

report

GENERAL MANAGER'S



Before MTC's February forecast, AC Transit's projections did not anticipate such a significant revenue decline. While the District isn't facing a "fiscal cliff", immediate action is needed to ensure long-term financial stability.

Polls Show Voters Support Tax Increase

A recent poll conducted by EMC Research, a public opinion and market research firm with a strong presence in California, found that 54% of voters in Alameda, Contra Costa, San Francisco, and San Mateo counties support a half-cent sales tax to avoid significant transit cuts to AC Transit, BART, Caltrain, and SFMTA.

Support was slightly higher at 55% for a variable tax option with a higher rate in San Francisco. While the poll results are encouraging, both figures fall short of the two-thirds majority needed for MTC to place the measure on the ballot.

EMC's analysis suggests that the failure to secure a two-thirds majority is likely due to a strong anti-tax sentiment. The polling group believes that a citizen's initiative, which requires a simple majority (over 50%) to pass, is the most viable path forward for a tax increase.

The next hurdle would be identifying a group to lead the citizen's initiative. MTC has stated that it would not have a role in this effort. Additionally, proponents would need to raise at least \$8 million to meet the statutory requirement of gathering signatures from 5% of voters and covering related costs.

MTC Fiscal Update Sparks New Financial Concerns

Transit agencies throughout the Bay Area are grappling with ongoing fiscal uncertainty driven by reductions in revenues, changing ridership patterns, and unpredictable economic conditions.

When you add inflation, rising operating costs, and the uncertainty surrounding potential new regional funding measures to these fiscal challenges, the impact can be overwhelming.

This financial situation is where AC Transit now finds itself.

The District's budget pressures are driven by several factors. Keeping the current level of bus service, which is only about 85% of pre-pandemic levels, requires substantial resources, even if wages and benefits only increase with inflation. Other non-discretionary expenses such as pension payments, paratransit, and insurance premiums are also increasing, adding further financial pressure. On top of these challenges, no new regional funding measures have yet been introduced to help offset costs.

MTC has not yet introduced any new funding measures. See the adjacent article for insights on voter polling regarding a proposed sales tax to support transit.

What do these revised projections mean in terms of actual dollar amounts for the District?

While the October 2024 financial update presented to the Board of Directors outlined a difficult but manageable fiscal path, updated forecasts now show greater budget pressures ahead.

The projected four-year deficit has increased by 55%, from \$149 million to \$238 million, beginning in the next fiscal year with a shortfall of \$45 million. The gap will grow to approximately \$72 million in FY 2026-27, then reduce to just under \$60 million annually in the following years.

The increased deficits are primarily due to the updated revenue projections from the Metropolitan Transportation Commission (MTC) for three sales tax-based funding sources:

Transportation Development Act (TDA), State Transit Assistance (STA), and AB1107 (BART District sales tax).

Sales tax revenues, a vital funding source, have recently been reduced



by MTC for both the current and next fiscal years. This reduction further complicates long-term financial planning and exacerbates the projected deficits.

While AC Transit is not facing the dramatic or mandatory spending cuts you may have heard about in the news, the District is at a critical point where immediate action is needed to ensure long-term financial stability.

AC Transit has been exercising financial prudence, steadily building reserves over the past several years to mitigate

potential funding shortfalls, particularly those stemming from the pandemic. These reserves can be used to cover deficits for the next two years. However, this is only a temporary solution.

Our transit district is now at a critical juncture. Without new external funding, we will be forced to implement significant spending cuts that could directly impact the future level of service to the communities we have served for 65 years.



Attendees of the California Hydrogen Business Council's technical tour of AC Transit's Emeryville Hydrogen Facilities

Breaking Tradition: An Unprecedented H2 Workshop at Division 2

AC Transit and our Emeryville-Division 2 had the unprecedented honor of hosting the industry-renowned California Hydrogen Business Council (CHBC) workshop. For nearly a decade, this workshop series has brought together transit agencies, industry experts, policymakers, and manufacturers to discuss key topics such as fuel cell electric bus (FCEB) deployment, infrastructure needs, funding opportunities, policy support for zero-emission transit, and operational best practices.

