

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 6/10/2026

**Staff Report No.** 17-232f

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**TO:** AC Transit Board of Directors  
**FROM:** Salvador Llamas, General Manager/Chief Executive Officer  
**SUBJECT:** Line U Transit Service Agreement Third Option Year

### ACTION ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider authorizing the General Manager to exercise the third of five one-year options under agreements with Stanford University (the “University”) and Stanford Health Care (the “Hospital”) to continue operating Line U service at no cost to the District through August 31, 2027.

Staff Contact:  
Ramakrishna Pochiraju, Executive Director of Planning & Engineering

**STRATEGIC IMPORTANCE:**

Goal - Convenient and Reliable Service  
Initiative - Financial Efficiency and Revenue Maximization

Line U provides a critical mode of travel along the regionally significant Dumbarton Bridge corridor at no expense to the District since 2005.

**BUDGETARY/FISCAL IMPACT:**

The cost of operating Line U service from September 1, 2026, through August 31, 2027, is \$1,141,751, based on a fully loaded hourly rate of \$287.85. Regional Measure 2 (RM2) bridge toll revenues will contribute a fixed amount of \$311,238, with Stanford University and Stanford Health Care sharing the remaining costs.

The agreement allows for annual adjustment to the fully allocated rate, no later than July 1<sup>st</sup> for the year ahead, following the adoption of the District’s operating and capital budget. Stanford University and Stanford Health Care receive quarterly invoices from the District and reimburse costs in a timely manner.

Exercising the third one-year option and operating Line U service through August 31, 2027 will have a net zero budget impact on the District.

**BACKGROUND/RATIONALE:**

On August 9, 2017, the AC Transit Board of Directors authorized the General Manager to enter into two Transit

Service Agreements - one each with Stanford University (the University) and Stanford Health Care (the Hospital) - for operation of Line U service. The Transit Service Agreements state that Line U service would be equally funded by the University and the Hospital, less the fixed RM2 contribution, with no funding obligation from the District.

The original agreements were set to expire on August 31, 2023, but both the University and the Hospital expressed a desire to extend the Transit Service Agreements. Given the District's commitment and the flexibility needed to implement the Realign service changes, District staff proposed, and the University and the Hospital accepted, an amendment to extend the contract for a single year ending August 31, 2024, and to provide for a total of five one-year options should all parties agree to continue Line U service in subsequent years. If exercised, the last option year will extend the agreement's term through August 31, 2029. The agreement's structure allows the District to be nimble in implementing routing changes and grants the University and the Hospital time to assess options for alternative service should they decide that Line U service, as operated by the District, no longer meets their needs.

The District exercised the first two option years to ensure uninterrupted operation of Line U through August 31, 2026. Both the University and the Hospital have expressed their desire to exercise the third option year to continue Line U service without interruption from September 1, 2026, to August 31, 2027.

**ADVANTAGES/DISADVANTAGES:**

The primary advantage of exercising the third one-year option to continue to operate Line U with funds from the University and the Hospital is that it enables the District to provide commuter express bus service across the Dumbarton Bridge for residents and commuters in the service area to a major employment center at no cost to the District. The disadvantage of exercising the option is the resources required to operate the service for two private organizations that have mitigation requirements to cap the number of auto trips generated by its staff, students, and employees.

**ALTERNATIVES ANALYSIS:**

Given that the costs to operate the service will come from outside sources, there are no viable alternatives to the staff recommendation other than to not operate the service and use the labor and vehicle resources elsewhere in the District. However, given the structure of the agreements with the University and Hospital, and the partnerships utilized to operate Line U, staff considers it a worthwhile service to continue operating, especially as revenue to provide service could potentially be more scarce.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

Staff Report 17-232e Line U Transit Service Agreement Second Option Year

**ATTACHMENTS:**

None

**Prepared by:**

Howard Der, Senior Transportation Planner

**Approved/Reviewed by:**

Robert del Rosario, Director of Service Development & Planning

Ramakrishna Pochiraju, Executive Director of Planning & Engineering

Chris Andrichak, Chief Financial Officer

Aimee L. Steele, General Counsel/Chief Legal Officer