
GOBLE	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	2:00 p.m.	
MCCANN	<input checked="" type="checkbox"/>	(no alternate) <input type="checkbox"/>	2:00 p.m.	
WHITBURN	<input type="checkbox"/>	(no alternate) <input type="checkbox"/>	Absent	Absent

COMMITTEE CLERK: Lucia I Mansour

Digitally signed by Lucia I Mansour
Date: 2023.05.02 10:08:48 -07'00'



**Metropolitan
Transit
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Agenda Item No. 4

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDET DEVELOPMENT COMMITTEE (BDC)

September 13, 2023

SUBJECT:

Fiscal Year (FY) 2023 Preliminary Operating Budget Results (Gordon Meyer)

RECOMMENDATION:

That the San Diego Metropolitan Transit System (MTS) Budget Development Committee receive the MTS operations budget status report for FY 2023 and forward recommendation to the Board of Directors to approve staff recommendations for programming excess revenues less expenses.

Budget Impact

Preliminary FY 2023 results show revenues exceeding expenses by \$7,401,000. After reserve related adjustments, there will be \$7,366,000 in excess revenues, which staff recommends be allocated between the following:

- Allocate \$3,145,000 to contingency reserve to achieve 12.5% Board-recommended target for FY 2024
- Allocate \$4,221,000 to operating deficit reserve for addressing future structural deficits in the operating budget

DISCUSSION:

This report summarizes the year-end operating results for FY 2023 compared to the FY 2023 amended budget for MTS. Attachment A-1 combines the operations', administrations' and other activities' results for FY 2023. Attachment A-2 details the FY 2023 combined operations' results and Attachments A-3 to A-7 present budget comparisons for each MTS operation. Attachment A-8 details budget comparisons for MTS Administration, and Attachment A-9 provides FY 2023 results for MTS's other activities (For Hire Vehicle (FHV) Administration/San Diego and Arizona Eastern (SD&AE) Railway Company). Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Attachment A-11 details MTS's contingency reserve balance.



MTS OPERATING SUBSIDY RESULTS

As indicated within Attachment A-1, for the FY ending June 2023, MTS's net-operating income favorable variance totaled \$7,157,000 (2.5%). The favorable budget results were primarily due to favorable experience in other revenue, outside services, and general and administrative costs.

As indicated within Attachment A-10, non-operating net subsidy for FY 2023 was favorable to budget by \$245,000 (0.1%).

In total, revenues exceeded expenses by \$7,401,000 for FY 2023.

MTS COMBINED RESULTS

Operating Revenues. Total combined operating revenues for FY 2023 were \$91,481,000 compared to the budget of \$92,788,000, representing a \$1,307,000 (-1.4%) unfavorable variance. Passenger revenue was unfavorable to budget by \$3,357,000 (-4.7%), partially due to the strike in May and June and partially due to lower ridership growth than anticipated in the second half of the year. Other revenue was favorable by \$2,049,000 (9.4%), primarily due to favorable interest revenue stemming from high interest rates combined with high cash balances.

Operating Expenses. Total combined expenses for FY 2023 were \$371,726,000 compared to the budget of \$380,190,000 resulting in a \$8,464,000 (2.2%) favorable variance.

Personnel Costs. Personnel-related costs totaled \$164,766,000, compared to a budgetary figure of \$163,561,000, producing an unfavorable variance of \$1,206,000 (-0.7%). This was primarily due to unfavorable healthcare costs and worker's compensation costs within Bus Operations. Healthcare costs were unfavorable as a result of unspent IBEW trust funds covering less of the employer premiums than anticipated after dissolving the trust in late FY 2022. Worker's compensation costs were unfavorable due to high medical claim payments.

Outside Services and Purchased Transportation. Total outside services for the fiscal year totaled \$122,574,000 compared to a budget of \$132,022,000, resulting in a favorable variance of \$9,448,000 (7.2%). This was primarily due to favorable purchased transportation costs for both fixed route and paratransit services. Fixed route purchased transportation costs were favorable by \$5,293,000 (6.9%) primarily as a result of the strike which significantly impacted service levels in May and June. Paratransit purchased transportation costs were favorable by \$1,900,000 (13.6%) primarily due to the impact of the strike. The favorable variance in outside services was also due to favorable service agreement expenses within Maintenance of Way (MOW)/Track maintenance departments, favorable construction costs within directly operated bus operations related to the timing of large maintenance projects, and favorable marketing expenses as a result of green/orange line replacement signs not being delivered and paid for in FY 2023 as was initially planned.

Materials and Supplies. Total materials and supplies expenses were \$16,432,000, compared to a budgetary figure of \$16,309,000, resulting in an unfavorable variance of \$123,000 (-0.8%). This was primarily due to unfavorable revenue vehicle parts within Rail Operations, partially offset by favorable revenue vehicle parts within Bus Operations.

Energy. Total energy costs were \$52,584,000, compared to the budget of \$52,565,000, resulting in an unfavorable variance of \$19,000 (0.0%). Compressed natural gas and propane costs were favorable due to lower consumption versus budget, with an estimated \$524,000 reduction in Compressed Natural Gas (CNG) and propane costs coming from lower service levels during the strike. Favorable CNG and propane costs were offset by unfavorable electricity costs resulting from higher than budgeted rates in the second half of the fiscal year.

Risk Management. Total expenses for risk management were \$7,808,000 compared to the budget of \$7,773,000, resulting in an unfavorable variance totaling \$34,000 (-0.4%).

General and Administrative. Total general and administrative costs were \$5,917,000 for FY 2023, compared to a budget of \$6,327,000, resulting in a favorable variance of \$410,000 (6.5%). This was primarily due to favorable credit card fees related to the fare system, travel expenses, and stormwater license/permit fees within Administration.

Vehicle and Facility Leases. The vehicle and facilities leases costs were \$1,645,000 compared to the budget of \$1,633,000, resulting in a \$12,000 (-0.7%) unfavorable variance.

Subsidy Revenue and Other Non-Operating Revenue and Expenses

Attachment A-10 details subsidy revenue and other non-operating revenue and expenses. Subsidy and net non-operating revenues for FY 2023 were \$287,646,000 compared to the fiscal year budget of \$287,402,000, representing a favorable variance of \$245,000 (0.1%). This was primarily due to favorable recurring federal revenues, which were \$269,000 (0.4%) higher than budget. Other significant variances were in federal stimulus funds and other non-operating income; however, these variances largely offset each other, described in more detail below.

On March 16, 2023, the MTS Board of Directors directed staff to draw federal stimulus funds as fast as possible based on eligible expenses (versus budgetary need) and to transfer any excess funds to the operating deficit reserve until needed to address structural deficits in future fiscal years. MTS received \$90,300,000 in federal stimulus funds during FY 2023, compared to a budget of \$87,260,000, resulting in a favorable variance of \$3,040,000 (3.5%). As directed by the Board, these excess stimulus funds were offset by an additional contribution to the operating deficit reserve as shown in Attachment A-10. As of June 30, 2023, MTS has drawn \$228 million of the \$360 million in total apportioned stimulus funds, leaving \$132 million in remaining funds to be drawn in future fiscal years.

As detailed in Attachment A-10, the FY 2023 amended budget for other non-operating income (reserves) included a contribution of \$50,132,000 to reserves, including a \$50 million contribution to the operating deficit reserve, and a \$132,000 contribution to the FHV Administration and SD&AE reserves. The actual reserve contribution amount for FY 2023 was \$53,336,000, or \$3,204,000 (6.4%) higher than budget. \$3,040,000 of the additional contribution was due to drawing additional federal stimulus funds versus budget, and the remaining \$164,000 was due to excess revenues over expenses within FHV Administration and SD&AE operations, both of which are self-funded entities.

Net Revenues Less Expenses

For FY 2023, MTS had an excess of revenues over expenses totaling \$7,401,000. After reserve adjustments for interest, there is \$7,366,000 in excess revenues over expenses. Staff recommends the following actions to program excess revenues:

- Allocate \$3,145,000 to contingency reserve to achieve 12.5% Board-recommended target for FY 2024
- Allocate \$4,221,000 to operating deficit reserve for addressing future structural deficits in the operating budget

The amended FY 2023 budget included a \$37.1 million structural deficit. Favorable expenses resulted in an actual structural deficit of \$29.6 million in FY 2023.

Reserves

Attachment A-11 details MTS's contingency reserve. The Board-recommended contingency reserve target is 12.5% of the operating budget. The ending reserve balance on June 30, 2022, was \$41,817,000. In order to achieve the 12.5% target for the FY 2024 operating budget, MTS must make a net contribution of \$3,145,000 to the contingency reserve after accounting for all FY 2023 reserve activity. With excess revenues over expenses of \$7,401,000, \$35,000 in interest adjustments, and a contribution of \$3,145,000 to the contingency reserve, there is \$4,221,000 in excess revenues over expenses. MTS recommends allocating the remaining available balance of \$4,221,000 to the operating deficit reserve for use in balancing future structural deficits.

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachment: A. Comparison to Budget

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

MTS
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2022

JUNE 30, 2022

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 67,546	\$ 70,902	\$ (3,357)	-4.7%
Other Revenue	23,935	21,886	2,049	9.4%
Total Operating Revenue	\$ 91,481	\$ 92,788	\$ (1,307)	-1.4%
Personnel costs	\$ 164,766	\$ 163,561	\$ (1,206)	-0.7%
Outside services	122,574	132,022	9,448	7.2%
Materials and supplies	16,432	16,309	(123)	-0.8%
Energy	52,584	52,565	(19)	0.0%
Risk management	7,808	7,773	(34)	-0.4%
General & administrative	5,917	6,327	410	6.5%
Vehicle/facility leases	1,645	1,633	(12)	-0.7%
Administrative Allocation	(0)	0	0	0.0%
Total Operating Expenses	\$ 371,726	\$ 380,190	\$ 8,464	2.2%
Operating Income (Loss)	\$ (280,245)	\$ (287,402)	\$ 7,157	2.5%
Total Non-Operating Activities	287,646	287,402	245	0.1%
Income (Loss) before Capital Contributions	\$ 7,401	\$ 0	\$ 7,401	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 67,546	\$ 70,902	\$ (3,357)	-4.7%
Other Revenue	965	890	75	8.4%
Total Operating Revenue	\$ 68,510	\$ 71,792	\$ (3,282)	-4.6%
Personnel costs	\$ 137,881	\$ 137,340	\$ (541)	-0.4%
Outside services	99,529	108,174	8,645	8.0%
Materials and supplies	16,294	16,265	(29)	-0.2%
Energy	51,383	51,334	(48)	-0.1%
Risk management	6,862	6,732	(130)	-1.9%
General & administrative	934	1,038	104	10.0%
Vehicle/facility leases	1,403	1,368	(35)	-2.6%
Administrative Allocation	29,900	29,900	(0)	0.0%
Total Operating Expenses	\$ 344,186	\$ 352,151	\$ 7,966	2.3%
Operating Income (Loss)	\$ (275,675)	\$ (280,359)	\$ 4,684	1.7%
Total Non-Operating Activities	273,906	280,359	(6,453)	-2.3%
Income (Loss) before Capital Contributions	\$ (1,770)	\$ 0	\$ (1,770)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
BUS - DIRECTLY OPERATED (SAN DIEGO TRANSIT CORP.)
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 19,666	\$ 19,972	\$ (306)	-1.5%
Other Revenue	55	-	55	-
Total Operating Revenue	\$ 19,721	\$ 19,972	\$ (252)	-1.3%
Personnel costs	\$ 85,781	\$ 85,124	\$ (657)	-0.8%
Outside services	2,121	2,853	732	25.6%
Materials and supplies	6,604	6,855	251	3.7%
Energy	11,252	11,226	(27)	-0.2%
Risk management	2,829	2,846	18	0.6%
General & administrative	426	463	38	8.1%
Vehicle/facility leases	442	395	(47)	-11.8%
Administrative Allocation	5,260	5,260	0	0.0%
Total Operating Expenses	\$ 114,715	\$ 115,022	\$ 307	0.3%
Operating Income (Loss)	\$ (94,994)	\$ (95,050)	\$ 56	0.1%
Total Non-Operating Activities	95,777	95,050	728	0.8%
Income (Loss) before Capital Contributions	\$ 783	\$ 0	\$ 783	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
RAIL (SAN DIEGO TROLLEY INC.)
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 26,729	\$ 27,807	\$ (1,078)	-3.9%
Other Revenue	910	890	20	2.3%
Total Operating Revenue	\$ 27,639	\$ 28,697	\$ (1,058)	-3.7%
Personnel costs	\$ 51,027	\$ 51,088	\$ 61	0.1%
Outside services	8,889	9,344	455	4.9%
Materials and supplies	9,616	9,349	(267)	-2.9%
Energy	28,613	27,448	(1,166)	-4.2%
Risk management	4,019	3,871	(147)	-3.8%
General & administrative	490	548	58	10.6%
Vehicle/facility leases	597	602	5	0.8%
Administrative Allocation	22,073	22,073	0	0.0%
Total Operating Expenses	\$ 125,324	\$ 124,323	\$ (1,001)	-0.8%
Operating Income (Loss)	\$ (97,685)	\$ (95,626)	\$ (2,059)	-2.2%
Total Non-Operating Activities	95,236	95,626	(390)	-0.4%
Income (Loss) before Capital Contributions	\$ (2,449)	\$ (0)	\$ (2,449)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
BUS - CONTRACTED SERVICES (FIXED ROUTE)
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 20,023	\$ 21,925	\$ (1,902)	-8.7%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 20,023	\$ 21,925	\$ (1,902)	-8.7%
Personnel costs	\$ 758	\$ 679	\$ (80)	-11.7%
Outside services	75,117	80,571	5,455	6.8%
Materials and supplies	74	61	(13)	-20.8%
Energy	10,659	11,539	880	7.6%
Risk management	-	-	-	-
General & administrative	5	8	3	38.2%
Vehicle/facility leases	21	27	6	22.3%
Administrative Allocation	2,184	2,184	(0)	0.0%
Total Operating Expenses	\$ 88,818	\$ 95,070	\$ 6,251	6.6%
Operating Income (Loss)	\$ (68,795)	\$ (73,144)	\$ 4,349	5.9%
Total Non-Operating Activities	68,795	73,144	(4,349)	-5.9%
Income (Loss) before Capital Contributions	\$ -	\$ 0	\$ (0)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
OPERATIONS
BUS - CONTRACTED SERVICES (PARATRANSIT)
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ 1,128	\$ 1,198	\$ (70)	-5.9%
Other Revenue	-	-	-	-
Total Operating Revenue	\$ 1,128	\$ 1,198	\$ (70)	-5.9%
Personnel costs	\$ 200	\$ 171	\$ (29)	-16.9%
Outside services	12,859	14,863	2,003	13.5%
Materials and supplies	-	-	-	-
Energy	858	1,122	264	23.5%
Risk management	15	15	-	0.0%
General & administrative	13	18	5	28.8%
Vehicle/facility leases	343	343	0	0.1%
Administrative Allocation	383	383	(0)	0.0%
Total Operating Expenses	\$ 14,671	\$ 16,915	\$ 2,244	13.3%
Operating Income (Loss)	\$ (13,543)	\$ (15,717)	\$ 2,174	13.8%
Total Non-Operating Activities	13,439	15,717	(2,278)	-14.5%
Income (Loss) before Capital Contributions	\$ (104)	\$ 0	\$ (104)	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OPERATIONS
CORONADO FERRY

