



Alameda-Contra Costa Transit District

Salvador Llamas, General Manager

July 1, 2025

The Honorable Lori Wilson, Chair
Assembly Committee on Transportation
1021 O Street, Suite 8110
Sacramento, CA 95814

Re: SB 63 (Wiener & Arreguin): San Francisco Bay Area; Transportation Funding
Support & Seek Amendments

Dear Assemblymember Wilson:

On behalf of the Alameda-Contra Costa Transit District (AC Transit), I am writing to extend AC Transit's support for SB 63, and encourage your favorable consideration of amendments that AC Transit feels are critical to providing an equitable allocation of funds, clear governance of the Transportation Revenue Measure District, promote a partnership with transit and prevent harmful impacts to existing service levels.

AC Transit is the largest bus-only public transit system in California, serving an average of 135,000 weekday riders from Richmond to Fremont. We have recovered 75 percent of our overall pre-pandemic ridership, 89 percent locally. AC Transit primarily serves low-income and transit-dependent riders and provides critical regional connections to BART, Amtrak, SFMTA, and other local transit agencies.

Similar to other Bay Area transit agencies, AC Transit continues to face significant operational budget challenges stemming from the COVID-19 pandemic, slow ridership recovery, inflation, labor costs, and the expiration of state and federal emergency relief funds. To maintain existing service levels of 85 percent of pre-pandemic service, our financial need over the next four years is projected at \$234 million. Beginning in FY 2026, we anticipate a shortfall of \$42 million, followed by \$74 million in FY 2027, \$60 million in FY 2028 and \$58 million in FY 2029.

Without stable, long-term operational funding sources such as those contemplated in SB 63, AC Transit may be forced to implement severe service reductions. These could include decreased frequency on core routes, elimination of low-ridership routes, and cuts to Transbay, late-night, and weekend service, significantly impacting transit-dependent riders and regional mobility. Without clear assurances that regional revenues will address our operational deficit, we must begin preparing our Board for financial contingency plans, including, but not limited to, potential service cuts.

Since 2019, AC Transit has taken bold action to reduce costs and overhead and our Board recently approved \$9 million in cuts for purchased transportation and professional services. While we remain committed to pursuing operational efficiencies, immediate investment in transit operations is essential to sustain our current service levels, which remain at approximately 85

percent of pre-pandemic levels. Any further service reductions will likely result in lower ridership – that may not return – and increased roadway congestion.

Given the significant impact AC Transit’s fiscal outlook will have on service levels, the AC Transit Board of Directors has adopted a **support and seek amendments position** on SB 63. If enacted, the implementation and oversight of SB 63 must be done in partnership with the transit operators, and there are critical areas of concern that must be addressed in the legislation. We look forward to working with you on the following issues:

Equitable Allocation of Funds: SB 63 currently does not specify funding amounts for the transit operators in the three named counties, Alameda, Contra Costa and San Francisco, or for any future counties who decide to opt-in. While we support the work currently underway by the county transportation authorities to identify funding allocations to each operator, if funding amounts or percentages are not identified in the bill, language should be added providing direction that the allocation of revenue should at a minimum proportionally address the operating deficit of each specified operator.

Special District Governance: SB 63 would create a new special district comprised of three counties. The legislation specifies that the governing body for this special district would include all 21 members of the Metropolitan Transportation Commission (MTC) governing board. This includes 18 voting members and 3 nonvoting members. The new special district would be governed by a board whereby a majority, consisting of 10 voting members, that do not represent the residents of the special district, raising serious concerns about local accountability and governance.

SB 63 should be amended to create a distinct governing body that includes those MTC governing board members that represent the counties covered by the special district and include representation from transit operators and the county transportation authorities. A distinct governing body would help clarify other provisions in the bill regarding the adoption of the “financial efficiency report,” adopting or rejecting any exemptions requested by operators, and maintenance of effort requirements.

Mitigating Title VI Reviews: SB 63 specifies that the transit operators are responsible for completing any requirements under Title VI of the federal Civil Rights Act of 1964. However, SB 63 does not address how to mitigate the impacts identified in a Title VI review that result from fulfilling the 2021 Bay Area Transit Transformation Action. Paragraph (b) of Section 67772 should be amended to include a subparagraph 5 that prohibits the commission from requiring a transit operator to implement any policy or programs that result in impacts identified pursuant to Title VI of the federal Civil Rights Act of 1964 (Public Law 88 352) regarding service and fare changes, unless MTC provides sufficient funding to fully mitigate those impacts.

Building a Partnership: The implementation and oversight of SB 63 must be done in partnership with the transit operators within the Transportation Revenue Measure District. SB 63 references that the Metropolitan Transportation Commission (MTC) should continue acting as the Regional Network Manager. Bay Area transit operators should not merely serve an advisory role. To promote regional collaboration on transit funding and the implementation of regional coordination efforts, SB 63 needs to formalize a partnership between transit operators and MTC by codifying the Regional Network Management Council. This would leverage the expertise of

these transit general managers in the decision-making process. Amendments should also be considered to place a representative of the Council on MTC's governing board. This voice is critical as MTC increases its oversight on regional transit improvements, and the administration of existing and future transit funding.

Accountability:

- Section 67768 states that to be eligible for funding each transit operator shall meet specified maintenance of effort requirements based on prior year operating budgets. This section also allows transit operators to request an exception to these requirements. The exception process should be amended to require MTC to provide written findings on why a request is denied and provide a grace period until issues are corrected.
- Section 67752 merely states it is the intent of the legislature that MTC does not supplant funds that would otherwise be directed to projects in the special district counties. Section 67752 should be amended to clearly prohibit MTC from supplanting funds that would otherwise benefit counties within the special district.
- Section 67772 authorizes a transit operator to adopt findings that a requirement to implement a policy, or expenditure would be unacceptable with respect to its impact on transit service, staffing, maintenance, or other specified operational or state of good repair considerations. However, SB 63 requires the transit operator to develop these findings in consultation with MTC staff, and the transit operator must present these findings to the MTC governing board before the transit operator's governing board is allowed to adopt these findings. The transit operators covered by SB 63 are independent special districts, and BART and AC Transit have independent publicly elected governing boards. Prohibiting AC Transit's Board of Directors from adopting findings that outline the impacts of a requirement proposed by MTC without first consulting and presenting the findings to MTC infringes on AC Transit independent governing authority.

Thank you for your continued partnership and leadership on the Assembly Transportation Committee. We look forward to advancing a version of SB 63 that truly reflects regional partnership, equity, and accountability, principles that are essential to building a sustainable and reliable transit future for all Bay Area residents. Should you have any questions, I can be reached at sllamas@actransit.org or 510-891-4753 or you may contact Claudia Burgos, Interim Executive Director of External Affairs, Marketing and Communications, at cburgos@actransit.org or 510-701-2935.

Sincerely,

A handwritten signature in blue ink, appearing to read 'S. Llamas', with a large, stylized loop at the end.

Salvador Llamas
General Manager

cc: AC Transit Board of Directors
AC Transit Legislative Delegation
Steven Wallauch, Platinum Advisors