

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/10/2025

Staff Report No. 25-422

TO: AC Transit Board of Directors
FROM: Salvador Llamas, General Manager/Chief Executive Officer
SUBJECT: General Manager's Budget Task Force

BRIEFING ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider receiving a report on the formation of a General Manager's Budget Taskforce to assist staff in planning for the next fiscal year budget.

Staff Contact:
Chris Andrichak, Chief Financial Officer

STRATEGIC IMPORTANCE:

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

The District has reached the "fiscal cliff" by using all federal pandemic emergency funding and reserves to balance the budget this fiscal year. Creation of a budget taskforce will facilitate early input from the Board to help plan for the unique challenges facing the District next fiscal year.

BUDGETARY/FISCAL IMPACT:

There is no fiscal impact from the formation of a taskforce.

BACKGROUND/RATIONALE:

The District has reached the "fiscal cliff" after expending all federal emergency funds and using reserves to balance the current budget. Due to this unique financial situation, the budget development process for FY 25-26 was more in-depth both internally and in the presentations and responses to the Board. Staff projects deficits continuing for the foreseeable future. A potential regional revenue measure and interim state loans may help the District, but neither are guaranteed. Even if either materialize, the ultimate amount of funding available to the District from interim loans and/or a regional revenue measure are unknown. The District will need to consider a variety of scenarios when developing a budget for next fiscal year.

To build upon the work that was done in creating this year's budget, the General Manager has created a General Manager's Budget Task Force. This task force will be composed of select staff and up to three Board members. The Board President will appoint the Board member(s) who will participate on this task force. This

task force will allow for open discussion and conversations about scenarios, strategies and possible solutions for facing the unique fiscal challenges ahead. The meetings should be bi-weekly to start, to allow for frequent enough discussion with time between meetings for research and analysis.

Staff proposes the following scope for this task force :

- Examine revenues and expenses to get a picture of the overall fiscal health of the District
- Outline high-level scenarios for the District based on possible revenue changes
- Determine strategies and a framework to:
 - Maximize the use of available funding, both capital and operating
 - Reduce expenses
 - Preserve existing service levels as much as possible
 - Minimize use of reserves
- Align budget recommendations with annual performance goals

The task force should focus on the development of strategies and frameworks to guide staff to then develop the details of the budget and service levels going forward in the most likely scenarios. This focus will best utilize precious staff and Board member time instead of getting mired in specific and low-level spending item details. The size and scope of the District's operating and capital budgets will not allow review of every aspect in a reasonable timeframe, so the focus of the task force will necessarily be on the larger and more impactful parts of the budget.

ADVANTAGES/DISADVANTAGES:

The primary advantage of creating the task force is to achieve strong staff and Board alignment on budget, service plans, and performance expectations under the likely financial scenarios for the upcoming fiscal year. While establishing the task force requires additional effort from existing staff to produce analyses, reports, and materials, the contributions from the committee will hopefully enhance the budget process by providing deeper insights, improved decision-making, and supporting more effective resource allocation.

ALTERNATIVES ANALYSIS:

One alternative staff considered is the Board creating a committee that focused on the same topics. Staff does not recommend this alternative. The disadvantage with a Board formed committee is that the committee must comply with the requirements of the Brown Act which would place an even larger burden on staff, require a longer period between meetings for document preparation and hinder the conversations that need to happen given the magnitude of the financial challenge that the District is facing next fiscal year.

Another alternative would be to not create a task force (or committee), which is not recommended.

PRIOR RELEVANT BOARD ACTION/POLICIES:

None

ATTACHMENTS:

None

Prepared by:

Chris Andrichak, Chief Financial Officer

Approved/Reviewed by:

Chris Andrichak, Chief Financial Officer

Aimee L. Steele, General Counsel/Chief Legal Officer