COMPARISON TO BUDGET - FISCAL YEAR 2022

JUNE 30, 2022

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	-	-	-	-
Total Operating Revenue	\$ -	\$ -	\$ -	-
Personnel costs	\$ -	\$ -	\$ -	-
Outside services	313	313	-	0.0%
Materials and supplies	-	-	-	-
Energy	-	-	-	-
Risk management	-	-	-	-
General & administrative	-	-	-	-
Vehicle/facility leases	-	-	-	-
Administrative Allocation	-	-	-	0.0%
Total Operating Expenses	\$ 313	\$ 313	\$ -	0.0%
Operating Income (Loss)	\$ (313)	\$ (313)	\$ -	0.0%
Total Non-Operating Activities	313	313	-	0.0%
Income (Loss) before Capital Contributions	\$ -	\$ -	\$ -	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
ADMINISTRATION
CONSOLIDATED
COMPARISON TO BUDGET - FISCAL YEAR 2022
JUNE 30, 2022
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	21,978	20,095	1,883	9.4%
Total Operating Revenue	\$ 21,978	\$ 20,095	\$ 1,883	9.4%
Personnel costs	\$ 26,386	\$ 25,711	\$ (674)	-2.6%
Outside services	23,022	23,791	769	3.2%
Materials and supplies	138	43	(95)	-218.1%
Energy	1,195	1,224	29	2.3%
Risk management	874	952	77	8.1%
General & administrative	4,917	5,219	302	5.8%
Vehicle/facility leases	229	245	16	6.7%
Administrative Allocation	(29,916)	(29,916)	-	0.0%
Total Operating Expenses	\$ 26,845	\$ 27,270	\$ 425	1.6%
Operating Income (Loss)	\$ (4,866)	\$ (7,175)	\$ 2,308	32.2%
Total Non-Operating Activities	14,037	7,175	6,863	95.7%
Income (Loss) before Capital Contributions	\$ 9,171	\$ (0)	\$ 9,171	

SAN DIEGO METROPOLITAN TRANSIT SYSTEM

OTHER ACTIVITIES
CONSOLIDATED

COMPARISON TO BUDGET - FISCAL YEAR 2022

JUNE 30, 2022

(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
Passenger Revenue	\$ -	\$ -	\$ -	-
Other Revenue	992	901	91	10.1%
Total Operating Revenue	\$ 992	\$ 901	\$ 91	10.1%
Personnel costs	\$ 499	\$ 509	\$ 10	1.9%
Outside services	23	57	34	60.0%
Materials and supplies	0	1	0	59.1%
Energy	6	7	1	16.0%
Risk management	71	89	18	19.9%
General & administrative	66	70	4	5.1%
Vehicle/facility leases	14	20	6	31.6%
Administrative Allocation	16	16	0	0.0%
Total Operating Expenses	\$ 695	\$ 769	\$ 73	9.5%
Operating Income (Loss)	\$ 296	\$ 132	\$ 165	-124.9%
Total Non-Operating Activities	(296)	(132)	(165)	124.9%
Income (Loss) before Capital Contributions	\$ -	\$ 0	\$ (0)	-

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
COMBINED SUBSIDY AND OTHER NON-OPERATING REVENUE AND EXPENSES
COMPARISON TO BUDGET - FISCAL YEAR 2022
June 30, 2020
(in \$000's)

	YEAR TO DATE			
	ACTUAL	BUDGET	VARIANCE	VAR. %
<u>Subsidy Revenue</u>				
Federal Revenue	\$ 67,062	\$ 66,794	\$ 269	0.4%
FTA Stimulus Funds (CARES/ ARP Act)	\$ 90,300	\$ 87,260	\$ 3,040	3.5%
Transportation Development Act	97,868	97,808	60	0.1%
State Transit Assistance	11,300	11,300	0	0.0%
State Revenue - Other	46	112	(66)	-58.8%
TransNet funds	67,938	67,954	(15)	0.0%
Other Local subsidies	6,629	6,491	138	2.1%
Total Subsidy Revenue	\$ 341,144	\$ 337,719	\$ 3,425	1.0%
<u>Other Non-Operating Revenue and Expense</u>				
Investment Earnings	\$ -	\$ -	\$ -	-
Other Non-Operating Income	(53,336)	(50,132)	(3,204)	6.4%
Other Non-Operating Expenses	(161)	(185)	24	-12.8%
Total Other Non-Operating Revenue Revenue and Expense	\$ (53,498)	\$ (50,317)	\$ (3,181)	6.3%
Total Subsidy and Non-Operating Revenue and Expense	\$ 287,646	\$ 287,402	\$ 245	0.1%

**SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
CONTINGENCY RESERVE BALANCE**

**JUNE 30, 2023
(in \$000's)**

Balance, June 30, 2022		\$	41,817
Current Year Adjustments:			
FY 2023 Net Income	\$		7,401
Contribution to Operating Deficit Reserve	\$		(4,221)
Interest Adjustment	\$		(35)
Net Adjustments:		\$	<u>3,145</u>
Balance, June 30, 2023		\$	<u><u>44,963</u></u>
FY24 Operating Expense Budget		\$	406,997
FY24 Operating Budget Adjustments:			
Debt Service	\$		(54)
FHV Admin/SD&AE	\$		(810)
Transnet Funded Operations	\$		(46,431)
Net Adjustments:		\$	<u>(47,296)</u>
Adjusted FY24 Operating Expense Budget		\$	<u><u>359,701</u></u>
Contingency Reserve % of MTS Operating Expense Budget			<u>12.5%</u>

SAN DIEGO METROPOLITAN TRANSIT SYSTEM
MTS
RESERVE BALANCES
JUNE 30, 2022

Title	Amount	Explanation
Contingency	\$ 41,817,272	For ongoing operations, future matching of grants; target is 12.5% of operating budget per Policy 36
FHV Administration	530,975	For ongoing operations and future capital improvement needs
SD&AE	818,172	Established from 1984 state payments for storm damage, restricted for repair/improvement of line
Insurance	5,000,000	Established for potential future liability claims, minimum \$2 million per Policy 46
Billboard San Diego	398,736	Per agreement with city, used for improvements to right of way
Billboard Chula Vista	2,179,177	Per agreement with city, used for improvements to right of way
Total	<u>\$ 50,744,332</u>	

Metropolitan Transit System FY 2023 Operating Budget - June 2023 Financial Review

MTS Budget Development Committee
September 13, 2023

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

TOTAL OPERATING REVENUES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Fare Revenue	\$ 67,546	\$ 70,902	\$ (3,357)	-4.7%
Other Operating Revenue	\$ 23,935	\$ 21,886	\$ 2,049	9.4%
Operating Revenue	\$ 91,481	\$ 92,788	\$ (1,307)	-1.4%

- Fare Revenue
 - Revenue favorable to prior year by \$11.4M (20.3%)
 - Ridership (through May) favorable to the prior year by 11.2M passengers (21.4%)
 - \$1.4M estimated impact from strike
- Other Operating Revenue
 - Favorable interest revenue

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

TOTAL OPERATING EXPENSES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Personnel Costs	\$ 164,766	\$163,561	\$ (1,206)	-0.7%
Purchased Transportation	\$ 83,686	\$ 90,878	\$ 7,192	7.9%
Other Outside Services	\$ 38,888	\$ 41,144	\$ 2,256	5.5%
Energy	\$ 52,584	\$ 52,565	\$ (19)	0.0%
Other Expenses	\$ 31,802	\$ 32,042	\$ 240	0.7%
Operating Expenses	\$ 371,726	\$380,190	\$ 8,464	2.2%

- Personnel – unfavorable healthcare and worker’s compensation within Bus Operations
- Purchased Transportation – favorable for both fixed route and paratransit, \$4.9M due to strike
- Other Outside Services – favorable MOW/Track service agreements within Rail, construction costs within Bus, marketing sign replacement
- Energy – unfavorable electricity due to rates, partially offset by favorable CNG/propane volumes
- Other – favorable G&A expenses (credit card fees, travel, stormwater permits)

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

TOTAL OPERATING ACTIVITIES (\$000's)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
MTS Operating Revenue	\$ 91,481	\$ 92,788	\$ (1,307)	-1.4%
MTS Operating Expenses	\$ 371,726	\$ 380,190	\$ 8,464	2.2%
Total Net Operating Variance	\$ (280,245)	\$ (287,402)	\$ 7,157	2.5%

- Net operating income favorable \$7.2M through June
 - \$3.9M of favorable variance due to strike

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

SUBSIDY REVENUE CATEGORY DESCRIPTIONS

- Federal
 - Recurring FTA funds for preventive maintenance and rural ops (5307, 5337, 5311)
- Federal Stimulus Funds
 - FTA CARES Act – provided \$220M of federal stimulus funds for MTS appropriated in March 2020
 - FTA ARP Act – provided \$140M of federal stimulus funds for MTS appropriated in March 2021
 - \$360M in total - \$228M drawn through June 30, 2023, \$132M remaining
- Transportation Development Act (TDA)
 - 1/4 percent of regional sales tax assessed in region and administered by SANDAG and County