Since 2016, CHBC has traditionally held its workshops at SunLine Transit Agency in Thousand Palms, CA. However, this year, the focus shifted to Northern California, specifically AC Transit, recognizing our 25-year track record of successfully procuring, deploying, and maintaining zero emission vehicles and supporting infrastructure.

The two-day event during the week of February 10 brought fuel producers and station developers to Division 2, with transit agencies making up many participants. Most of these agencies are in the early stages of navigating the complex yet exciting transition to cleaner, more sustainable transportation.

On the second day, the workshop provided a deep dive into AC Transit's extensive experience with zero-emission bus deployment, focusing on the challenges and successes in vehicle procurement, infrastructure development,

and operations. The session, Fuel Cell Bus Pioneers: Experiences, Lessons Learned, and Looking Ahead, led by Joe Callaway, Director of Capital Projects, highlighted the District's hard-earned lessons from decades of innovation. Participants gained valuable insights into the strategic approaches that have positioned AC Transit as an industry leader in sustainable transit solutions, offering a roadmap for agencies now embarking on their zero emission transition.



Joe Callaway, AC Transit's Director of Capital Projects, shared insights on the "Fuel Cell Bus Pioneers: Experiences, Lessons Learned, and Looking Ahead" panel at the California Hydrogen Business Council's Workshop.

AC Transit Helps Riders See Shooting Stars

NBA All-Star Weekend has become one of the most eagerly awaited events in professional basketball, where the league's biggest stars collide for an unforgettable display of skill, competition, and entertainment. This year, the meteoric magic landed in the San Francisco Bay Area, bringing out-of-this-world excitement to the East Bay.

From the electrifying All-Star Game at the Chase Center to a lineup of star-studded events at the Oakland Arena, this year's NBA All-Star Weekend was nothing short of spectacular. In Oakland, the Ruffles NBA All-Star Celebrity Game featured high-profile coaches like Barry Bonds, 2 Chainz, Jerry Rice, and Khaby Lame, adding an extra layer of excitement to the festivities. Additionally, the NBA HBCU Classic Presented by AT&T celebrated the incredible talent and achievements of Historically Black Colleges and Universities, showcasing rising stars and the rich cultural heritage of these institutions.

Beyond the exciting on-court action, the popularity of All-Star Weekend is driven by fan engagement. To help riders access this global spectacle, AC Transit created maps and videos shared across social media to guide riders from the Oakland Arena to the Moscone Center. Riders were encouraged to take Lines 45, 46L, 73, 90, 98, NL, or O, as these routes either directly serve or connect to transit services that reached NBA All-Star activities.

Each year, NBA All-Star Weekend sets new viewership records and takes over social media, and AC Transit was proud to be part of this cultural phenomenon.



Ahead of the All-Star weekend, AC Transit created maps and videos shared on social media to help riders travel safely to and from event arenas.

'You're Bussin' - Award-Winning Valentine's Campaign is Back

This February, Valentine's Week brought a sense of love and nostalgia across our bus lines and Customer Service Center. For the second year in a row, AC Transit continued the tradition of spreading joy by providing Valentine's Day cards for riders to share heartfelt messages with friends, family, or even a kind stranger.

With playful messages like Fan Fare and A-door You, the Valentine's Day cards sparked childhood nostalgia, bringing back memories of carefully selecting the perfect card for a best friend or nervously handing one to a secret crush. More than just a fun giveaway, these love notes resonated deeply with riders, making last year's campaign a heartwarming success. The initiative was so well received that it earned a 2024 APTA AdWheel Award, recognizing its creativity and impact in engaging the community.

To keep hearts racing online, AC Transit introduced fun, animated graphics for social media, giving our East Bay communities even more ways to spread the love. These heart-inspired designs spread the language of love in English, Spanish, and Chinese, which allowed riders to share festive messages across digital platforms. Beyond social media, the designs were also distributed to Bus Operators and within their break rooms, ensuring that frontline employees and riders alike could take part in the Valentine's Day spirit.

