

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/24/2025

Staff Report No. 25-387

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: Monthly Legislative Report

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving the monthly legislative report and approve staff's recommended legislative positions.

Staff Contact:
Claudia Burgos, Executive Director of External Affairs & Customer Experience

STRATEGIC IMPORTANCE:

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

The Monthly Legislative Report helps the District track state, regional and federal 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

APTA's Surface Transportation Reauthorization Recommendations

As summarized in last month's report, the American Public Transportation Association's (APTA) recommendations for the 2026 Surface Transportation Authorization legislation included two key policy provisions related to the composition of Metropolitan Planning Organizations (MPOs):

1. Ensure that public transit agencies have a voting seat(s) on the Board of an MPO.
2. Require the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA) to jointly investigate and consider formal complaints made by transportation authorities, including public

transportation providers, that an MPO has procedurally violated Federal law or regulations.

Both provisions were included in APTA's final recommendations and submitted to the U.S. Secretary of Transportation, Sean Duffy, on August 20 (see Attachment 4). Director Young, in his capacity as an APTA Executive Committee Member, was instrumental in advancing the recommendation for transit representation on MPOs. The District's Department of Legislative Affairs & Community Relations worked in parallel with Director Young to encourage Representatives Garamendi and DeSaulnier, both members of the House Transportation & Infrastructure Committee, to engage on this issue. Staff also submitted comments to the Department of Transportation earlier this month encouraging the inclusion of a provision in the next reauthorization of the surface transportation bill that ensures transit agencies have a voting position on local planning organizations responsible for allocating federal funds. The District will now work with APTA and our federal delegation to secure these recommendations in the 2026 Surface Transportation Authorization bill.

New FTA Administrator

The U.S. Senate, prior to recessing in early August, confirmed Marcus Molinaro as the next Administrator of the Federal Transit Administration (FTA).

Government Funding

Congress has been in recess since late July and returned to session on September 2. At the time this report was submitted, the end of the fiscal year was less than two weeks away (September 30) and neither body had passed any of the FY 2026 spending bills that fund the government. Given the significant disagreements between Republicans and Democrats in the Senate over funding priorities, it is not clear there will be a Continuing Resolution without a partial government shutdown.

Visit from Senator Padilla's Office

On Tuesday, August 12, members from the District's legislative, capital projects, and maintenance teams welcomed staff from U.S. Senator Alex Padilla's office to Emeryville Division 2. The conversation and tour provided a valuable opportunity to 1) share with Senator Padilla's office how we are maximizing the federal dollars he helped secure to serve our shared constituents, 2) make the case for continued funding and support, and 3) deepen our effective working relationship with his office.

State Update

Cap-and-Trade Reauthorization

On September 9, Governor Newsom and Legislative leaders announced an agreement to extend the Cap-and-Trade program by an additional 15 years, to 2045. The top line for transit is the Transit & Intercity Rail Capital Program (TIRCP) and Low Carbon Transit Operations Program (LCTOP) will maintain their continuous appropriations, but with the current percentages converted to a dollar amount: \$400 million annually for TIRCP and \$200 million for LCTOP. The shift from percentage allotments to a set number could provide greater stability and predictability, depending on how much funding is available overall.

Both TIRCP and LCTOP are funded, in part, by the Greenhouse Gas Reduction Fund (GGRF). TIRCP helps deliver capital improvements to modernize transit systems and help reduce greenhouse gas (GHG) emissions, vehicle miles traveled, and congestion. LCTOP provides operating and capital assistance to reduce GHGs and improve mobility, especially in disadvantaged communities.

The Cap-and-Trade agreement is encapsulated in two bills: AB 1207 (Irwin), which reauthorizes the program, and SB 840 (Limon), the new expenditure plan which sets levels of funding priority. First, over \$2 billion annually will be set aside, including \$1 billion for high-speed rail and \$1 billion for Legislative discretionary priorities. Following this, nearly \$2 billion is provided for TIRCP, LCTOP, Affordable Housing Sustainable Communities, and other programs. Importantly, if Cap-and-Trade fails to raise at least \$4.2 billion in auction proceeds, transit can expect to receive less than \$400 and \$200 million for the TIRCP and LCTOP programs, respectively.