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

SUBSIDY REVENUE CATEGORY DESCRIPTIONS

- Transnet
 - ½ cent sales tax in San Diego County to fund transportation projects
 - MTS receives formula share and reimbursement for Transnet funded operations
- State Transit Assistance (STA)
 - State sales tax on diesel fuel distributed based on population and agency revenue
- Other
 - MediCal reimbursement for trips to and from Managed Care Providers (MCPs)
 - FasTrak revenue – toll road revenue appropriated by SANDAG
 - UCSD Shuttle Service Agreement
 - City of San Diego ADA Maintenance of Effort
 - NCTD Sorrento Valley Coaster Connection (SVCC)
 - Taxicab and SD&AE Self-Funded Reserves

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

TOTAL NON-OPERATING REVENUES AND EXPENSES (\$000'S)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Federal (Recurring)	\$ 67,062	\$ 66,794	\$ 269	0.4%
Federal Stimulus (Non-recurring)	\$ 90,300	\$ 87,260	\$ 3,040	3.5%
TDA	\$ 97,868	\$ 97,808	\$ 60	0.1%
TransNet	\$ 67,938	\$ 67,954	\$ (15)	0.0%
STA	\$ 11,300	\$ 11,300	\$ -	0.0%
Other	\$ 6,675	\$ 6,603	\$ 72	1.1%
Reserves	\$ (53,336)	\$ (50,132)	\$ (3,204)	6.4%
Non-Operating Revenue	\$ 287,808	\$ 287,587	\$ 221	0.1%
Debt Service Expenses	\$ 161	\$ 185	\$ 24	12.8%
Non-Operating Expenses	\$ 161	\$ 185	\$ 24	12.8%
Non-Operating Revenues and Expenses	\$ 287,646	\$ 287,402	\$ 245	0.1%

- Federal (Recurring) – higher 5311/5311f rural operations funding
- Federal Stimulus – maximized drawdown based on eligible expenses
- Reserves – excess federal stimulus offset by contribution to operating deficit reserve

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

TOTAL REVENUES LESS EXPENSES (\$000'S)

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>VAR %</u>
Operating Revenues	\$ 91,481	\$ 92,788	\$ (1,307)	-1.4%
Operating Expenses	371,726	380,190	8,464	2.2%
Net Operating Income	\$ (280,245)	\$ (287,402)	\$ 7,157	2.5%
Non-Operating Revenues	\$ 250,844	\$ 250,458	\$ 386	0.2%
Net Debt Service Expenses	161	185	24	12.8%
Net Deficit	\$ (29,563)	\$ (37,128)	\$ 7,566	
Federal Stimulus (Non-recurring)	36,964	37,128	(165)	
Revenues Less Expenses	\$ 7,401	\$ 0	\$ 7,401	

- Structural deficit of \$29.6M
- Total favorable variance of \$7.4M when combining operating and non-operating revenues and expenses

CONSOLIDATED MTS OPERATIONS

COMPARISON TO BUDGET – JUNE 30, 2023 - FY 2023

CONTINGENCY RESERVE BALANCE (\$000'S)

- Board policy for the contingency reserve balance
 - Target set at 12.5% of the Operating Expense Budget
 - FY24 Target of \$45.0M
- Current Reserve Balance
 - \$7.4M excess revenue over expenses in FY23
- Proposed allocation:
 - \$3.1M to MTS contingency reserve to achieve 12.5% target for FY24
 - \$4.2M to MTS operating deficit reserve for addressing structural deficits

STAFF RECOMENDATION

That the Budget Development Committee forward a recommendation to the Board of Directors to approve the allocation of excess revenues over expenses in FY23 to the following:

- \$3.1M to MTS contingency reserve to achieve 12.5% target for FY24
- \$4.2M to MTS operating deficit reserve for addressing structural deficits



**Metropolitan
Transit
System**

Agenda Item No. 5

MEETING OF THE SAN DIEGO METROPOLITAN TRANSIT SYSTEM
BUDGET DEVELOPMENT COMMITTEE

September 13, 2023

SUBJECT:

Senate Bill (SB) 125 Funding Update (Julia Tuer and Mike Thompson)

INFORMATIONAL ONLY

Budget Impact

None at this time.

DISCUSSION:

SB 125 amended the Budget Act of 2023 to appropriate \$4 billion of General Fund to the Transit and Intercity Rail Capital Program (TIRCP) over the next two fiscal years as well as establishes the \$1.1 billion Zero-Emission Transit Capital Program (ZETCP) over the next four fiscal years. The California State Transportation Agency (CalSTA) is responsible for developing and administering these programs.

SB 125 requires CalSTA to develop and administer an accountability program to govern the distribution of these funds. CalSTA will adopt guidelines governing the distribution of these funding sources in consultation with local agencies. CalSTA released their Informal Draft Guidelines on August 18, 2023. After receiving comments and feedback from stakeholders, CalSTA then released their Formal Draft Guidelines on September 1, 2023 (Attachment A). CalSTA plans to finalize and publish the final guidelines on September 30, 2023, after receiving additional feedback from local agencies.

Included in the draft guidelines, MTS is estimated to receive approximately \$284 million over the next four fiscal years. The majority of the funding, approximately \$264 million, will be provided in the first two fiscal years. The estimated revenues for MTS for the next two fiscal years are broken down by year and program as follows:

Program	Year 1	Year 2
TIRCP	\$118,515,843	\$118,814,323
ZETCP	\$17,265,263	\$9,685,392



Staff will present an overview of these new funding sources, including the goals of the programs, eligible projects, compliance requirements and tentative schedule.

Sharon Cooney
Chief Executive Officer

Key Staff Contact: Julia Tuer, 619.557.4515, Julia.Tuer@sdmts.com

Attachment: A. SB 125 Formal Draft Guidelines

**BUDGET ACT OF 2023
SB 125 FORMULA-BASED
TRANSIT AND INTERCITY RAIL
CAPITAL PROGRAM &
ZERO EMISSION TRANSIT
CAPITAL PROGRAM**

**FORMAL DRAFT
GUIDELINES**

SEPTEMBER 1, 2023



SB125 DRAFT GUIDELINES – FORMULAIC FUNDING

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1 Authority and Purpose

The Transit and Intercity Rail Capital Program (TIRCP) was created by Senate Bill (SB) 862 (Chapter 36, Statutes of 2014) and modified by SB 9 (Chapter 710, Statutes of 2015), to provide grants from the Greenhouse Gas Reduction Fund (GGRF) to fund transformative capital improvements that will modernize California's intercity, commuter, and urban rail systems, and bus and ferry transit systems, to significantly reduce emissions of greenhouse gases, vehicle miles traveled, and congestion. The legislation of these bills is codified in Sections 75220 through 75225 of the Public Resources Code (PRC). Assembly Bill (AB) 398 (Chapter 135, Statutes of 2017) extended the Cap-and-Trade Program that supports the TIRCP from 2020 through 2030. SB 1 (Chapter 5, Statutes of 2017) continues to provide a historic funding increase for transportation with funds directed to the TIRCP from the Public Transportation Account (PTA).

AB 102 (Chapter 38, Statutes of 2023) and SB 125 (Chapter 54, Statutes of 2023) amended the Budget Act of 2023 to appropriate \$4,000,000,000 of General Fund to the TIRCP over the next two fiscal years as well as \$910,000,000 of GGRF funding and \$190,000,000 of PTA funding over the next four fiscal years to establish the Zero-Emission Transit Capital Program (ZETCP). These guidelines are specifically developed to facilitate the award of these funds to projects in an expeditious manner.

These guidelines include elements of the policy, standards, criteria, and procedures for the development, adoption, evaluation and administration of the TIRCP last updated for Cycle 6 (which delivered its last tranche of funding for project awards in July 2023) but are unique to this particular cycle of TIRCP funding. In allowing the funds covered by these guidelines to be available for operating costs, the guidelines are also required to be aligned with the legislative intent described in subdivision (d) of Section 75226 of, and subdivision (f) of Section 75260, of the Public Resources Code. They will be further informed by input received through workshops, public comments and written responses to be received by September 14, 2023.

SB 125 provided additional direction with regards to the funding appropriated in the Budget Act of 2023. It created specific categories for funding as follows:

- A) \$3,995,000,000 over the next two fiscal years shall be distributed pursuant to a population-based formula to regional transportation planning agencies (RTPA) as defined in Section 7 of these guidelines. The bill authorizes RTPAs to use the moneys for high-priority transit capital projects consistent with the uses allowed in Cycle 6 of the TIRCP, which includes existing projects seeking to maintain or obtain federal or local funding commitments, project development for major projects that are seeking to enter or have already entered project development with federal partners, or for new TIRCP projects. As in Cycle 6, all capital projects must both increase ridership and reduce greenhouse gas emissions, in common with traditional TIRCP project requirements. The funding may also be used to fund transit operating expenses that prevent service cuts and increase ridership for operators within the RTPAs jurisdiction, subject to compliance with requirements and further detail described in Section 6 of these guidelines.
- B) \$1,100,000,000 over the next four fiscal years shall be for the establishment of the Zero-Emission Transit Capital Program (ZETCP) and requires funds under the program to be allocated to RTPAs pursuant to a population-based formula and another formula based on transit operator revenues within the jurisdiction of these RTPAs, as specified (the formula described is consistent with the current State Transit Assistance formula). The bill authorizes RTPAs to use the moneys for zero-emission transit equipment, including, but not limited to, zero-emission vehicles and refueling infrastructure and, subject to compliance with requirements described in Section 6 of these guidelines, to use those moneys to fund transit operating expenditures that prevent service reduction or elimination in order to maintain or increase ridership.

NOTE: Cycle 7 of TIRCP, funded with the regular GGRF and SB1 sources, is expected to be delayed approximately two months from its regular calendar, with a call for projects around December 1, 2023 and

applications due around March 1, 2024. The proposed timeline reflects eligible applicant feedback and will allow applicants to incorporate the regional choices made under SB 125 when determining what to submit to the competitive TIRCP cycle. Based on this timeline, the Program of Projects would be announced around June 1, 2024.

2 Objectives

The TIRCP was created to fund transformative capital improvements that modernize California's intercity rail, bus (including feeder buses to intercity rail services, as well as vanpool and micro transit services that are eligible to report as public transit to the Federal Transit Administration), ferry, and rail transit systems (collectively referred to as transit services or systems inclusive of all aforementioned modes unless otherwise specified) to achieve all of the following policy objectives, as codified in Section 75220(a) of the PRC:

1. Reduce emissions of greenhouse gases
2. Expand and improve transit service to increase ridership
3. Integrate the rail service of the state's various rail operations, including integration with the high-speed rail system
4. Improve transit safety

Additionally, Section 75221(c) of the PRC codifies a programmatic goal to provide at least 25 percent of available funding to projects that provide a direct, meaningful, and assured benefit to disadvantaged communities, consistent with the objectives of SB 535. AB 1550 provides further requirements related to ensuring investments meet the needs of priority populations, a term used to cover disadvantaged communities, low-income communities and low-income households. Investments made by TIRCP are expected to collectively meet or exceed the requirements in AB 1550. Each RTPA will need to provide information related to its projects sufficient to determine the nature of priority population benefits; however, there is no minimum requirement that each project or RTPA needs to meet for the projects submitted.

Taken as a whole, the increases in transit system ridership, as well as the reduction in vehicle miles traveled, congestion and greenhouse gas emissions, will help deliver a healthier and safer transportation system. Investments are expected to position the state to lead in the deployment of cutting edge and zero emission technologies, test innovative strategies and new approaches to reducing transportation-related fatalities, provide important new capacity in corridors that support growth in jobs and housing, and to expand multimodal transportation access and options for all Californians across all regions of the state.

Further, as outlined in SB 125, which amended the Budget Act of 2023, it is the intent of the Legislature to:

- (1) provide one-time multiyear bridge funding for transit operators to address operational costs until long-term transit sustainability solutions are identified
- (2) assist transit operators in preventing service cuts and increasing ridership
- (3) prioritize the availability of transit for riders who are transit dependent
- (4) prioritize transit agencies representing a significant percentage of the region's ridership

To that end, SB 125 specifies that the moneys appropriated in the Budget Act of 2023 may be used for high-priority transit capital projects and for transit operating expenses for operators within the RTPAs jurisdiction. Further detail on the definition of transit operator is included in Section 3.

3 Eligible Recipients and Funding

The first year of funding for TIRCP and the ZETCP is already available for distribution once required

materials are submitted and must be fully encumbered or expended and liquidated by CalSTA by June 30, 2028. FY23-24 funds for TIRCP and the ZETCP must be disbursed to RTPAs by this deadline. Once received by the RTPA there is no deadline for the expenditure of funds.

