

THIS PRINT COVERS CALENDAR ITEM NO.: 10.4

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance

BRIEF DESCRIPTION:

Adopting a resolution of project compliance for allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$8,886,580 for the construction phase of the SFMTA's Battery Electric Buses (BEB) Procurement project following Federal Transit Administration (FTA) Buy America requirements; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies.

SUMMARY:

- RM3 bridge toll increases were approved by Bay Area voters in June 2018 to finance highway and transit improvements. Although increased tolls started being collected in January 2019, legal challenges prevented the MTC, acting as the Bay Area Toll Authority, from disbursing the funds until the challenges were dismissed by the State Supreme Court in January 2023.
- RM3's Expenditure Plan includes \$140,000,000 of funds for SFMTA Muni fleet and facility capital projects. The SFMTA programmed RM3 funds for projects based on need and readiness as identified by the SFMTA's Building Progress Program and the Transit Division. This resolution supports the SFMTA's eighth formal request for RM3 fund allocations.
- To receive RM3 funds, the MTC requires that the SFMTA adopt a resolution of project compliance for the projects to be funded and provide assurances that the SFMTA will comply with MTC's RM3 implementation policies.
- The \$ 8,886,580 of RM3 funds will be programmed to the construction phase of the Battery Electric Bus Procurement project.
- The adoption of this resolution does not constitute the approval of any specific project that may be funded by the grant program. Rather, projects would be subject to California Environmental Quality Act (CEQA) review, and other approvals as applicable, as determined according to their scope.

ENCLOSURES:

1. SFMTAB Resolution

APPROVALS:

DIRECTOR



SECRETARY



DATE

May 1, 2025

April 30, 2025

ASSIGNED SFMTAB CALENDAR DATE: May 6, 2025

PURPOSE

Adopting a resolution of project compliance for allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$8,886,580 for the construction phase of the SFMTA's BEB Procurement project; and providing assurances that the SFMTA will comply with MTC policies.

STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES

This item supports the following five Strategic Plan Goals:

- Goal 5: Deliver reliable and equitable transportation services.
- Goal 6: Eliminate pollution and greenhouse gas emissions by increasing use of transit, walking, and bicycling.
- Goal 8: Deliver quality projects on-time and on-budget.
- Goal 9: Fix things before they break and modernize systems and infrastructure.
- Goal 10: Position the agency for financial success.

This item supports the following four Transit First Policy Principles:

1. To ensure quality of life and economic health in San Francisco, the primary objective of the transportation system must be the safe and efficient movement of people and goods.
2. Public transit, including taxis and vanpools, is an economically and environmentally sound alternative to transportation by individual automobiles. Within San Francisco, travel by public transit, by bicycle and on foot must be an attractive alternative to travel by private automobile.
9. The ability of the City and County to reduce traffic congestion depends on the adequacy of regional public transportation. The City and County shall promote the use of regional mass transit and the continued development of an integrated, reliable, regional public transportation system.
10. The City and County shall encourage innovative solutions to meet public transportation needs wherever possible and where the provision of such service will not adversely affect the service provided by the Municipal Railway.

DESCRIPTION

RM3 Funds for the SFMTA:

The SFMTA is requesting that the MTC allocate \$8,886,580 for the construction phase of the SFMTA project described below for rolling stock acquisition. This amount represents 6.3% of the \$140,000,000 of RM3 funds designated for SFMTA fleet and facilities as included in the RM3 Expenditure Plan approved by the voters. The SFMTA has broad latitude to spend these funds as it deems fit. RM3 funds serve as a valuable match source for federal grants for fleet projects.

Project Description and RM3-Funded Scope:

Battery Electric Bus Procurement

Project Description: Following completion of the detailed design phase, the SFMTA is ready to procure three (3) 60' and nine (9) 40' battery electric buses (BEBs), including all necessary

accessories (e.g., tools & equipment, spare parts, training, and data monitoring subscription). The BEBs shall be procured from multiple manufacturers through statewide procurement contracts or as options through existing procurement contracts, as authorized under Federal Transit Administration (FTA) statutes and regulations. This procurement is in line with the SFMTA's Zero Emission Bus Rollout Plan to replace diesel/hybrid buses with a cleaner alternative.

The project scope does not include the required charging infrastructure needed to accommodate the BEBs. The charging infrastructure will be installed prior to the arrival of BEBs. The cost of charging infrastructure is approximately \$37,000,000 and is fully funded.

