

PLATINUM | ADVISORS

November 14, 2023

TO: Joel Young, President, AC Transit Board of Directors
Members of the AC Transit Board of Directors
Michael Hursh, General Manager
Beverly Greene, Executive Director, External Affairs, Marketing & Communications

FR: Steve Wallauch
Platinum Advisors

RE: Legislative Update

Revenue: With the filing deadline extended to November 16th, the October revenue collections were far below projections. At the end of October personal and corporate tax revenues less refunds totaled \$18 billion, far below the expected \$42.7 billion forecast. This significant shortfall indicates that numerous corporate and high wealth individuals took advantage of the postponed deadline.

The extended deadline will also impact data needed to develop the Governor's budget proposal. The LAO, which normally issues its fiscal update in November, has announced it will delay the release of its report until early December. All eyes are now on November revenues to see if the \$25 billion shortfall materializes.

Bay Area Transit Hearing: Senator Scott Wiener, who chairs the Senate Select Committee on Bay Area Public Transit, has scheduled an informational hearing on November 27th at the MTC Board room at 1:30. While details of the hearing are still being developed, the purpose is to examine the potential impact on transit service in the Bay Area if additional operating funds are not secured.

While it is a longshot, Senator Wiener has not given up on the possibility of a temporary toll increase to fund transit operations. The state budget included a significant multiyear investment that can be used by transit operators for either capital or operating needs. The funding package still falls short of what is needed to completely avoid the fiscal cliff facing many Bay Area operators. His office continues to develop data on projected service level cuts that will be implemented if funding is not secured. The impact of service cuts will likely be the focus of this hearing.

Task Force: CalSTA is working overtime to create the Transit Transformation Task Force. Among the many elements in SB 125, the transportation budget trailer bill, it included the formation of the Task Force with the goal of completing a report on the state of public transit and how to fund

transit service by October 21st, 2025. SB 125 directs CalSTA to create the Task Force by the end of this year.

SB 125 did not specify the size of the Task Force other than the type of stakeholders that should be named to the board. There has been a significant number of entities expressing interest in being named to the Task Force. In order to provide adequate representation and maintain a manageable size, CalSTA is considering a Task Force ranging from 20-25 members. To provide an opportunity for a wider range of participants, the formation of the Task Force may also include several subcommittees that will focus on specific issues.

The breadth and depth of the work facing the Task Force is significant. The review must include an assessment of existing transit service and funding sources, as well as workforce development and consideration of service efficiency, fare coordination and service integration, to name a few of the topics listed in SB 125.

With the deadline to submit the report in October 2025, the pressure will be on to complete the review in 2024, to have time to write the report and conduct workshops on its content.

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