\$750 Million State Loan for Public Transit

Senate Bill 105, the Budget Bill Jr., passed out of the legislature on September 12. It extends to January 10, 2026, the timeline for the Department of Finance, in consultation with the Transportation Agency, to “examine a loan or other financing options that might be used to provide sufficient short-term state financial assistance for local transit agencies” for possible inclusion “as part of the 2026-27 Governor’s Budget, which the Legislature may act upon in early 2026.” This section includes new language referencing full repayment of the loan principal, applicable interest rate, repayment schedule, and guaranteed repayment mechanism, but offers no specifics.

On August 14, AC Transit, BART, Caltrain, and SFMTA sent a letter to Assembly Budget Committee Chair Jesse Gabriel and Senate Budget & Fiscal Review Committee Chair Scott Wiener outlining the desired loan terms (see Attachment 5). The District and our transit partners will remain engaged in defining favorable terms of any potential loan.

Senate Bill 63 Advances

SB 63 has advanced to the Governor for his consideration. The bill authorizes placement of a 14-year regional transportation sales tax on the November 2026 ballot in Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara counties. The measure could be placed on the ballot by a newly formed Public Transit Revenue Measure District, which would be governed by the Metropolitan Transportation Commission (MTC) board, or via a citizen’s initiative. If successful, the measure would generate approximately \$1 billion annually in support of public transit via a half-cent sales tax in the aforementioned counties, and a full one-cent sales tax in San Francisco. AC Transit is expected to receive \$51 million according to FY 2031 sales tax estimates.

Even with our dedicated share of future tax revenues, the District will continue to face operating deficits. AC Transit intends to work closely with Alameda County Transportation Commission and the Contra Costa County Transportation Authority to secure a portion of their “return-to-source” revenues from any future tax measure to help support our basic operations.

A summary of the new accountability measures in SB 63 include: 1) the establishment of an independent oversight committee to ensure expenditures are consistent with the statute; 2) third-party financial efficiency reviews and requirements to implement efficiency measures; 3) “maintenance of effort” verification by the MTC to ensure that revenue funding augments, and does not replace, existing levels of operations funding; and 4) a process that ensures counties can hold transit agencies accountable for using revenue dollars to the maximum benefit of taxpaying residents, including the authority to withhold revenue from the measure.

The Governor has until October 13 to sign into law or veto bills passed by the legislature.

Assembly Bill 394 Awaiting Signature

AB 394 (Wilson) advanced out of the legislature on September 12. This bill would 1) expand existing law regarding battery of a transit operator or transit passenger to also include an employee or contractor of a public transit provider, and 2) outline a process whereby a person convicted of battery may be subject to a prohibition order for up to 18 months. AB 394 is on the Governor's desk for action.

Assembly Bill 1411 Signed into Law

Governor Newsom signed AB 1141 (Lee) into law on July 28. The bill, related to transit district law, updates the District's authorizing statutes with respect to transitioning to an all-ward election system, reinstating when terms in office begin for Directors, and standardizing when inflation adjustments are made to Director's compensation. The District sponsored this legislation and is grateful to Assemblymember Alex Lee for championing its approval.

Senate Bill 707 Awaiting Signature

SB 707 advanced out of the legislature. As currently written, this bill would expand public meeting noticing and teleconference requirements. The District submitted a letter to Senator Durazo on August 19 notifying her of the Board's "Oppose Unless Amended" position. Several constructive amendments were proposed in that letter; regrettably, no substantial changes were made to the bill. SB 707 is on the Governor's desk for action.

Adoption of Legislative Positions

Staff recommends the Board **SUPPORT AB 1250 (Papan)**. This bill requires transit operators to establish and, by June 1, 2027, utilize, a streamlined paratransit recertification process for all eligible persons to complete every five years. AC Transit already uses a streamlined process to recertify eligible persons every five years, to the benefit of paratransit riders. This bill will reduce cumbersome administrative hurdles for riders and improve efficiency for transit agencies across the state, freeing up resources to focus on service delivery. Therefore, it is recommended the Board support AB 1250 and send a letter to the Governor asking him to sign AB 1250 into law.

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. Att. 1 - Federal Update
2. Att. 2 - State Update
3. Att. 3 - Matrix of State Legislation
4. Att. 4 - APTA Surface Transportation Authorization Recommendations
5. Att. 5 - Joint Letter on State Loan Terms
6. Att. 6 - 2025 Federal Advocacy Program
7. Att. 7 - 2025 State Advocacy Program

Prepared by:

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Approved/Reviewed by:

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