RM3 Allocation Scope: The total project cost is estimated at \$30,443,000 with RM3 funds contributing \$8,886,580 (or 29.2% of the project's total cost) for BEB procurement following FTA Buy America requirements as shown in Table 1. The project funding plan is supplemented with FTA Transit Capital Priorities, CFD Funds, SFMTA Operating funds, and California's Low Carbon Fuel Standards (LCFS) revenue, which can be found in Table 2.

Table 1: Proposed Allocation

Project Title	RM3 Request Amount	% of SFMTA RM3 \$140,000,000 Funds	Total Project Cost	Percent Funded by RM3
Battery Electric Bus Procurement	\$8,886,580	6.3%	\$30,443,000	29.2%
Total	\$8,886,580	6.3%	\$30,443,000	29.2%

Table 2: Battery Electric Bus Procurement

Project Phase	Fund	FY25-29 Total	Notes
Detail Design	Transportation Sustainability Fee	\$388,000	Awarded
Detail Design	Low Carbon Fuel Standards (LCFS)	\$125,000	Awarded
Detail Design	FY24 MTC Regional Measure 3 Funds	\$2,165,024	Awarded
Construction	FY25 MTC Regional Measure 3 Funds	\$8,886,580	Planned
Construction	FTA Transit Capital Priorities	\$15,134,000	Planned
Construction	CFD Fund	\$700,000	Planned
Construction	Operating	\$2,846,000	Planned
Construction	Low Carbon Fuel Standards (LCFS)	\$198,000	Planned
	Total	\$30,442,604	

SFMTA Assurances to the MTC:

The MTC requires that the SFMTA Board of Directors approve a resolution of project compliance

for the RM3-funded projects, acknowledging the following conditions:

1. The SFMTA will comply with the provisions of the MTC's RM3 Policies and Procedures.
2. The SFMTA will certify that the projects are consistent with the Regional Transportation Plan (RTP).
3. The year of funding for any design, right-of-way and/or construction phase has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the project.
4. The RM3 phase or segment is fully funded, and results in an operable and usable segment.
5. The SFMTA approves the allocation request and updated Initial Project Report (IPR).
6. The SFMTA approves the cash flow plan.
7. The SFMTA has reviewed the projects' needs and has adequate staffing resources to deliver and complete the projects within the schedules set forth in the allocation request and updated Initial Project Reports.
8. The SFMTA is authorized to submit an allocation request for RM3 funds for this project, in accordance with California Streets and Highways Code 30914.7(a).
9. The SFMTA certifies that the projects and purposes for which RM3 funds are being requested is in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 15000 et seq.) and if relevant the National Environmental Policy Act (NEPA), 42 USC Section 4-1 et. seq. and the applicable regulations thereunder.
10. That there is no legal impediment to the SFMTA making allocation requests for RM3 funds.
11. That there is no pending or threatened litigation which might in any way adversely affect the proposed projects, or the ability of the SFMTA to deliver such projects.
12. The SFMTA agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866.
13. The SFMTA indemnifies and holds harmless MTC, BATA, and their Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of the SFMTA, its officers, employees or agents, or subcontractors or any

of them in connection with its performance of services under this allocation of RM3 funds. The SFMTA agrees at its own cost, expense, and risk, to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, BATA, and their Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments. In addition to any other remedy authorized by law, so much of the funding due under this allocation of RM3 funds as shall reasonably be considered necessary by the MTC may be retained until disposition has been made of any claim for damages.

14. The SFMTA shall, if any revenues or profits are received from any non-governmental use of property (or project), use those revenues or profits exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise the MTC is entitled to a proportionate share equal to MTC's percentage participation in the project.
15. Assets purchased with RM3 funds including facilities and equipment shall be used for the public transportation uses intended, and should said facilities and equipment cease to be operated or maintained for their intended public transportation purposes for its useful life, that the MTC shall be entitled to a present day value refund or credit (at MTC's option) based on MTC's share of the Fair Market Value of the said facilities and equipment at the time the public transportation uses ceased, which shall be paid back to the MTC in the same proportion that RM3 funds were originally used.
16. The SFMTA shall post on both ends of the construction site(s) at least two signs visible to the public stating that the project is funded with Regional Measure 3 Toll Revenues.
17. The SFMTA authorizes its Director of Transportation or her designee to execute and submit an allocation request for the construction phase of the SFMTA's BEB Procurement project with the MTC for RM3 funds in the amount of \$8,886,580 for the project, purposes and amounts included in the allocation request.
18. The Director of Transportation or her designee is hereby delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as he or she deems appropriate.
19. A copy of this resolution shall be transmitted to the MTC in conjunction with the filing of the SFMTA allocation request referenced herein.

