

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 7/9/2025

Staff Report No. 17-232e

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

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to exercise the second 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, 2026.

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, 2025, through August 31, 2026, is \$1,184,580, based on a fully loaded hourly rate of \$281.48. Regional Measure 2 (RM2) bridge toll revenues will contribute a fixed amount of \$311,238, with the remaining costs shared between the Stanford University and the Stanford Hospital.

The agreement allows for annual adjustment to the fully allocated rate, no later than July 1st, 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 second one-year option and operating Line U service through August 31, 2026, 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 their desire to extend the existing Transit Service Agreements. Given the District's commitment and 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 provide for a total of five one-year options should all parties agree to continue Line U service for subsequent years. The last option year, if exercised, will extend the agreement's term through August 31, 2029. The structure of the agreement terms permits the District to be nimble in implementing changes to the routing and also 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 executed the first option year to continue uninterrupted operation of Line U for the period September 1, 2024, to August 31, 2025, on August 30, 2024. Both the University and the Hospital have expressed the desire to exercise the second option year to continue Line U service without interruption for the period September 1, 2025 to August 31, 2026.

ADVANTAGES/DISADVANTAGES:

The primary advantage of exercising the second 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. Under Realign, the Board approved a plan that kept Line U in service.

PRIOR RELEVANT BOARD ACTION/POLICIES:

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ATTACHMENTS:

None

Prepared by:

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Approved/Reviewed by:

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