TIRCP funding will be allocated in both FY23-24 and FY24-25 to RTPAs according to a population-based formula after each recipient first receives \$300,000 of base funding.

The \$410 million of first year ZETCP funding (from both PTA and GGRF sources), as well as the \$230 million for each of the succeeding three years (from GGRF only), will be allocated to RTPAs pursuant to a population-based formula and another formula based on transit operator revenues within the jurisdiction of these RTPAs. This formula matches the approach used to calculate State Transit Assistance distribution.

Eligible recipients of funding are the RTPAs, as defined in Section 13987(j) of the Government Code. The current eligible recipients based on that definition and initial fund estimates by expected recipient are as follows:

A	B	C	D	E	F
RTPA	Year 1 TIRCP	Year 2 TIRCP	Year 1 ZETCP (53.66% GGRF, 46.34% PTA)	Years 2-4 ZETCP (per yr, 100% GGRF)	Grand Total (B+C+D+(E*3))
Metropolitan Transportation Commission	\$385,068,697	\$386,040,188	\$149,679,519	\$83,966,559	\$1,172,688,081
Alpine County Transportation Commission	\$360,641	\$360,794	\$6,740	\$3,781	\$739,518
Amador County Transportation Commission	\$2,336,465	\$2,341,606	\$218,158	\$122,381	\$5,263,373
Butte County Association of Governments	\$10,488,545	\$10,514,269	\$1,113,156	\$624,454	\$23,989,331
Calaveras County Local Transportation Commission	\$2,576,611	\$2,582,360	\$238,532	\$133,811	\$5,798,936
Colusa County Local Transportation Commission	\$1,402,047	\$1,404,830	\$119,153	\$66,842	\$3,126,556
Del Norte County Local Transportation Commission	\$1,675,501	\$1,678,974	\$149,752	\$84,007	\$3,756,247
El Dorado County Local Transportation Commission	\$9,085,857	\$9,108,041	\$971,781	\$545,145	\$20,801,115
Tahoe Regional Planning Agency	\$5,753,283	\$5,767,052	\$596,916	\$334,855	\$13,121,818
Fresno County	\$51,406,113	\$51,535,149	\$6,249,069	\$3,505,575	\$119,707,058

Council of Governments					
Glenn County Local Transportation Commission	\$1,752,922	\$1,756,591	\$154,691	\$86,778	\$3,924,537
Humboldt County Association of Governments	\$7,130,906	\$7,148,153	\$825,047	\$462,831	\$16,492,599
Imperial County Transportation Commission	\$9,362,644	\$9,385,526	\$1,027,524	\$576,416	\$21,504,942
Inyo County Local Transportation Commission	\$1,259,080	\$1,261,501	\$99,284	\$55,696	\$2,786,952
Kern Council of Governments	\$46,278,687	\$46,394,777	\$5,050,974	\$2,833,473	\$106,224,857
Kings County Association of Governments	\$7,982,701	\$8,002,098	\$827,175	\$464,025	\$18,204,049
Lake County/City Council of Governments	\$3,706,510	\$3,715,111	\$370,593	\$207,894	\$8,415,895
Lassen County Local Transportation Commission	\$1,829,937	\$1,833,800	\$165,103	\$92,619	\$4,106,698
Los Angeles County Metropolitan Transportation Authority	\$498,650,905	\$499,909,177	\$119,494,973	\$67,033,765	\$1,319,156,350
Madera County Local Transportation Commission	\$8,254,231	\$8,274,315	\$850,825	\$477,292	\$18,811,248
Mariposa County Local Transportation Commission	\$1,161,396	\$1,163,571	\$91,799	\$51,497	\$2,571,256
Mendocino Council of Governments	\$4,848,229	\$4,859,713	\$505,296	\$283,459	\$11,063,615
Merced County Association of Governments	\$14,669,424	\$14,705,704	\$1,558,919	\$874,515	\$33,557,593
Modoc County Local Transportation Commission	\$739,160	\$740,269	\$49,336	\$27,676	\$1,611,794
Mono County	\$976,126	\$977,834	\$171,629	\$96,279	\$2,414,427

September 1, 2023

Local Transportation Commission					
Transportation Agency for Monterey County	\$22,218,449	\$22,273,790	\$2,975,692	\$1,669,291	\$52,475,803
Nevada County Local Transportation Commission	\$5,416,406	\$5,429,324	\$554,558	\$311,093	\$12,333,568
Orange County Transportation Authority	\$160,108,526	\$160,512,022	\$22,473,788	\$12,607,247	\$380,916,076
Placer County Transportation Planning Agency	\$16,356,936	\$16,397,478	\$1,900,006	\$1,065,857	\$37,851,991
Plumas County Local Transportation Commission	\$1,257,263	\$1,259,680	\$114,463	\$64,211	\$2,824,038
Riverside County Transportation Commission	\$123,382,700	\$123,693,468	\$14,828,290	\$8,318,309	\$286,859,385
Sacramento Area Council of Governments	\$100,321,824	\$100,574,367	\$13,907,018	\$7,801,498	\$238,207,702
Council of San Benito County Governments	\$3,609,072	\$3,617,427	\$348,002	\$195,221	\$8,160,164
San Bernardino County Transportation Authority	\$110,856,746	\$111,135,888	\$13,864,934	\$7,777,890	\$259,191,238
San Diego Association of Governments	\$48,212,817	\$48,333,791	\$6,181,044	\$3,467,415	\$113,129,896
San Diego Metropolitan Transit System	\$118,515,843	\$118,814,323	\$17,265,263	\$9,685,392	\$283,651,604
San Joaquin Council of Governments	\$39,935,609	\$40,035,684	\$5,031,810	\$2,822,723	\$93,471,271
San Luis Obispo Area Council of Governments	\$14,486,636	\$14,522,455	\$1,569,547	\$880,477	\$33,220,070
Santa Barbara County Association of Governments (SBCAG)	\$22,796,994	\$22,853,796	\$2,916,400	\$1,636,030	\$53,475,278
Santa Cruz	\$13,771,188	\$13,805,201	\$2,649,968	\$1,486,567	\$34,686,060

County Transportation Commission					
Shasta Regional Transportation Agency	\$9,423,391	\$9,446,427	\$993,316	\$557,226	\$21,534,813
Sierra County Local Transportation Commission	\$463,183	\$463,595	\$17,533	\$9,836	\$973,818
Siskiyou County Local Transportation Commission	\$2,515,009	\$2,520,601	\$239,061	\$134,108	\$5,676,994
Stanislaus Council of Governments	\$28,068,044	\$28,138,155	\$3,037,849	\$1,704,159	\$64,356,526
Tehama County Transportation Commission	\$3,587,498	\$3,595,798	\$347,323	\$194,840	\$8,115,139
Trinity County Transportation Commission	\$1,109,747	\$1,111,791	\$86,567	\$48,562	\$2,453,791
Tulare County Association of Governments	\$24,305,505	\$24,366,115	\$2,748,056	\$1,541,592	\$56,044,453
Tuolumne County Transportation Council	\$3,094,210	\$3,101,265	\$296,569	\$166,368	\$6,991,148
Ventura County Transportation Commission	\$42,429,785	\$42,536,157	\$5,066,998	\$2,842,463	\$98,560,328

Funding distributions will be only made to the above recipients, utilizing fund transfer instructions confirmed with CalSTA by the RTPA prior to transfer, which may in turn make funding available to public agencies in their jurisdiction.

For TIRCP and ZETCP capital projects, the RTPAs may distribute funding to public agencies eligible to receive TIRCP capital funding, including joint powers agencies, that operate or have planning responsibility for existing or planned regularly scheduled intercity or commuter passenger rail service (and associated feeder bus service to intercity rail services), urban rail transit service, or bus or ferry transit service (including commuter bus, vanpool, and micro transit services). Public agencies include local municipalities that operate transit service, construction authorities, transportation authorities, and other similar public entities created by statute.

For any spending on transit operations to prevent service reduction or elimination in order to maintain or increase ridership, or to otherwise increase ridership, the RTPAs may distribute funding to transit operators in their jurisdiction that are eligible to receive State Transit Assistance (STA) funding through Section 99314 at the time of distribution by the RTPA.

RTPAs may also be the sponsor of capital and operating projects and may partner on projects with the agencies eligible to receive funding (such as doing a planning effort tied to making the underlying project more beneficial in a regional context upon implementation).

RTPAs must deposit funds into one or more interest-earning, dedicated bank accounts that will hold only SB 125 funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SB 125 funds. Funds will be disbursed separately from each fund source supporting SB 125 (General Fund for TIRCP; PTA and GGRF for ZETCP) and identified as such when disbursed. RTPAs are responsible for tracking the receipt and utilization of these funds separately, and recording interest earned on each fund source separately. The interest earnings must also be spent on approved eligible projects within each program and will be accounted for when an agency submits its required Annual Report, as described in Section 9. When the recipient agency submits its Annual Report, they are required to submit a copy of their most recent bank statement. The additional spending made possible by interest earnings shall be approved through submitting an Updated Program Allocation Request to CalSTA, which will approve such spending based on review of project eligibility.

RTPAs, transit operators and other public agencies expending SB 125 formula funding assume responsibility and accountability for the use and expenditure of allocated funds in accordance with these guidelines and applicable statutes. These agencies must also comply with all relevant federal and state laws, regulations, policies, and procedures.

4 Schedule

Release SB 125 Formal Draft Guidelines	September 1, 2023
Formal Workshop (9-10am)	September 7, 2023
Closing Date for Comments on Draft Guidelines *	September 14, 2023
CalSTA Publishes 2023 SB 125 Guidelines	September 30, 2023
Optional, time-limited, focused virtual meetings for agencies to discuss and clarify program requirements (will be scheduled by request)*	October 16-December 8, 2023
Initial Allocation Package Submittal Due	December 31, 2023
Regionally Compiled Transit Operator Data Due	December 31, 2023
Requested Funding Will be Allocated No Later Than	April 30, 2024

**Comments and requests for meetings can be submitted to:
SB125transit@calsta.ca.gov*

5 Eligible Projects

TIRCP Funding (\$3.995 billion)

In order to be eligible for TIRCP capital project funding under this program, a capital project must demonstrate that it will achieve a reduction in greenhouse gas emissions using the CARB quantification methodology. It must also demonstrate an increase in ridership.

As codified in Section 75221(a) of the PRC, projects eligible for funding under the program include, but are not limited to, the following:

1. Rail capital projects, including intercity rail, commuter rail, light rail, and other fixed guideway projects. Additionally, the acquisition of rail cars and locomotives, and the facilities to support them, that expand, enhance, and/or improve existing rail systems and connectivity to existing and future

- transit systems, including the high-speed rail system.
2. Intercity, commuter, and urban rail projects that increase service levels, improve reliability, or decrease travel times, infrastructure access payments to host railroads in lieu of capital investments, efforts to improve existing rail service effectiveness with a focus on improved operating agreements, schedules, and minor capital investments that are expected to generate increased ridership, as well as larger scale projects designed to achieve significantly larger benefits.
 3. Rail, bus, and ferry integration implementation, including:
 - a. integrated ticketing and scheduling systems and related software/hardware capital investments (including, but not limited to, integration with bus or ferry operators and the use of contactless payment and General Transit Feed Specification (GTFS) implementation through Cal-ITP)
 - b. projects enabling or enhancing shared-use corridors (both multi-operator passenger only corridors as well as passenger-freight corridors)
 - c. related planning efforts focused on, but not limited to, delivery of integrated service not requiring major capital investment
 - d. other multimodal and service integration initiatives
 4. Bus rapid transit and other bus and ferry transit investments (including autonomous fixed guideway, vanpool, and micro transit services operated as public transit and first-/last-mile solutions), and to increase ridership and reduce greenhouse gas emissions. This includes large scale deployment of zero emission vehicles and the technologies to support them, and capital investments as a component implementing transit effectiveness studies that will contribute to restructured and enhanced service.

Grade separations and grade crossing improvements on passenger rail corridors or related to transit projects are eligible, as they are under the discretionary TIRCP. In addition to providing safety benefits, these projects often provide certain roadway based (and sometimes rail related) greenhouse gas emission reductions and a small increase in ridership (tied to reductions in train delays and cancellations tied to incidents at the crossing, and sometimes speed increases that occur after crossings are improved or eliminated). In some cases, ridership increases from such projects are more significant if they are necessary to increase train frequency.

