

PLATINUM | ADVISORS

Legislative Update
AC Transit Board of Directors
January 25, 2023

New Session, New Members

- ▶ 35 New Legislators, including Assembly members moving to the Senate
 - ▶ 62 Democrats in the Assembly
 - ▶ 32 Democrats in the Senate

- ▶ New AC Transit delegation members
 - ▶ **Susan Talamantes Eggman, District 5**
 - ▶ Unincorporated Alameda County east of Castro Valley
 - ▶ **Senator Steve Glazer, District 9**
 - ▶ San Leandro, Castro Valley, Ashland, Cherryland and San Lorenzo
 - ▶ **Senator Aisha Wahab, District 10**
 - ▶ Hayward, Union City, Newark, Fremont, Milpitas, Sunnyvale and Santa Clara
 - ▶ **Assemblymember Rebecca Bauer-Kahan, District 16**
 - ▶ Unincorporated Alameda County east of Oakland and north of Castro Valley
 - ▶ **Assemblymember Liz Ortega, District 20**
 - ▶ Hayward, San Leandro, Union City, Ashland, Castro Valley, Cherryland, Fairview, and San Lorenzo

Governor's Budget Proposal

- ▶ \$297 billion spending plan includes filling a projected \$22.5 billion budget shortfall
- ▶ The deficit would be addressed through a mix of funding delays, pullbacks, shifts and trigger reductions.
- ▶ Budget Reserves total \$35.6 billion.
 - ▶ \$22.4 billion in the Budget Stabilization Account
 - ▶ \$8.5 billion in the Public School System Stabilization Account
 - ▶ \$900 million in the Safety Net Reserve
 - ▶ \$3.8 billion in the Special Fund for Economic Uncertainties
- ▶ Governor's proposal does not dip into the reserves
- ▶ Budget Stabilization Account is maxed out, and \$951 million must be spent on infrastructure

Budget delays, triggers, & shifts

- ▶ **\$7.4 billion in Delays.** The Budget delays funding for multiple items across the 2021-22 through 2023-24 fiscal years and spreads it across multiple years. Kind of a cut since there are no guarantees of a future appropriation.
- ▶ **\$4.3 billion in Shifts.** The Budget shifts certain expenditures in the 2022-23 and 2023-24 fiscal years from the General Fund to other funds. This includes shifting certain Zero Emission Vehicle commitments to the Greenhouse Gas Reduction Fund.
- ▶ **\$3.9 billion in Triggers.** The Budget reduces funding for certain items in the 2020-21 through 2023-24 fiscal years and places them in a “trigger” that would restore the reductions if it is determined that sufficient funds will be available. This primarily consists of placing triggers on \$3.1 billion in transportation funding.

Transportation Budget

- ▶ **Heavy-Duty Zero-Emission Vehicles and Supporting Infrastructure** — \$1.5 billion reduction that is partially offset with \$839 million in auction funds
- ▶ **Transit Intercity Rail Capital Program** — A reduction of planned funding in 2023 and 2024 from \$2 billion each year to \$1 billion in 2023-24 and \$500 million in each of 2024-25 and 2025-26. Restoration of these funds is subject to the trigger.
- ▶ **Active Transportation Program** — A reduction of \$500 million General Fund, with \$300 million of the reduction being restored from a shift in State Highway Account funds.
- ▶ **State Transit Assistance** — Total funding allocated through STA will decrease by about \$102 million for a total amount of \$1.06 billion in 2023-24.

“Unfortunately, the Governor’s proposed budget does not address the transit fiscal cliff; instead it cuts and defers transit capital funds....”

- Senator Scott Wiener

- ▶ Budget deficit compounds the difficulty in addressing the fiscal cliff.
- ▶ This effort may force difficult decisions on how existing funds are allocated.
- ▶ Legislative staff are interested in addressing the needs of transit operators and have reached out to operators, including AC Transit, to learn more.
- ▶ This effort will require a coordinated regional effort to engage the Bay Area legislative delegation.
- ▶ We will be working closely with AC Transit, our legislative delegation, and transit advocates to advance our efforts.

Legislation Outlook

- ▶ Start of the new session bills are starting to be introduced. Introduction deadline is February 17th.
- ▶ District staff working with CTA to secure a sponsor for a bill to provide electricity priority to transit.
- ▶ Assemblywoman Friedman has introduced two spot bills, AB 6 & AB 7, that include intent language to limit the use of transportation funds for projects that further climate goals, such as transit and active transportation.
- ▶ AB 96 (Kalra) is a renewed effort to create a process that would require transit operators to work with employee groups when considering the use of autonomous vehicles.
- ▶ Free student bus pass legislation will likely be introduced, again.

Thank You!