This simple yet meaningful gesture helped create moments of connection and warmth throughout our service areas, reminding us all that small acts of kindness can make a big impact.



Heart-themed designs featuring messages of love in English, Spanish, and Chinese were available for download or pick up at the Customer Service Center, allowing riders to share festive greetings on social media.

All-New ZEBU Expands Course Offerings to Enhance Training Opportunities

The newly established Zero Emission Bus University (ZEBU) is the first partnership of its kind between transit and higher education in the nation, designed to address the growing need for skilled professionals in the rapidly advancing zero emission industry. As a new university, ZEBU is progressively expanding its curriculum to address the evolving needs of employees and the District. The latest addition to the program is the Entry Level Zero Emission Technology, a specialized five-course track that offers Journey Level Mechanics (JLMs) the opportunity to immerse themselves in the world of zero emission vehicles.

This curriculum expansion emphasizes hands-on learning, offering JLMs a two-week, in-shop experience where they work alongside their peers, or experienced Journey Level Mechanics, in mentoring roles. The program is designed to provide pragmatic, real-world exposure, ensuring that students move beyond theoretical knowledge and gain practical skills in inspecting, maintaining, and repairing zero emission buses. By blending classroom learning with real-world application, ZEBU is equipping the next generation of transportation professionals with the expertise needed to support the District's shift to cleaner, greener transit solutions.

Thirty Journey Level Mechanics have completed the course, marking a significant milestone in their professional development. Enrollment will continue on a rolling basis, with management carefully balancing scheduling and workflow demands to ensure minimal disruption to operations while supporting ongoing training.



Entry Level Zero Emission Technology certificate holders include Samuel T, Ryan C, Christopher S. Middle: Philip P, Rick S, Shubo L, William C, Don W, Adrian V. Top row: Roberto D, Daniel F,

Choosing Route Assignments: How Signup Has Made a Quantum Leap Forward

The District works closely with ATU Local 192 every quarter to facilitate Divisional "signups" during the Spring (March), Summer (June), Fall (August), and Winter (December) service changes. This quarterly process provides Operators with schedule flexibility while also helping the District enhance service efficiency and meet operational needs.

The ability of Bus Operators to change routes allows them to select assignments that fit their personal needs and preferences. This flexibility helps retain experienced staff, boosts morale, and reduces burnout, ultimately contributing to a more engaged and productive frontline employee.

At the core of each signup is Bidweb, a user-friendly interface that allows Operators to view available routes, submit bids, and adjust their work assignments from either a District computer or the convenience of their home. This platform simplifies the signup process, making it easier for both Operators and management to track and manage route assignments efficiently.

The collaboration of multiple departments, including Transportation, IT, Scheduling, Planning, the Drivers Committee, and ATU Leadership ensures seamless and efficient signups. By working together, teams can address technical, operational, and logistical challenges, streamline route assignments, and provide seamless support to Bus Operators and Division management. The District recently completed the signup for the 2025 Spring Service change, which takes effect March 2, 2025.



The collaboration of multiple departments, including Transportation, IT, Scheduling, Planning, the Drivers Committee, and ATU Leadership ensures seamless and efficient signups.