Projects related to mitigating the impacts on freight rail services that are caused by growth in passenger rail may also be eligible for TIRCP funding even if they are not directly on the passenger rail corridor.

Projects that link housing with key destinations and that improve accessibility to economic opportunities are also eligible for TIRCP funding.

Demonstration projects that are smaller-scale efforts with great potential to be expanded are eligible for funding.

Projects may include new approaches to attracting increased ridership such as smart phone mobile ticketing, contactless payment, or other software and hardware solutions to reduce ticketing transaction costs, or a test of a concept related to integrated ticketing, as well as intercity rail/transit effectiveness or operational planning as a component of the capital investments in improved, expanded and/or restructured service designed to cost-effectively increase ridership. Research, development, and testing of emerging technologies are eligible components.

Many TIRCP applicants have met the requirements for reducing greenhouse gas emissions and increasing ridership through combining related capital investments that may individually address only one or the other benefit. Many TIRCP applicants have also augmented their chosen capital projects with key network integration planning studies that consider how to enhance the benefits of their projects (in connecting to other transit and rail systems), or planning efforts that consider a later phase of capital investment and the benefits it will bring to the current proposed project when constructed at a later date.

Agencies may apply to TIRCP Cycle 7 or later for projects that use SB 125 resources for new projects, either to complete project funding or to expand project scope; SB 125 funding will be counted as matching funds

in future TIRCP discretionary grant applications. Additional guidance will be provided in the TIRCP Cycle 7 guidelines.

Additionally, RTPAs may suballocate funds to agencies in their jurisdiction so agencies may use this funding to support projects that have previously received a TIRCP award and require an additional infusion of resources to deliver the original scope. RTPAs may assume that any funding from these SB 125 resources will help obtain or maintain funds from federal, state and local sources already committed to the projects, and document this benefit for their own projects, and require such documentation of benefits from project sponsors for other projects, in their Allocation Package submissions. Agencies shall state which project is seeking additional funds, identifying the Cycle 1 through 6 project, and whether the funding is needed for the full project scope or for a subcomponent.

RTPAs may suballocate funds to agencies in their jurisdiction so agencies may also use this funding for project development activities, similar to the “Major Projects Project Development Reserve” that was established in the Cycle 6 guidelines, including use of additional funding for projects that received funding for such projects in the Cycle 6 awards. While projects and programs of projects do not need to be ready for construction, agencies should identify how their project or program of projects will be eligible to apply for TIRCP construction funding in the future. As in Cycle 6, such projects must either be pursuing Capital Investment Grant funding through the Federal Transit Administration (FTA) or be part of the pursuit of Federal Railroad Administration funding through the Corridor Identification Program. Agencies may apply to TIRCP Cycle 7 or later for projects that use SB 125 resources for project development; SB 125 funding will be counted as matching funds in future TIRCP discretionary grant applications.

RTPAs that are themselves the capital project sponsor may also utilize funds for their own projects.

RTPAs are also authorized to use TIRCP moneys, subject to compliance with requirements described in Section 6 of these guidelines, to fund transit operating expenses within its jurisdiction that prevent service cuts and increase ridership. RTPAs that are themselves the operator of transit services may also utilize funds for their own operations. Service planning necessary to experiment with, demonstrate or implement significant service modifications may be funded as an operating expenditure at either the RTPA or transit operator level.

ZETCP Funding (\$1.1 billion)

Pursuant to SB 125, zero-emission transit equipment, transit facility and network improvement projects such as those that support replacing aging vehicle fleets with Zero-Emission Vehicles (ZEVs), and associated fueling or charging infrastructure or facility modifications, are eligible projects for the Zero-Emission Transit Capital Program (ZETCP). ZEVs include heavy- and light-rail vehicles, buses, and other ZEVs used for transit service.

GGRF funds used on these projects (53.7% of the first year and 100% of years 2-4) will require submission of CARB quantification tools similar to those required for the TIRCP and LCTOP programs, as expending GGRF funds requires benefits reporting. They also require compliance with the CARB Funding Guidelines applicable to all GGRF funding, including semi-annual benefits reporting and identification of benefits to priority populations.

ZETCP funding may also be used for transit operations expenditures that prevent service reduction or elimination in order to maintain or increase transit ridership, in accordance with the provisions described in Section 6 of these guidelines. Planning efforts necessary to implement one or more of the Innovative Clean Transit Plan efforts within the region may be programmed as an operating expense out of the PTA portion of funds disbursed to each RTPA, but must be requested in an Allocation Package submission covering the FY23-24 funding year.

A maximum of 5% of total multi-year ZETCP funding, or \$5 million, whichever is lower, may be programmed by the RTPA for RTPA administration of SB 125 funding across both the TIRCP and ZETCP, and for planning

expenses related to developing the long-term financial plan. As the RTPAs are tasked with developing the regional long-term financial plan for their jurisdictions, there is no requirement to program and suballocate funds to transit operators for this purpose, although they may do so at their discretion. The RTPAs can procure professional services or use their own staff to gather the reports, data and relevant information needed to develop the regional long-term financial plan required by SB 125. This request must be made in the Allocation Package submissions covering FY 23-24 funding from the ZETCP as an operating project associated with the RTPA, as all funding will be drawn from the Public Transportation Account resources only available in that year. Small RTPAs are encouraged to combine planning efforts if feasible.

6 Requirements for Funding Allocations

Each RTPA seeking allocation of funding shall complete an Initial Allocation Package by December 31, 2023. Allocation Packages are encouraged to describe the full four-year plan for use of formulaic funds if already known, understanding that each year's funds are subject to appropriation in the respective budget year. However, Allocation Packages are expected to be updated for future years should there be any change in funding availability or projects selected for funding distribution. Allocation packages will be treated in accordance with Public Records Act requirements and certain information, subject to those requirements, may be publicly disclosed.

Each Allocation Package shall include, as applicable, the following:

- A. **A signed cover letter**, with signature authorizing and approving the request by the eligible RTPA.
- B. **An Allocation Package Narrative Explanation**, covering most of the requirements for the **regional short-term financial plan for immediate service retention** required by statute. This narrative explanation is required by December 31, 2023, unless the RTPA declares that none of the transit operators eligible to receive funding within their jurisdiction will have an operational funding need for SB 125 or additional discretionary or nonformula state funding between the 2023-24 fiscal year and the 2026-27 fiscal year, inclusive. It also must declare that it will not use the SB 125 funding for any of its transit operators. Such declarations may take the place of the narrative explanation, if applicable. Even if such declarations are made, the regional Allocation Package Narrative Explanation will still be a required submission by December 31, 2024, in order to receive a timely allocation of FY24-25 funding from SB 125 sources.

The Allocation Package Narrative Explanation shall include the following:

- i. **An explanation of what funding and service actions are being taken within the region that utilize resources other than SB125 funding.** This explanation incorporates the requirement to provide *a demonstration of how the region will address any operational deficit, using all available funds, through the 2025–26 fiscal year, based on a 2022 service baseline.* Each plan shall provide narrative and data describing the funding approach that addresses expected operational deficits of existing transit operators through the 2025-26 fiscal year across all the region's transit operators, including strategies to use all available local, state, and federal funds to address such deficits, and the impacts such strategies may have on any capital projects. This section shall focus on the approaches the region is taking and plans to take before the use of SB 125 funds to mitigate operational deficits, both in calendar year 2023 and in future fiscal years through the end of FY25-26. When applicable, this should include reference to delay or elimination of lower priority capital projects to increase funding for operations, utilizing historically high State Transit Assistance funding tied to recent high diesel fuel prices, the use of federal transit formula funding made higher through the Infrastructure Investment and Jobs Act (IIJA) for preventative maintenance expenditures within the operating budget, or the use of higher Local Transportation Fund revenues tied to healthy sales and use tax receipts in certain counties. In some cases, strategies involving the use of

non-SB 125 funds to increase transit operator funding may allow SB 125 funds to target capital needs. If utilized, such strategies should be described in this section. To the extent that such deficits cannot be fully addressed with available funds and actions, service impacts relative to the December 31, 2022 service baseline shall be described. *This section shall be analyzed and reviewed for completeness. It is understood to be a summary of major actions taken and planned to be taken across the region based on RTPA and/or transit operator decision-making.*

- ii. **A description and justification of the RTPA strategy to use SB 125 funding to construct capital projects and fund operating expenses that lead to improved outcomes in its jurisdiction.** This section shall describe the region's overall strategy for choosing to spend the expected SB 125 funds on the capital projects and operational expenses described in its Allocation Package. This section addresses the statutory requirements to provide a *justification for how the region's funding is proposed to be allocated to capital and operational expenses* and provide a *demonstration of how the plan will mitigate service cuts, fare increases, or layoffs relative to a 2022 service baseline to achieve short-term financial sustainability.* This section shall highlight the specific manner in which SB 125 funding requested for operations will reduce or eliminate the need for service cuts, fare increases or layoffs. With recent positive results from efforts designed to increase speed of transit services, allowing similar levels of service with lower operating costs or more service with the same operating budget, this section of the Allocation Package would benefit from describing any such efforts that are proposed for the region and transit operators in question. This can include transit-specific infrastructure, stop consolidation, or other efforts. In addition, this description addresses the statutory requirement to provide a *summary of how the plan will support ridership improvement strategies that focus on riders, such as coordinating schedules and ease of payment and improving cleanliness and safety, to improve the ridership experience.* Since restoring ridership and the associated fare revenues is one approach to strengthening the financial performance of each region's transit operators, this section shall highlight any portion of the capital projects or any portion of operating funds that are specifically focused on supporting improvement in ridership. *This section shall be analyzed and reviewed for completeness.*
- iii. **A detailed breakdown and justification for how the funding is proposed to be distributed between transit operators and among projects, consistent with the legislative intent described in SB 125.** This section shall include a narrative (and appropriate data and tables) describing the justification for the funding distribution to each specific operator and project that is requested. If requesting spending for transit operations, this section shall address the following items identified in the legislative intent language in SB 125:
1. address operational costs until long-term transit sustainability solutions are identified
 2. assist transit operators in preventing service cuts and increasing ridership
 3. prioritize the availability of transit for riders who are transit dependent
 4. prioritize transit agencies representing a significant percentage of the region's ridership

If requesting funding for both capital projects and transit operations, the justification for the capital project shall include discussion of the high-priority nature of the capital project and the significance of its completion to the region. *This section shall be analyzed and reviewed for completeness.*

- C. **An Allocation Package Detailed Project Description**, required of all agencies requesting an allocation, regardless of whether they are required to submit a short-term financial plan by the end of 2023. This detailed project description covers all projects that are recommended by the RTPA for SB 125 funding. It does not need to fully utilize all available funds, as this document may be updated on a rolling basis throughout the period covered by SB125 funding as part of an Updated Allocation Package submission. However, for timely distribution of FY23-24 funds, this portion of the Allocation Package must be submitted by December 31, 2023, and for timely distribution of FY24-25 funds, by December 31, 2024.

The **detailed project description** described above must provide details about how the funding is proposed to be distributed between transit operators and among projects, both capital and operations. *This section shall be analyzed and reviewed for project eligibility and completeness.*

The list is divided into three sections, covering TIRCP Capital, ZETCP Capital and Operations Funding. Required contents for each are below.

TIRCP Capital

1. If an agency is requesting allocations for funding for an **existing TIRCP project** (i.e., a project that has received a previous TIRCP grant, including those involving project development for major projects), they should identify the title of the project and the TIRCP cycle of award (cycles 1-6). They should also identify whether the funds will be used for the full project or for a subcomponent. Each project receiving additional funding shall identify the reason for additional funds being needed, including cost escalation, additional scope requirements or maintaining federal funding commitments. No additional GHG reduction or increased ridership benefits are required to request funds for an existing TIRCP project.
2. If an agency is requesting allocation for funding for **new TIRCP-eligible projects**, they shall include for each requested TIRCP capital project:
 - a. A summary or fact sheet (one- to two-page) that includes the following elements:
 - i. Implementing agency or agencies
 - ii. Project title
 - iii. Dates for the start and end of each project phase
 - iv. Summary of project scope
 - v. Total project costs
 - vi. Identification of the source, type and amount of all funding
 - b. A detailed project schedule, including the project's current status, and the completion dates of all major delivery milestones.
 - c. Project Location – provide a map for each of the following:
 - i. Project location denoting the project site. Provide a KML file for the project with the transit route/project location represented by lines and stops represented by points as applicable.
 - ii. In addition to showing where housing exists, provide information on housing density and planned/zoned/permitted/etc. housing density.
 - iii. In addition to illustrating existing employment centers, provide information on employment density, mix of employment types, and planned future employment land uses.

