

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 12/14/2022

**Staff Report No.** 22-580

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**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager/Chief Executive Officer  
**SUBJECT:** Short Range Transit Plan (SRTP)

### ACTION ITEM

**AGENDA PLANNING REQUEST:**

**RECOMMENDED ACTION(S):**

Consider approving the submittal of the Short-Range Transit Plan (SRTP) to the Metropolitan Transportation Commission (MTC).

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

**STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency

As a required document, submitting the SRTP is important for the District's financial stability as it relates to funding that comes from MTC and MTC's ability to advocate for more funding. It also provides financial analysis and projections.

**BUDGETARY/FISCAL IMPACT:**

There is no immediate impact from submitting the SRTP. In the longer term, the collection of SRTPs from the regions transit operators could be used by MTC to help secure additional funding.

**BACKGROUND/RATIONALE:**

The SRTP is a financial and service planning document required by the MTC. MTC's requirements derive from Federal Transit Administration (FTA) requirements for Metropolitan Planning Organizations (MPOs) and transit operators/agencies.

For this cycle, MTC plans to use the SRTPs, taken together, from Bay Area transit operators to project the seriousness of financial conditions and potential service cuts that the agencies are facing over the next five years. The upcoming situation, with the imminent loss of federal funds, is often referred to as the "fiscal cliff."

To focus on this purpose, MTC and transit agencies developed streamlined requirements for the document. Previous SRTPs provided an extensive overview of the agency, including ten-year projections, route-level

analysis and vehicle reporting. This SRTP includes only five-year financial projections and summary discussions of future service patterns. MTC staff also felt that the normal ten-year projections would not be as useful in the rapidly changing post-COVID environment.

The District submitted a draft SRTP to MTC for its September 30 deadline. MTC has reviewed the document and provided comments on the SRTP. Staff has made changes in the document that reflect those comments. Most of MTC's comments were editorial in nature, and they did not question any of the basic assumptions used by staff. MTC asked for more clarification on the relationship of the Service Restoration Policy to Equity Priority Communities, on the relationship between the District's own financial projections and MTC's, and why a small amount of Transbay service was included in the first year of Scenario 1. These items have been addressed in the text of the SRTP.

This year, MTC required that transit agencies base their SRTPs on its projections of potential total funding available to the District. This standardization of assumptions is designed to facilitate MTC's analysis of collective regional trends. In previous years, agencies could provide their own estimates of expected revenues. MTC developed three scenarios at various potential revenue levels, which are discussed below.

MTC's scenarios assume that any shortfall in funding will cause transit agencies to reduce service by a commensurate amount. Submitting these calculations forces the SRTP to state service cuts which are not necessarily cuts that the District might actually make. The three scenarios in the SRTP are best regarded as hypothetical and provided for integration into regional level analysis.

District staff has been regularly bringing financial projections to the Board based on internally developed assumptions that differ from what MTC provided for the SRTP. The District's own financial analysis (last presented to the Board on September 14) instead projects the size of the deficit if 90% or 100% of pre-pandemic service is restored. Because of these disparities in approach, the District-and some other transit agencies in the region-has included a "fourth scenario" briefly describing the District's own projections.

## **Scenarios**

MTC names its scenarios as Scenario One-Robust Recovery, Scenario Two-Revenue Recovery with Fewer Riders, and Scenario Three-Some Progress. Staff alternately describes those scenarios as One-Slight Reduction, Two-Greater Reduction, and Three-Significant Reduction. The service reductions required are described in the narrative of the attached SRTP. The underlying financial calculations are shown in the SRTP spreadsheet, using a template provided by MTC (see Attachment 2).

The calculations use the total revenue projections to derive projections of vehicle revenue hours that each scenario would allow. This calculation is made using forecasts primarily of labor costs going forward, based on current costs, trends and Collective Bargaining Agreements.

The scenarios are projected for four modes, those used for reporting to the National Transit Database. These are Motorbus (the primary mode), Commuter Bus (Transbay service), Bus Rapid Transit, and Demand Response (paratransit). For purposes of this calculation, Transbay service is assumed to be eliminated in all scenarios, except for a minimal amount in FY 24-25. MTC's scenarios allows a few hours of Transbay operation in the first year. Bus Rapid Transit vehicle revenue hours are held constant across the five years in all scenarios.

Flex service-the lowest priority in the adopted Service Restoration Priorities-- is assumed to be discontinued in all scenarios. Also, for this calculation, service is assumed to be cut in reverse order from the Board approved Service Restoration Priorities. The lines with the lowest priority for restoration are assumed to be the first lines cut. These scenarios are hypotheticals-if the District were actually forced to cut service in the future, the Board would determine those cuts at that time through a thorough separate planning process.

**Scenario One**-Robust Recovery (Slight Reduction)-would require only a modest decline in transit service of 1.5% of revenue hours. This is based on an FY 23-24 total revenue of \$530 million. Roughly 20,000 annual hours-or 55 daily service hours-would need to be cut. No major changes in routes from Summer 2022 levels would be expected. Nonetheless, despite ridership recovery, ridership in FY 27-28 would still be 11% below pre-pandemic levels.

**Scenario Two**-Revenue Recovery with Fewer Rides (Greater Reduction)-would require deeper cuts. Motorbus revenue hours would drop approximately 5% from current levels. This is based on initial revenues of \$514 million. Some low priority local lines would be eliminated. Approximately 1/3 of local bus lines would see reductions from planned 100% service levels to scheduled Summer 2022 levels. Cuts would be largely in the suburban crosstown and very low-density route types. Ridership under this scenario would recover to 13% below pre-pandemic levels.

**Scenario Three**-Some Progress (Significant Reduction)-would impact service more greatly. Many local lines other than trunk and major corridor lines would be reduced to scheduled Summer 2022 service levels. More would be eliminated. Initial total revenue would be \$450 million. Motorbus ridership in FY 27-28 would be below current levels, and 37% below pre-pandemic levels.

**“Scenario Four”**-AC Transit Projections-The District’s projections look at the deficit which would be incurred if 90% of pre-pandemic service were provided. The cumulative five-year deficit would be \$122 million, with most of the deficits occurring in FY 24-25 to FY 27-28. Federal funds are assumed to be expended by the end of FY 23-24. Because of the difference in approaches, Scenario 4 was not entered into the spreadsheet for submittal.

**ADVANTAGES/DISADVANTAGES:**

The advantage of submitting the SRTP is that AC Transit will be in compliance with MTC requirements. The disadvantage is the use of projections that could be different than how the District would respond to financial deficits.

**ALTERNATIVES ANALYSIS:**

Given that submittal of the SRTP is an MTC requirement, there is no reasonable alternative action.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

SR 19-406, Submittal of the SRTP to the Metropolitan Transportation Commission

**ATTACHMENTS:**

1. SRTP Narrative for MTC
2. SRTP Budget Scenarios

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