Eliminating "Hurry Up and Wait" with New Predictive Tools for Smarter Transit

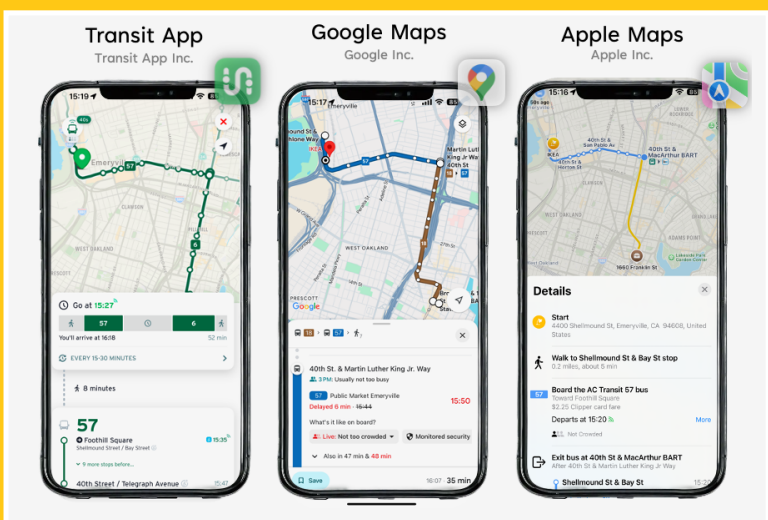
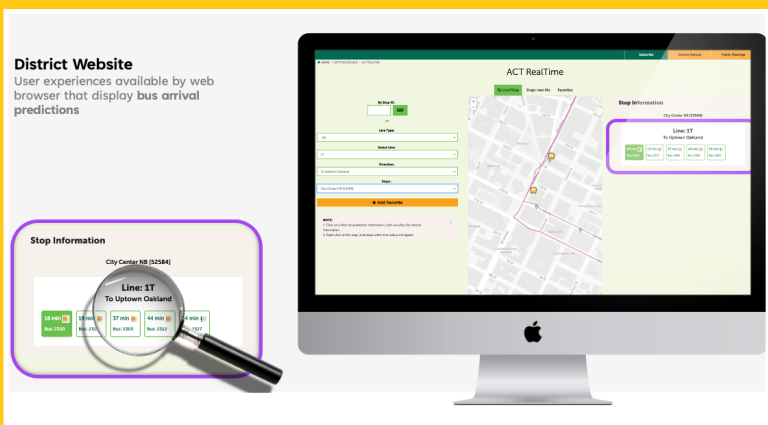
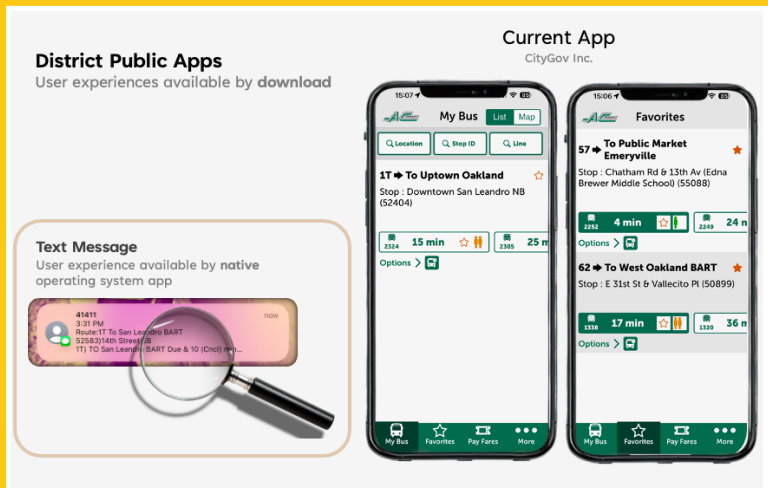
National statistics show that public transit riders are increasingly relying on real-time predictions to enhance their travel experience. According to a study by Mobility Lab, 65% of respondents and 83% of active transit riders check for real-time arrival information before leaving home, highlighting the importance of real-time transit information during trip planning.

This shift towards digital solutions has been driven by the demand for greater convenience, with riders expecting accurate, up-to-date information on bus and train arrivals. As real-time prediction technology continues to improve, AC Transit is integrating with Swiftly and Clever Devices, to improve service accuracy and rider satisfaction.

Swiftly utilizes a suite of data-driven tools to enhance service reliability, including GPS-based real-time vehicle tracking to monitor fleet movement and locate buses. By leveraging historical and real-time data, its predictive engine generates more accurate estimated arrival times. The platform also provides service adjustments and headway insights, to assist the District in minimizing bus bunching and service gaps. Additionally, Swiftly identifies slow segments and excessive dwell times at stops, enabling targeted improvements for a smoother transit experience.