- iv. Planned and existing active transportation infrastructure (what currently exists, what is planned, and what would be funded by the project).
 - d. An explanation of greenhouse gas reducing features of the project such as project components that improve air quality and reduce greenhouse gas emissions along a specific corridor, surrounding land use density, housing and employment centers, transit- oriented development/sustainable communities strategy projects, active transportation infrastructure and other features, to the extent available. For all construction projects, agencies are required to submit a copy of the California Air Resources Board (CARB) Quantification Methodologies (QMs) and Calculator Tools for estimating greenhouse gas (GHG) emission reductions and co-benefits identified in Attachment 2.
 - e. An explanation of expected ridership benefits of the project when constructed.
 - f. If applicable, an explanation of how some or all of the project is expected to provide direct, meaningful, and assured benefits to a disadvantaged community, low-income communities or low-income households as defined by SB 535 and AB 1550.
3. If agencies plan to use this funding for only **project development activities for a new project**, they are required to show how their project or program of projects will be eligible to apply for TIRCP construction funding in the future. If the project would not be eligible to apply for TIRCP as a new project, it will not qualify for funding for project development. Agencies shall also demonstrate that they have entered into, or have applied to enter into, federal project development processes for at least a portion of the project or program of projects, and that they expect to receive federal funding in the future once complete with project development. If the agency expects to be able to leverage state funding to provide the match necessary to obtain federal planning funds, this should also be identified. The required detail for project development only is as follows:
- a. A summary or fact sheet (one- to two-page) that includes the following elements:
 - i. Implementing agency or agencies
 - ii. Project title
 - iii. Dates for the start and end of each project development phase, as well as the anticipated date of construction
 - iv. Summary of overall project scope for the constructed project, with an emphasis on project development scope
 - v. Total project costs for project development, and an estimate of the fully constructed project cost if available
 - vi. Identification of the source, type and amount of all funding for the project development phase
 - b. A detailed project schedule for the project development phase, including the project's current status, and the completion dates of all major delivery milestones.
 - c. Description and map designating the project location
 - d. An explanation of greenhouse gas reducing features of the project such as project components that improve air quality and reduce greenhouse gas emissions along a specific corridor, surrounding land use density, housing and employment centers, transit- oriented development/sustainable communities strategy projects, active transportation infrastructure and other features, to the extent available. No GHG emissions reduction quantification is required, but can be acknowledged, if available.

- e. An explanation of expected ridership benefits of the project when constructed.
- f. If applicable, an explanation of how some or all of the project is expected to provide direct, meaningful, and assured benefits to a disadvantaged community, low-income communities or low-income households as defined by SB 535 and AB 1550.

ZETCP Capital

If an agency is requesting allocation for funding for **ZETCP capital projects**, they shall include for each requested ZETCP capital project:

- a. A summary or fact sheet (one- to two-page) that includes the following elements:
 - i. Implementing agency or agencies
 - ii. Project title
 - iii. Dates for the start and end of each project phase
 - iv. Summary of project scope
 - v. Total project costs
 - vi. Identification of the source, type and amount of all funding
- b. A detailed project schedule, including the project's current status, and the completion dates of all major delivery milestones.
- c. Project Location – provide a map for each of the following, where relevant:
 - i. Project location denoting the project site. Provide a KML file showing project location(s) and impacted transit lines.
 - ii. In addition to showing where housing exists, provide information on housing density and planned/zoned/permitted/etc. housing density.
 - iii. In addition to illustrating existing employment centers, provide information on employment density, mix of employment types, and planned future employment land uses.
 - iv. Planned and existing active transportation infrastructure.
- d. An explanation of greenhouse gas reducing features of the project. For all construction projects, agencies are required to submit a copy of the California Air Resources Board (CARB) Quantification Methodologies (QMs) and Calculator Tools for estimating greenhouse gas (GHG) emission reductions and co-benefits identified in Attachment 2.
- e. At the time of the Allocation Package submission, applicants are required to submit a job co-benefit modeling tool, which is based upon a co-benefit assessment methodology developed by CARB. This tool can be found here: <https://ww2.arb.ca.gov/resources/documents/cci-methodologies>
- f. An explanation of how some or all of the project is expected to provide direct, meaningful, and assured benefits to a disadvantaged community, low-income communities or low-income households as defined by SB 535 and AB 1550. Agencies must evaluate the criteria detailed by CARB (see Attachment 1) and complete the CARB benefit criteria table in Attachment 3, to determine whether the project meets criteria for providing direct, meaningful, and assured benefits to a disadvantaged community, low-income community, and/or low-income households and address a community need pursuant the CARB's Funding Guidelines, and document the manner in which all or part of the project does so. If an agency plans to engage in additional efforts to consult with disadvantaged or low-income stakeholders as part of project development, a specific task and budget for the proposed activities should be included in the project application.

- i. It is a goal of programs using GGRF resources to maximize benefits to disadvantaged communities and low-income communities and households. Pursuant to the requirements of SB 535, as amended by AB 1550, the overall California Climate Investments Program funded with Cap-and-Trade auction proceeds must result in: (1) a minimum of 25% of the available moneys in the GGRF to projects located within, and benefiting individuals living in, disadvantaged communities, (2) an additional minimum of 5% to projects that benefit low-income households or to projects located within, and benefiting individuals living in, low-income communities located anywhere in the state, and (3) an additional minimum of 5% either to projects that benefit low-income households that are outside of, but within a 1/2 mile of, disadvantaged communities, or to projects located within the boundaries of, and benefiting individuals living in, low-income communities that are outside of, but within a 1/2 mile of, disadvantaged communities.
- ii. Information on California Climate Investments to Benefit Disadvantaged Communities with background on SB 535, AB 1550 and the CalEPA California Communities Environmental Health Screening Tool 3.0 (CalEnviroScreen), can be found at: <https://calepa.ca.gov/EnvJustice/GHGInvest/>
- g. Identification of whether the entire project, or only certain components, address AB 1550 benefits, and identification of the portion of the budget related to those components.
- h. An explanation of expected ridership benefits of the project when constructed, if any.

Transit Operations Funding

If an agency is requesting an allocation of funding for transit operations for one of the operators, it shall include the following information for each operator covered by its request:

1. Name of Transit Operator
 2. 2022-23 Ridership for the Operator and Operator's Percent of Region's Total Ridership
 3. Amount of Funding Requested, by source (TIRCP or ZETCP) and Budget Year
 4. List of Specific Activities Funded by the Request, quantified where possible:
 - a. Amount of service being paid for by the additional funding expressed in both revenue service hours and by nature of service retention, restoration or increase invested in (e.g. preventing a reduction in frequency on one or more routes (or systemwide), frequency increases on particular routes or launch of new routes made possible by the funds)
 - b. Identification of operating expenses invested in increased safety and security measures
 - c. Identification of operating expenses that are intended to increase ridership
 5. Identification of benefits to transit dependent riders of activities funded by the request
- D. **A summary Excel table including the proposed uses of TIRCP and ZETCP funds by fiscal year of availability**, up to the levels presented in Section 3 above. Uses shall be subdivided between funding for capital projects and funding for operations expenses, with each project and its implementing agency specifically identified, and each operator that will receive operations funding also specifically identified. An Excel template to be used in submitting this required information will be available on the CalSTA website within the Subject Area page dedicated to SB125 Funding. This table should contain data that matches the information submitted in the **Allocation Package Detailed Project Description**. The data table shall indicate the funding year from which funds are encumbered to the project or operating expense by the RTPA. Actual expenditure of funds may be in that year or a

future year, as necessary for the project or operation.

- E. Agencies must also submit **regionally representative transit operator data** in coordination with transit operators providing service within the jurisdiction of the regional transportation planning agency. Regionally representative operator data is expected to include all State Transit Assistance-receiving agencies that are also direct reporters to the National Transit Database (NTD), as well as any additional agencies that are expected to receive either operating or capital project funding from the SB 125 funds. Exceptions are noted below. This data collection is aligned with some of the expected data needs for the Transit Transformation Task Force. For agencies to receive an allocation of funds in the 2023-24 fiscal year, the transit operator data must be submitted by December 31, 2023. CalSTA and Caltrans will review the data submissions for completeness, understanding the quality of the data may vary between operators. RTPAs are not required to confirm the data accuracy compiled from their transit operators. If the transit operator data does not meet the following requirements or is incomplete, agencies will have an opportunity to remedy their submission and receive access to the funding after the requirements are met, by no later than April 30, 2024. The regionally representative transit operator data shall include, but is not limited to:
- i. **Existing fleet and asset management plans by transit operators.** Innovative Clean Transit Plan developed for CARB will be considered an already-responsive component of this requirement. Operators that are required to submit Asset Information Module data to the FTA's National Transit Database (whether on their own or as part of a group plan) should confirm the last time period for which data was submitted, and whether they submitted their data as part of a group plan. If such data is already submitted to the NTD by Caltrans, the most recent submission should be noted and referenced. If the operators within an RTPA's jurisdiction have operator-specific fleet and/or asset management plans developed for their own management purposes, or for compliance with FTA Capital Investment Program requirements, the most recent version of such plans should be submitted.
 - ii. **Revenue collection methods and annual costs involved in collecting revenue for each transit operator and regional transportation planning agency involved, by payment instrument.** The methods (payment instruments) of revenue collection should be noted and described for all operators covered by the data submission requirements, including reference to use of cash fareboxes, transit passes and tickets available for sale at different locations and in different media, use of mobile ticketing and/or use of smart cards or contactless payment. Information on revenue collection costs shall also be submitted for those operators or regional agencies that are able to identify specific costs in their operating or capital budgets associated with such revenue collection costs. Annual cost should be related to annual revenue for each operator that has relevant data to report. For operators that have no identifiable expenses and are not NTD reporters, fare revenues shall still be submitted for the most recent fiscal year in question. For regional agencies that have revenue collection costs without collecting fare revenues directly, the revenue collection costs should be reported by payment instrument, along with an indication of which operators are served by such revenue collection efforts.
 1. The dataset shall include, for each transit operator or regional transportation planning agency involved in revenue collection (as applicable):
 - a. Total cost of revenue collection and total revenue collected for the most recent fiscal year
 - b. Cost of revenue collection by payment instrument (where available, even if only for certain instruments and not all) and total revenue

collected by those same payment instruments, for the most recent fiscal year.

2. Planned capital costs related to fare collection in the next 4 years, if any are planned (including those within expected transit vehicle or other procurements).
- iii. **A statement of existing service plan and planned service changes through the end of 2023-24, and schedule data in General Transit Feed Specification (GTFS) format.** The goal of this data submission is to provide up to date representation of schedules by transit operator. Nearly all transit agencies of the state are providing their data in GTFS format on a regular basis, and are required to start doing so by FTA regulations by 2024. Such data is already visible to the public and to state agencies as indicated below. Compliance with these statutory requirements may be met by each operator confirming that their current schedule data is correct (an accurate representation of the service that the customer will see in operation), and that future service changes will be translated into an updated GTFS format on a timely basis. If a service change is planned during FY 23-24, an estimated date for submission of GTFS data should be indicated.

A brief summary of the existing service plan and changes to the levels of service planned by operator, at a level that is representative of the larger planned changes but does not need to cover minor changes, shall accompany the allocation package. Major frequency changes, or addition or discontinuance of routes, should be reflected, but not minor routing or scheduling changes. In addition, changes in total amount of revenue service hours planned for this current fiscal year shall be reported, along with the timeframe for such a change.