STAKEHOLDER ENGAGEMENT

The proposed allocations are consistent with the public process that led to the RM3 ballot measure. Additionally, SFMTA has actively worked with the MTC to ensure that the proposed RM3 funding is acceptable and consistent with program requirements.

ALTERNATIVES CONSIDERED

The alternative option is to forgo pursuing the RM3 funding, which would result in a deficit in the SFMTA's capital program. In this scenario, SFMTA staff would seek funding from other capital projects and programs to fund the proposed project. This alternative was not pursued because large capital projects need to utilize all reasonable funding options, including RM3, as the funds are made available.

FUNDING IMPACT

Including the proposed allocation of \$8,886,580, the SFMTA has requested \$86,084,676 or 61.5% of the available \$140,000,000 RM3 funding. The previous allocations are summarized below.

Table 3: Regional Measure 3 Allocation Requests

Project Title	MTC Approval Date	Request Amount	Total Project Cost	Percent Funded by RM3	Percent of Total SFMTA RM3 Allocation
Potrero Modernization Project	Dec-23	\$3,503,055	\$487,951,860	0.7%	2.5%
Light Rail Vehicle Procurement	Jan-24	\$6,495,096	\$1,192,651,577	0.5%	4.6%
40'/60' hybrid buses project	Jan-24	\$27,013,000	\$147,338,000	18.3%	19.3%
Kirkland Electrification	Feb-24	\$3,815,000	\$156,615,000	2.4%	2.7%
Battery Electric Bus Procurement	Feb-24	\$2,381,000	\$30,443,000	7.8%	1.7%
Presidio Modernization Project	Mar-24	\$12,594,945	\$455,143,755	2.8%	9.0%
New Flyer Midlife Overhaul Phase I	Jun-24	\$11,344,000	\$146,244,957	7.8%	8.1%
Vintage Streetcar Rehabilitation	Jun-24	\$6,718,000	\$12,143,817	55.3%	4.8%
Kirkland Electrification	Jul-24	\$2,694,000	See above	1.7%	1.9%
Battery Electric Bus Replacement Procurement Pilot	Oct-24	\$640,000	\$13,943,988	4.6%	0.5%
Battery Electric Bus Procurement	May-25	\$8,886,580	See above	29.2%	6.3%
	Total	\$86,084,676	\$2,642,475,954	3.3%	61.5%

ENVIRONMENTAL REVIEW

On March 20, 2025, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution for programming Regional Measure 3 funds for the construction of the Battery Electric Bus Procurement is not a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary of the SFMTA Board of Directors and is incorporated herein by reference.

OTHER APPROVALS RECEIVED OR STILL REQUIRED

The MTC is anticipated to act on these RM3 allocations at its May 7, 2025, meeting.

The City Attorney has reviewed this staff report.

RECOMMENDATION

Staff recommends that the SFMTA Board adopt a resolution of project compliance for the allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$8,886,580 for the construction phase of the SFMTA’s Battery Electric Buses (BEB) Procurement project; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, Senate Bill (SB) 595 (Chapter 650, Statutes 2017), commonly referred to as Regional Measure 3, identified projects eligible to receive funding under the Regional Measure 3 Expenditure Plan; and,

WHEREAS, The Metropolitan Transportation Commission (MTC) is responsible for funding projects eligible for Regional Measure 3 funds, pursuant to Streets and Highways Code Section 30914.7(a) and (c); and,

WHEREAS, The MTC has established a process whereby eligible transportation project sponsors may submit allocation requests for Regional Measure 3 funding; and,

WHEREAS, Allocation requests to the MTC must be submitted consistent with procedures and conditions as outlined in Regional Measure 3 Policies and Procedures (MTC Resolution No. 4404); and,

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) is an eligible sponsor of transportation project(s) in the Regional Measure 3 Expenditure Plan; and,

WHEREAS, The construction phase of the SFMTA's Battery Electric Buses (BEB) Procurement project is eligible for consideration in the Regional Measure 3 Expenditure Plan, as identified in California Streets and Highways Code Section 30914.7(a); and,

WHEREAS, The Regional Measure 3 updated Initial Project Request (IPR) and allocation request lists the project, purpose, schedule, budget, expenditure, and cash flow plan for which the SFMTA is requesting the MTC allocate Regional Measure 3 funds; and,

