

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/23/2025

Staff Report No. 25-158

TO: AC Transit Board of Directors
FROM: Kathleen Kelly, Interim General Manager/Chief Executive Officer
SUBJECT: Monthly Legislative Report

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving the Monthly Legislative Report and adoption of Resolution No. 25-019 in support of \$2 billion new flexible funding from the state budget to save and improve public transit.

Staff Contact:
Claudia Burgos, Interim Executive Director of External Affairs, Marketing and Communications

STRATEGIC IMPORTANCE:

Goal - Strong Public and Policymaker Support
Initiative - Financial Efficiency and Revenue Maximization

The Monthly Legislative Report helps the District track federal, state and regional legislation to ensure alignment with the District's Strategic Plan and the specific goal of having strong public and policymaker support. Policy decisions at all levels of government can positively or negatively affect District operations and revenues and, as such, are important to track and influence as needed.

BUDGETARY/FISCAL IMPACT:

There is no budgetary or fiscal impact associated with this report.

BACKGROUND/RATIONALE:

Federal Update

On April 3, 2025, the Banking, Housing and Urban Affairs Committee voted 20-4 to advance the nomination of Marcus Molinaro to be the next Federal Transportation Administration Administrator. Next will be a vote by the full Senate, likely in late April.

On April 2, 2025, the Environment and Public Works (EPW) Committee held the first of two hearings on DOT's perspectives on the reauthorization of the next five-year surface transportation bill. The current authorization expires on September 30, 2026. **Attachment 1** contains a short summary of the hearing.

On April 8, 2025, California Senators Alex Padilla and Adam Schiff announced that they, along with

Representatives Whitesides and Levin of California, are leading a bipartisan, bicameral delegation of 45 lawmakers in urging the Department of Energy (DOW) to preserve funding for hydrogen production hubs, specifically California's ARCHES.

State Update

AB 1141 (Lee), the District's sponsored bill, which updates the District's authorizing statutes, passed out of the Assembly Local Government Committee on April 9 with unanimous approval. The fact sheet on AB 1141 is included as **Attachment 6**.

Regional Measure Update

Senator Scott Wiener and Senator Jesse Arreguin have amended SB 63 to contain the outline for a regional measure to fund transit operations. The bill:

- Authorizes a 10 to 15-year regional transportation revenue measure (TRM) to contribute additional operating revenues to public transportation agencies with major deficits.
- Authorizes a ½-cent sales tax measure in Alameda, Contra Costa, and San Francisco Counties - with up to 1 cent in San Francisco to provide greater Muni funding.
- Provides San Mateo and Santa Clara Counties the opportunity to decide to opt into the measure by July 31, 2025, and envisions determining the exact rate structure by July 31, 2025.
- Sets "ironclad" requirements on how funding from the regional funding measure shall be distributed.
- Provides up to 10% towards regional transit transformation funding.
- Envisions the development and completion - during the legislative process - of a "Transit Operations Financial Responsibility and Implementation Plan ("T-FRIP") that outlines target funding contributions to BART, Muni, Caltrain, AC Transit, and regional transit improvements, informing funding distributions from the measure to those operators and initiatives.
- Also includes accountability measures to improve financial efficiency and regional coordination for the transit operators receiving funding through the regional funding measure.

Advocacy to Address the Budget Deficit

To address the \$231 million budget deficit that the District is facing over the next four years, staff have engaged in a multi-pronged advocacy effort to secure operating funds. Efforts have and will continue to focus on:

1. Supporting Senator Arreguin's ask of \$2 Billion over two years beginning in FY 25-26, in new flexible funding to save and improve public transit. Funding from this state budget ask will be critical to closing the District's deficit of \$72M in FY 26-27. Key actions include passage of the attached resolution in support of the \$2B for transit by the Board and requesting that cities in our service area adopt similar resolutions, issuing a strong AC Transit letter of support, and activating our Board, advocates, and community partners. We will integrate our messaging into upcoming opportunities such as the District breakfast briefings, presentations to outside organizations, and Sacramento visits, while amplifying support through government affairs materials and targeted outreach. This strategy aims to build momentum, demonstrate broad support, and position AC Transit as a vital recipient of the budget allocation.
2. Securing a fair share allocation for the District in the expenditure plan (TFRIP) of SB 63, the regional

revenue measure. If successful at the ballot in November 2026, funding from a regional measure would likely become available in early 2027 and thus critical to closing the District's deficit of \$58M in FY 27-28 and beyond.

ADVANTAGES/DISADVANTAGES:

Providing monthly updates to the Board ensures the Board is aware of pending legislation and the potential impact it may have on the District. The adoption of favorable legislation by policymakers helps further the District's goal of having strong public and policymaker support.

ALTERNATIVES ANALYSIS:

No alternatives were considered as this report provides an update of monthly legislative activities.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Staff Report No. 24-534a: Adopted 2025 Federal and State Advocacy Programs.

ATTACHMENTS:

1. Federal Update
2. State Update
3. State Matrix of Bills and Positions
4. 2025 Federal Advocacy Program
5. 2025 State Advocacy Program
6. AB 1141 Fact Sheet
7. Resolution in support of \$2B in new flexible funding to save and improve public transit

Prepared by:

Claudia Burgos, Interim Executive Director of External Affairs, Marketing and Communications

Approved/Reviewed by:

Aimee L. Steele, General Counsel/Chief Legal Officer