1. Existing service is assumed to have been described in the agencies most recent GTFS feed / GTFS Realtime feed. A list of agencies and associated feeds can be found at <https://data.ca.gov/dataset/cal-itp-gtfs-ingest-pipeline-dataset/resource/e4ca5bd4-e9ce-40aa-a58a-3a6d78b042bd>. If this is in error, please contact hello@calitp.org. More general information specific to reporting in GTFS may be found at <https://dot.ca.gov/cal-itp/california-minimum-general-transit-feed-specification-gtfs-guidelines>.
 2. For the proposed service plan, the ideal format is a GTFS feed, representing, at a minimum, proposed weekday, Saturday and Sunday service, planned scenario. Otherwise, we will accept frequency or new line-based changes. (i.e., line X goes from every 20 minutes to every 10 minutes during peak periods, defined as 6am-9am and 4pm to 7pm).
 3. The phasing plan for any proposed service changes.
- iv. **Expenditures on security and safety measures.** This data should be submitted by those agencies that have current or changed levels of expenditure that are specific to security (including cybersecurity) and safety measures, if applicable to the agency or operators covered by the report. This information is expected to highlight those regions and agencies that are expending significant funding, in order to consider this in the context of the Transit Transformation Task Force and to consider the role such spending may play in restoring and increasing ridership. Not all agencies and operators are expected to have specific data in this area.
- v. **Opportunities for service restructuring, eliminating service redundancies, and improving coordination amongst transit operators, including, but not limited to, consolidation of agencies or reevaluation of network management and**

governance structure. RTPAs with efforts involving these activities across their region or involving specific operators shall provide a summary of the opportunities they are pursuing or have acted upon, including any reports on such opportunities.

Technical assistance in addressing the required contents of the Initial Allocation Package and any future updates may be requested by emailing the SB 125 e-mail address at SB125transit@calsta.ca.gov. Assistance may be provided by CalSTA, Caltrans or CARB, depending on the nature of the specific question.

Applicants are reminded that while initial allocation packages are due by December 31, 2023, they may submit updates to such packages on a rolling basis that CalSTA anticipates reviewing on a 30- to 60-day timeline for approval of additional allocations of funding, up to the limit available for the RTPA at the relevant point in the program.

RTPAs are also required to make publicly available (i.e., posted online) a summary of monthly ridership data, consistent with the data submitted to the FTA's NTD, from all its transit operators and should cover the time period starting on July 1, 2022, through at least June 30, 2028. The monthly reports should include ridership data for each mode of public transportation service that the agency operates. This information will provide the public with monthly trends in ridership and service supplied throughout the year, and also allow for a comparison of ridership recovery compared to this same time last year. Caltrans will provide all RTPAs with a summary report each month that meets the requirements of this statutory provision, drawn from the data reported to the National Transit Database. The data will be drawn from the NTD at: [Complete Monthly Ridership \(with adjustments and estimates\) | FTA \(dot.gov\)](#). RTPAs are required to post a link to this report and data in a manner easily accessed by the public, so that ridership trends within their region can be easily reviewed, in order to receive approval for their allocation packages.

Unrelated to the Allocation Package submissions, agencies are required to submit and receive approval of a one-time, long-term financial plan by June 30, 2026, that addresses the approach to sustain the region's transit operations absent additional discretionary or nonformula state funding to maintain eligibility for future TIRCP funding in the 2026-27 fiscal year and beyond. *This plan will be analyzed and reviewed for completeness.*

Each long-term financial plan shall include, but is not limited to:

- I. Demonstration of the implementation of ridership retention and recovery strategies, including, but not limited to, policies that prioritize safety and cleanliness and streamlined coordination between transit operators, such as schedule coordination, reduced boarding times, operational management, and site sharing, to improve rider experience.
- II. A five-year forecast of operating funding requirements with detail on all sources of funding proposed for operations, including any new local and regional funding sources being pursued and the progress and improvements implemented since the last submitted regional short-term financial plan.

Technical assistance as it relates to the development of long-term financial plans may be offered from CalSTA and/or Caltrans. RTPAs are expected to utilize existing plans and documents that address the requirements of the long-term financial plan where possible, including the use of supplemental materials or addenda to their existing plans as applicable. CalSTA analysis and review for completeness will only extend to content required by the provision of SB 125. Additional guidance will be developed and articulated in future updates to these guidelines, per the legislative intent of SB 125.

7 Approval and Programming

Once an agency's Initial Allocation Package is received, along with verification that monthly ridership data as required by statute is available on each regional agency's website, CalSTA will review and analyze the submitted documents for completeness and for project eligibility with a commitment to facilitate these funds to projects in an expeditious manner and not infringe on the local decision-making processes that determined the specific projects proposed for funding. If all projects are eligible and the documentation is complete, CalSTA will notify the RTPA that its package is approved, publish the information on its SB125 Transit Formula Program subject area page, and authorize disbursement of applied-for funds to the RTPA. If Initial Allocation Packages are incomplete, RTPAs will be promptly notified and allowed to address areas of incompleteness. If any projects are found to be ineligible, RTPAs will be provided an opportunity to choose between either remedying the ineligible project (or replacing it with another) prior to having the entire package approved, or advancing all projects that are eligible and addressing the ineligible project in a future Updated Allocation Package. CalSTA will maintain a Program Allocation Report that will incorporate all approved projects (both capital and operating) that will be updated in any quarter during which additional approvals of Initial Allocation Packages or Updated Allocation Packages have been made.

Agencies are not required to fully apply for all available funding at the time of Initial Allocation Package submission. Unrequested monies, or the request to program interest earned on deposited funds that have not yet been disbursed to implementing agencies, may be requested in a future Updated Allocation Package. If an agency chooses to request previously unrequested funding or reprioritize funding between projects (including the addition or deletion of a project from their approved project list), an Updated Allocation Package shall be submitted for approval, including a Summary of Changes section immediately after the cover letter authorizing submission, and any updates to the project information in the document relative to the request. Such documents will be reviewed and analyzed upon receipt for completeness and project eligibility with a commitment to facilitate these funds to projects in an expeditious manner and not infringe on the local decision-making processes that determined the specific projects proposed for funding, with the approved changes included in the quarterly updates to the Program Allocation Report. Notification will be provided to each submitting agency within 30 to 60 days of submission of an Updated Allocation Package regardless of whether the next quarterly Program Allocation Plan has been published.

8 Project Delivery and Reporting

To the extent that recipients specify existing TIRCP projects that already have competitive TIRCP funding awards, CalSTA and Caltrans will work with each project sponsor to update project program supplements to reflect the use of these supplemental resources on the project under its delegated authority from CalSTA. The first year of funding for TIRCP and the ZETCP is already available for distribution once required materials are submitted and is expected to be fully encumbered or expended and liquidated by June 30, 2028. FY23-24 funds for TIRCP and the ZETCP must be disbursed to RTPAs by this deadline. Once received by the RTPA there is no deadline for the expenditure of funds. Agencies may spend SB 125 funds in any order relative to other state, federal and local funds.

As a condition of ongoing disbursement of requested SB 125 funds, the RTPAs must submit to CalSTA an Annual Report documenting the activities and progress made toward implementation of the projects and operating expenditures, which includes total SB 125 expenditures to date and total amount remaining. Recordkeeping and reporting requirements will apply through the life of the projects.

As previously noted, recipients must deposit funds into a dedicated bank account that will hold only SB 125 funds. If a separate account is not possible, the agency may show documents of a line item or subaccount dedicated to SB 125 funds. These funds must also be spent on eligible projects and will be accounted for when an agency submits its required Annual Report.

A reporting template will be distributed prior to the first annual report being due by December 31, 2024.

A final delivery report for completed capital projects may also be required, to provide notification of the completion of the project and confirmation of its placement into service. Additional guidance may be developed and articulated in future updates to these guidelines, per the legislative intent of SB 125, and may include the development and distribution of a final delivery report template in the future.

Consistent with CARB's Funding Guidelines, local agencies are required to report on job co-benefits, in addition to all other reporting requirements, for funding associated with the ZETCP. Job co-benefits refer to California jobs supported, not created, by California Climate Investments. Jobs supported by California Climate Investments include direct, indirect, and induced employment.

At the time of the Allocation Package submission for the ZETCP, agencies are required to submit a job co-benefit modeling tool, which is based upon a co-benefit assessment methodology developed by CARB. Once an awarded project has been implemented, funding recipients will also be required to report actual (not modeled) jobs data via the semi-annual reporting process. Note that these requirements are only for the ZETCP and are not necessary for the SB 125 TIRCP funding. Projects accessing funding from the ZETCP may also be required to submit reporting information related to greenhouse gas reductions and priority population benefits in accordance with the CARB's Funding Guidelines (see Attachment 1).

Implementing agencies should note that additional Project Outcome Reporting may be required for TIRCP or ZETCP capital projects. Caltrans may provide assistance through Cal-ITP on scheduling, real-time information and payments to streamline reporting requirements.

The State of California has the right to review project documents and conduct audits during project implementation and over the life of the project. Caltrans or another State agency may audit a sample of SB 125 projects to evaluate the performance of the project, or compliance with state and federal laws and regulations, contract provisions; and program guidelines, and whether project deliverables (outputs) and outcomes are consistent with the project scope, schedule, and benefits described in the Allocation Package. A report on the projects audited must be submitted by the auditing agency to CalSTA.

In addition, agencies that receive ZETCP funding under this program shall submit a report to CalSTA, no later than October 31, 2024, and annually by October 31st of subsequent years, that includes the following information:

- a. How much funding is to be used for operating costs, if any.
- b. The number, type, date, and location of zero-emission buses, trains or other vehicles purchased, if any.
- c. The number, type, date, Open Charge Point Interface (OCPI) data, and location of electric charging stations or hydrogen fueling stations purchased and installed, if any.
- d. The nameplate capacity of installed equipment in kilowatts for electric charging stations and kilograms per day for hydrogen fueling stations, if any.
- e. The total costs and the source of funding for vehicles and equipment purchased using these funds.

Additional guidance related to the ZETCP annual report will be provided at least six months before its required submission.

9 Project Administration

Projects awarded funding from SB 125 are expected to document and publicize the TIRCP and ZETCP in proper context when developing press releases and board documents, or in hosting public events such as project groundbreakings. References should be made to TIRCP, ZETCP, the California State Transportation Agency as the program sponsor, and the state programs as fund sources, as applicable, in order to ensure transparency regarding the funding of the projects. Additional details may be provided.

Attachment 1: CCI Funding Guidelines for Administering Agencies **(applies to ZETCP Recipients Using GGRF Funds)**

Investments to Benefit Disadvantaged Communities and Low-Income Communities and Households

The California Air Resources Board (CARB) released the "Funding Guidelines for Agencies Administering California Climate Investments" (Funding Guidelines) on August 30, 2018.

The 2018 Funding Guidelines provide flexibility in implementing a diverse set of investments while maintaining transparency of outcomes and ensuring meaningful community benefits from these investments. These guidelines align with the Legislature's priorities found in [AB 398](#) and Fiscal Year (FY) 2017-18 appropriations. These guidelines reflect the increasingly important role of California Climate Investments in facilitating the reduction of greenhouse gases while also reducing air pollution, helping communities adapt to the impacts of climate change, and providing meaningful benefits to disadvantaged communities, low-income communities, and low-income households (also referred to as "[priority populations](#)"), among other statutory requirements.

CARB collaborates with agencies that administer California Climate Investments programs to develop individual targets for each program to drive investments that achieve direct and meaningful benefits to [priority populations](#) and help ensure that [statutory requirements](#) are met, which are described in AB 1550.

Additional information can be found at the following CARB websites:

<https://ww2.arb.ca.gov/resources/documents/cci-funding-guidelines-administering-agencies>

Attachment 2: Quantification Methodology and Co-Benefit Assessment Methodology

CCI Quantification and Reporting Materials

Administering agencies using ZETCP GGRF funding for capital expenditures must use the Funding Guidelines with the resources provided by CARB to develop effective programs and demonstrate compliance with program requirements.

Resources include Quantification Methodologies (QMs) and Calculator Tools for estimating greenhouse gas (GHG) emission reductions and co-benefits; Benefit Criteria Tables (BCTs) for determining benefits to priority populations; and Reporting Templates for reporting outcomes.

CARB staff developed the [TIRCP QM](#) and associated [Calculator Tool](#) to provide guidance for estimating the GHG emission reductions and selected co-benefits for each proposed project type. The calculator tool automates methods described in the QM document, outlines documentation requirements, and provides a link to a step-by-step user guide with project examples. Projects will report the total project GHG emission reductions and co-benefit estimated using the TIRCP Calculator tool as well as the total project GHG emission reductions per dollar of GGRF funds.

The TIRCP Calculator Tool will be used for most ZETCP capital projects, and also for developing quantification estimates for new TIRCP capital projects using SB 125 funds.