By using Swiftly's data-driven insights, the District aims to decrease wait times, improve rider confidence, and elevate the overall transit experience, supporting our commitment to accessibility, efficiency, and service excellence.

Launched in early February, Swiftly enhances the District's online digital assets and third-party applications by providing more accurate predictions. The District will continue to monitor performance and assess rider satisfaction with real-time prediction information.



Swiftly provides its data to third-party apps through Application Programming Interfaces (APIs), which can display accurate, up-to-date information improving the rider experience.

Human Resources Personnel Report

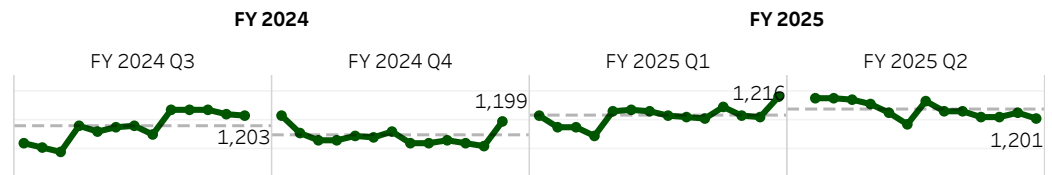
WEEKLY | Bus Operator Headcount | [as of: February 9, 2025]

Budgeted Headcount	Operator Count (Employment)	Long-term leave (LTL)	LTL Chg (from prior wk)	Avail Workforce	Training	Division Workforce
1,380	1,389	128	-2	1,261	51	1,210

Division Workforce

1,210

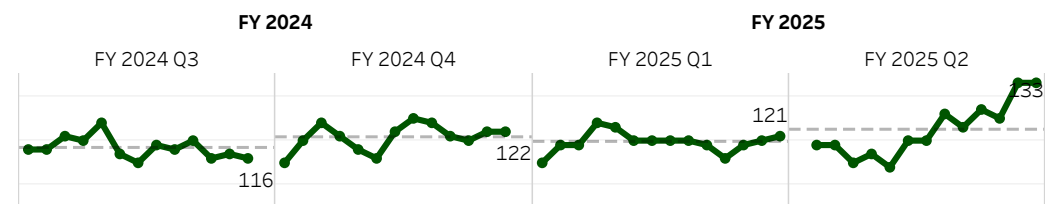
[as of: February 9, 2025]



Long-term Leave

128

[as of: February 9, 2025]

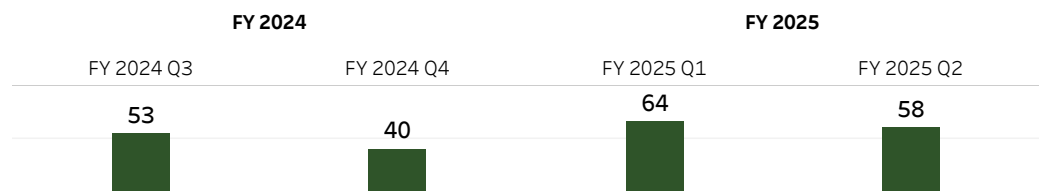


MONTHLY | Bus Operator - Hiring & Workforce Trends

Hiring

17

[YTD FY 2025 | January]



Separations

8

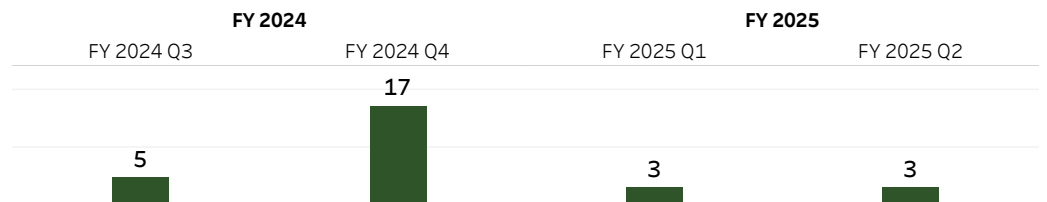
[YTD FY 2025 | January]



Promotions

1

[YTD FY 2025 | January]



Long-term Leave

+2

[YTD FY 2025 January]