WHEREAS, On March 20, 2025, the SFMTA, under authority delegated by the Planning Department, determined that the proposed resolution to program Regional Measure 3 funds for the construction phase of the Battery Electric Bus procurement is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the SFMTA Board of Directors adopts a resolution of support for the allocation of Regional Measure 3 (RM3) bridge toll funds in the amount of \$8,886,580 for the construction phase of the SFMTA's Battery Electric Buses (BEB) Procurement project; and providing assurances that the SFMTA will comply with Metropolitan Transportation Commission (MTC) policies; and be it further

RESOLVED, That the SFMTA will comply with the provisions of MTC's Regional Measure 3 Policies and Procedures; and be it further

RESOLVED, That the SFMTA certifies that the project is consistent with the Regional Transportation Plan (RTP); and be it further

RESOLVED, That the year of funding for any design, right-of-way and/or construction phase has taken into consideration the time necessary to obtain environmental clearance and permitting approval for the project; and be it further

RESOLVED, That the Regional Measure 3 phase or segment is fully funded, and results in an operable and useable segment; and be it further

RESOLVED, That the SFMTA approves the allocation request and updated IPR; and be it further

RESOLVED, That the SFMTA approves the cash flow plan; and be it further

RESOLVED, That the SFMTA has reviewed the project needs and has adequate staffing resources to deliver and complete the projects within the schedule set forth in the allocation request and updated IPR; and be it further

RESOLVED, That the SFMTA is authorized to submit an allocation request for Regional Measure 3 for the project, in accordance with California Streets and Highways Code 30914.7(a); and be it further

RESOLVED, That, on March 20, 2025, the SFMTA, under authority delegated by the Planning Department, also determined that the proposed resolution for programming Regional Measure 3 funds for construction phase of the Battery Electric Bus Procurement, is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b), and that based on that determination, the SFMTA certifies that the projects and purposes for which RM3 funds are being requested is in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 15000 et seq.) and if relevant the National Environmental Policy Act (NEPA), 42 USC Section 4-1 et. seq. and the applicable regulations thereunder; and be it further

RESOLVED, That there is no legal impediment to the SFMTA making allocation requests for Regional Measure 3 funds; and be it further

RESOLVED, That there is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of the SFMTA to deliver such project; and be it further

RESOLVED, That SFMTA agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866; and be it further

RESOLVED, That the SFMTA indemnifies and holds harmless MTC, BATA, and their Commissioners, representatives, agents, and employees from and against all claims, injury, suits, demands, liability, losses, damages, and expenses, whether direct or indirect (including any and all costs and expenses in connection therewith), incurred by reason of any act or failure to act of the SFMTA, its officers, employees or agents, or subcontractors or any of them in connection with its performance of services under this allocation of RM3 funds. The SFMTA agrees at its own cost, expense, and risk, to defend any and all claims, actions, suits, or other legal proceedings brought or instituted against MTC, BATA, and their Commissioners, officers, agents, and employees, or any of them, arising out of such act or omission, and to pay and satisfy any resulting judgments. In addition to any other remedy authorized by law, so much of the funding due under this allocation of RM3 funds as shall reasonably be considered necessary by the MTC may be retained until disposition has been made of any claim for damages, and be it further

RESOLVED, That the SFMTA shall, if any revenues or profits are received from any non-governmental use of property (or project), that those revenues or profits shall be used exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise the MTC is entitled to a proportionate share equal to MTC's percentage participation in the project(s); and be it further

RESOLVED, That assets purchased with RM 3 funds including facilities and equipment, shall be used for the public transportation uses intended, and should said facilities and equipment cease to be operated or maintained for their intended public transportation purposes for its useful life, that the MTC shall be entitled to a present day value refund or credit (at MTC's option) based on MTC's share of the Fair Market Value of the said facilities and equipment at the time the public transportation uses ceased, which shall be paid back to the MTC in the same proportion that Regional Measure 3 funds were originally used; and be it further

RESOLVED, That the SFMTA shall post on both ends of the construction site(s) at least two signs visible to the public stating that the Project is funded with Regional Measure 3 Toll Revenues; and be it further

RESOLVED, That the SFMTA authorizes its Director of Transportation or her designee to execute and submit an allocation request for the construction phase with MTC for Regional Measure 3 funds in the amount of \$8,886,580 for the project, purposes and amounts included in the allocation request; and be it further

RESOLVED, That the Director of Transportation or her designee is hereby delegated the authority to make non-substantive changes or minor amendments to the allocation request or IPR as he or she deems appropriate; and be it further

RESOLVED, That a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the SFMTA allocation request referenced herein.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 6, 2025.

Secretary, Board of Directors
San Francisco Municipal Transportation Agency