Using many of the same inputs required to estimate GHG emission reductions, the TIRCP Calculator Tool will estimate the following co-benefits and key variables from TIRCP projects

- ROG emission reductions (lbs),
- NOx emission reductions (lbs),
- PM2.5 emission reductions (lbs),
- Diesel PM emission reductions (lbs),
- Passenger VMT reductions (miles),
- Fossil fuel use reductions (gallons),
- Fossil fuel energy use reductions (kWh),
- Passenger travel cost savings (\$), and
- Energy and fuel cost savings (\$).

All CARB co-benefit assessment methodologies are available at:

<https://ww2.arb.ca.gov/resources/documents/cci-methodologies>

Reporting templates are developed specifically for each program within California Climate Investments. These templates are used by TIRCP staff to report on outcomes from all projects funded by TIRCP, and are expected to also be used to report on outcomes for ZETCP GGRF-funded projects. Additional quantification tools will be identified by CARB for ZETCP project types that are not covered by current quantification tools, generally utilizing select tools used by existing GGRF programs.

Additional information can be found at the following CARB website:

<https://ww2.arb.ca.gov/resources/documents/cci-quantification-benefits-and-reporting-materials>

Co-benefit Assessment Methodology

California Climate Investments support the State's climate change goals and provide many additional benefits to individuals, households, businesses, and communities. These "co-benefits" include social, economic, and environmental benefits. CARB provides guidance on quantification methods and reporting to administering agencies. CARB contracted with the University of California, Berkeley (UC Berkeley) to help research and develop methods for evaluating project co-benefits. Guidance on using the co-benefit assessment methodologies is contained in [CARB's Funding Guidelines](#).

The co-benefits were prioritized based on administering agency input and broad applicability to California Climate Investments programs. UC Berkeley first reviewed the scientific data to determine if methods could be developed and summarized the findings in literature reviews. Next, UC Berkeley and CARB developed Co-benefit Assessment Methodologies where feasible. CARB solicited public comment on draft versions in Spring 2018 prior to posting final Co-benefit Assessment Methodologies. CARB may review and update assessment methodologies periodically based on new or evolving project types; new legislation; available resources; new scientific developments or tools, or modifications in the analytical tools or approaches upon which the methodologies were based; or input from administering agencies or the public.

The California Air Resources Board is updating the Co-benefit assessment methodology. See the following website for the final methodology.

<https://ww2.arb.ca.gov/resources/documents/cci-methodologies>

Attachment 3: Benefit Criteria Tables

CCI Benefit Criteria Tables

ZETCP will use the Sustainable Transportation [Benefit Criteria Table](#) developed by CARB to ensure that programs meet the minimum levels of investments to projects that benefit residents of disadvantaged communities, low-income communities, and low-income households, collectively referred to as “priority populations”.

All projects counting toward the statutory investment minimums must be located within an identified community and benefit individuals living within that community, or directly benefit residents of low-income households anywhere in the State. Administering agencies must determine if a project meets the criteria for providing direct, meaningful, and assured benefits to priority populations using the following evaluation approach:

Step 1: Identify the Priority Population(s). Be located within a census tract identified as a disadvantaged community or low-income community, or directly benefit residents of a low-income household.

Step 2: Address a Need. Meaningfully address an important community or household need for the disadvantaged community, low-income community, or low-income household.

Step 3: Provide a Benefit. Using the evaluation criteria, identify at least one direct, meaningful, and assured benefit that the project provides to priority populations. The benefit provided must directly address the identified need.

Only investments that meet these criteria will be counted toward achieving the statutory investment minimums identified for priority populations. Administering agencies can fund projects that otherwise provide meaningful benefits, but do not meet these criteria; however, those projects will not be counted toward investment minimum.

Senate Bill (SB) 125 Funding Update

Budget Development Committee

State Budget – Transportation Funding

- \$5.1 billion in State of California funding for transit between FY24-27
 - \$4 billion for Transit and Intercity Rail Capital Program (TIRCP)
 - Population-based distribution (PUC 99313*)
 - Includes flexibility for transit operations
 - \$1.1 billion for Zero-Emission Transit Capital Program (ZETCP)
 - Population- and revenue-based distribution (PUC 99313, 99314*)
 - Includes flexibility for transit operations
- MTS to receive approximately \$284 million over four fiscal years
 - Majority of funding, approximately \$264 million, will be provided in the first two fiscal years

**Under PUC 99313, 99314, funds are allocated directly to MTS. For other agencies, funds are allocated to regional transportation planning agency for operator funding distribution.*

SB 125

- Instituted accountability and reform requirements for agencies to access funding included in Budget Act
- Required the California State Transportation Agency (CalSTA) to develop guidelines and administer accountability program to govern the distribution of funds
 - Informal Draft Guidelines released on August 18, 2023
 - Formal Draft Guidelines released on September 1, 2023
 - Final Guidelines to be released on September 30, 2023

SB 125 – Legislative Intent

- Provide one-time multiyear funding for transit operators to address operational costs until long-term transit sustainability solutions are identified
- Assist transit operators in preventing service cuts and increasing ridership
- Prioritize the availability of transit for riders who are transit dependent

SB 125 Draft Guidelines

- TIRCP eligible projects (capital projects):
 - Funding allocated to capital projects via TIRCP funds must comply with traditional TIRCP guidelines (e.g. demonstrate reduction in greenhouse gas emissions and an increase in ridership)
- ZETCP eligible projects (capital projects):
 - Funding allocated to capital project via ZETCP funds must comply with ZETCP guidelines (e.g. purchase of ZEBs, ZEB infrastructure, zero emission facility modifications, and demonstrate reduction in greenhouse gas emissions)

SB 125 Draft Guidelines

- TIRCP & ZETCP funds used for transit operations:
 - Must comply with legislative intent of SB 125
 - Expenses may include:
 - Retention of service, restoration of service or increased service (prioritizing transit dependent riders);
 - Operating expenses intended to increase ridership;
 - Operating expenses invested in increased safety and security measures

Requirements for Funding Allocation

- Allocation Package due to CalSTA by December 31, 2023
- Allocation Package should address projects and operations seeking an allocation of funds for at least FY24, but highly recommend showing plans for the entire program period through FY27
 - Must incorporate the following details including, but not limited to, explanation of funding and service actions; breakdown and justification of funding distribution; detailed project descriptions and activities; and various data reports and sources
- Updated Allocation Packages may be submitted on a rolling basis

Approval and Programming

- CalSTA will review Allocation Packages for completeness and project eligibility
- CalSTA will not infringe on local decision-making processes
 - Will ensure Package is compliant with details included in Final Guidelines
- Allocation Packages may be updated by respective agencies and resubmitted on a rolling basis, as needed

Timeline

- August 18, 2023 – release of Informal Draft Guidelines
- August 28, 2023 – explanatory webinar hosted by CalSTA
- September 1, 2023 – release of Formal Draft Guidelines
- September 7, 2023 – Formal Draft Guidelines Workshop
- September 14, 2023 – Closing date for comments
- September 30, 2023 – CalSTA publishes final SB 125 Guidelines
- December 31, 2023 – Allocation Package submittals due
- April 30, 2024 – Requested funding will be allocated by this date

Zero-Emission Transit Capital Program

- ZETCP eligible projects (capital projects):
 - Funding allocated to capital project via ZETCP funds must comply with ZETCP guidelines (e.g. purchase of ZEBs, ZEB infrastructure, zero emission facility modifications, and demonstrate reduction in greenhouse gas emissions)
- Staff proposal:
 - Use this funding for ZEB infrastructure projects within the FY25-28 Capital Improvement Program (CIP)

Zero-Emission Transit Capital Program (\$46.3M)

Project Name	FY25	FY26	FY27	FY28
Bus Ops - East County Division Overhead Charging Infrastructure	\$ 5,585	\$ 1,585	\$ 8,680	\$ -
Bus Ops - Imperial Ave Division Overhead Charging Infrastructure	4,090		1,005	2,780
Bus Ops - Copley Park Division Overhead Charging Infrastructure	510	2,180		1,005
Bus Ops - South Bay Division Overhead Charging Infrastructure	7,080	5,920		5,900
Total	\$ 17,265	\$ 9,685	\$ 9,685	\$ 9,685

Transit and Intercity Rail Capital Program

- TIRCP eligible projects (capital projects):
 - Funding allocated to capital projects via TIRCP funds must comply with traditional TIRCP guidelines (e.g. demonstrate reduction in greenhouse gas emissions and an increase in ridership)
- Staff proposal:
 - Orange Line Signal Project - Phase 1 (existing TIRCP project)
 - Existing TIRCP approved capital project expanded to include all signaling equipment along the Orange Line

Transit and Intercity Rail Capital Program – Flexible funding for Operations

- Staff proposals:
 - Security Enhancements
 - Addition of 47 positions for the Security department
 - Going to the Board on 9/14
 - Trolley Service Enhancements
 - A minimum of 15 minute service all day, every line effective June 2024
 - 7½ minute service between downtown and UTC during the peaks effective June 2025
 - Bus Service Enhancements
 - Replacement of driver related cuts
 - Other span and frequency adjustments
 - Overnight service Downtown to the border
 - Iris Rapid Operations
 - Structural Deficit Balancing

Transit and Intercity Rail Capital Program (\$237.3M)

Project Name	FY24	FY25	FY26	FY27	FY28
Orange Line Signal Project - Phase 1 (existing TIRCP project)	\$ -	\$ 26,000	\$ -	\$ -	\$ -
Security Enhancements	1,500	3,500	3,500	3,500	3,500
Trolley Service Enhancements		8,700	11,000	11,000	11,000
Bus Service Enhancements		12,000	12,000	12,000	12,000
Iris Rapid Operations	3,000	4,000	4,000	4,000	4,000
Structural Deficit Balancing				13,418	73,712
Total	\$ 4,500	\$ 54,200	\$ 30,500	\$ 43,918	\$ 104,212

Operating Budget Forecast - Original

	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Operating Revenues	\$ 103,635	\$ 111,603	\$ 117,929	\$ 123,251	\$ 127,630	\$ 130,181
Subsidy Revenues	252,243	258,742	265,999	272,780	279,156	285,136
Total Recurring Revenues	\$ 355,879	\$ 370,345	\$ 383,929	\$ 396,032	\$ 406,786	\$ 415,316
Total Operating Expenses	406,997	427,365	444,113	459,041	472,673	487,259
Net Operating Deficit	\$ (51,118)	\$ (57,020)	\$ (60,185)	\$ (63,009)	\$ (65,886)	\$ (71,942)
Reserve Revenues	(90)	(122)	(136)	(138)	(130)	(130)
Total Revenues Less Expenses	\$ (51,209)	\$ (57,142)	\$ (60,320)	\$ (63,147)	\$ (66,017)	\$ (72,073)
Federal Stimulus Funding	51,209	57,142	60,320	16,400		
Total Operating Income (Deficit)	\$ -	\$ -	\$ -	\$ (46,747)	\$ (66,017)	\$ (72,073)

Operating Budget Forecast - Revised

	FY 2024 Proposed	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected	FY 2029 Projected
Operating Revenues	\$ 103,635	\$ 111,603	\$ 117,929	\$ 123,251	\$ 127,630	\$ 130,181
Subsidy Revenues	252,243	258,742	265,999	272,780	279,156	285,136
Total Recurring Revenues	\$ 355,879	\$ 370,345	\$ 383,929	\$ 396,032	\$ 406,786	\$ 415,316
Total Operating Expenses	408,497	445,565	464,613	479,541	493,173	507,759
Net Operating Deficit	\$ (52,618)	\$ (75,220)	\$ (80,685)	\$ (83,509)	\$ (86,386)	\$ (92,442)
Reserve Revenues	(90)	(122)	(136)	(138)	(130)	(130)
Total Revenues Less Expenses	\$ (52,709)	\$ (75,342)	\$ (80,820)	\$ (83,647)	\$ (86,517)	\$ (92,573)
Federal Stimulus Funding	48,209	47,142	50,320	39,729		
SB 125 TIRCP	4,500	28,200	30,500	43,918	86,517	17,695
Total Operating Income (Deficit)	\$ -	\$ -	\$ -	\$ (0)	\$ 0	\$ (74,878)

Addressing the Structural Deficit

- Available options:
 - Increasing subsidy revenues
 - Statewide TDA sales tax increase (Transit Transformation Task Force)
 - Seek federal assistance
 - Ballot measure
 - Raise the cost of fares
 - Cut service
 - Defer capital investments
 - Seek relief from Innovative Clean Transit requirements

Questions/Comments