

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 4/26/2023

Staff Report No. 23-234

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager/Chief Executive Officer
SUBJECT: Application for FY 2023-24 Operating Funds

ACTION ITEM

AGENDA PLANNING REQUEST:

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 23-022 authorizing the General Manager, or his designee, to file and execute applications and funding agreements with the Metropolitan Transportation Commission (MTC) for Fiscal Year (FY) 2023-24 allocations of Transportation Development Act (TDA), State Transit Assistance (STA), Assembly Bill 1107 (AB 1107) and Regional Measure 2 (RM2) bridge toll revenues.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency
Initiative - Financial Efficiency and Revenue Maximization

This application will provide a significant amount of the District's operations funding.

BUDGETARY/FISCAL IMPACT:

Staff plans to submit an allocation request for TDA, STA, AB 1107 (BART half-cent sales tax), and RM2 funds to the MTC. Staff fully expects to receive these funds for FY 2023-24, and they are included in the FY 2023-24 operating budget.

Approval of Resolution 23-022 would allow AC Transit to receive up to approximately \$212.3 million in operating funds for FY 2023-24. The exact amount each funding source provides will vary based on adjustments from the relevant collecting agencies. The funding details are provided in Table 1.

BACKGROUND/RATIONALE:

Each fiscal year, AC Transit submits an allocation request ("claim") for TDA, STA, AB 1107 (BART half-cent sales tax), and RM2 funds to the MTC. The claim is based upon the fund estimate prepared annually by MTC. The fund estimate is updated in conjunction with the Governor's budget proposal and adjusted in accordance with the state budget revisions and other periodic adjustments during the fiscal year.

The amounts shown here are produced by MTC and/or various county offices and are the amounts that the District is allowed to claim. They are estimates and do not guarantee that all of these funds are available. Staff compares these amounts to internal projections when producing the yearly budgets.

The passage of RM2 in March 2004 provides operating funds for Regional Express Bus Service on the San Francisco-Oakland Bay, San Mateo-Hayward, and Dumbarton Bridge corridors, Owl Service, and the District’s line operations for the Tempo Bus Service. The RM2 funding allows for the expansion of AC Transit’s Express Bus service in accordance with the Regional Express Bus Plan and allows AC Transit to implement rapid bus operations and Owl service.

Funding Type	Funding Amount	Change over last year
TDA	\$107,942,778	4.58%
STA	\$40,947,165	38.17%
AB1107	\$52,000,000	4.00%
RM2	\$11,437,178	0.00%
Total	\$212,327,121	

Table 1: FY 2023-2024 Operating Revenues

Overall, this year’s claim has increased by 9% compared to last year’s claim, which was \$194.2 million. The significant increase in STA funds is due to rollover funds from FY22-23 in the amount of \$9.1M. The Bay Area’s economy has improved since the initial shocks caused by the COVID-19 pandemic. The unemployment rates have returned to close to the pre-pandemic levels. The taxable sales collection has outperformed the initial estimates. However, significant uncertainty remains about the general health of the economy, shifts in population which continue to trend lower, telecommute share which remains high, and transit ridership where the recovery continues to be sluggish. All these factors could impact transit operating revenues significantly. Accordingly, it is prudent for transit operators to continue to budget with great caution.

ADVANTAGES/DISADVANTAGES:

There are no disadvantages to approving this staff report. Applying for the funds would allow the region to provide the District with \$212.3 million in operating funds for FY 2023-24.

ALTERNATIVES ANALYSIS:

There are no alternatives to the course of action recommended in this report.

PRIOR RELEVANT BOARD ACTION/POLICIES:

- Staff Report 22.233 / Resolution 22-014, FY 22-23 Claim
- Staff Report 21-160 / Resolution 21-008, FY 21-22 Claim
- Staff Report 20-118 / Resolution 20-017, FY 20-21 Claim

ATTACHMENTS:

1. Resolution 23-022 with Related Exhibit A

Prepared by:

Seema Prasad, Senior Capital Planning Specialist

Approved/Reviewed by:

Jill A. Sprague, General Counsel/Chief Legal Officer

Richard Oslund, Director of Management & Budget

Chris Andrichak, Chief Financial Officer