

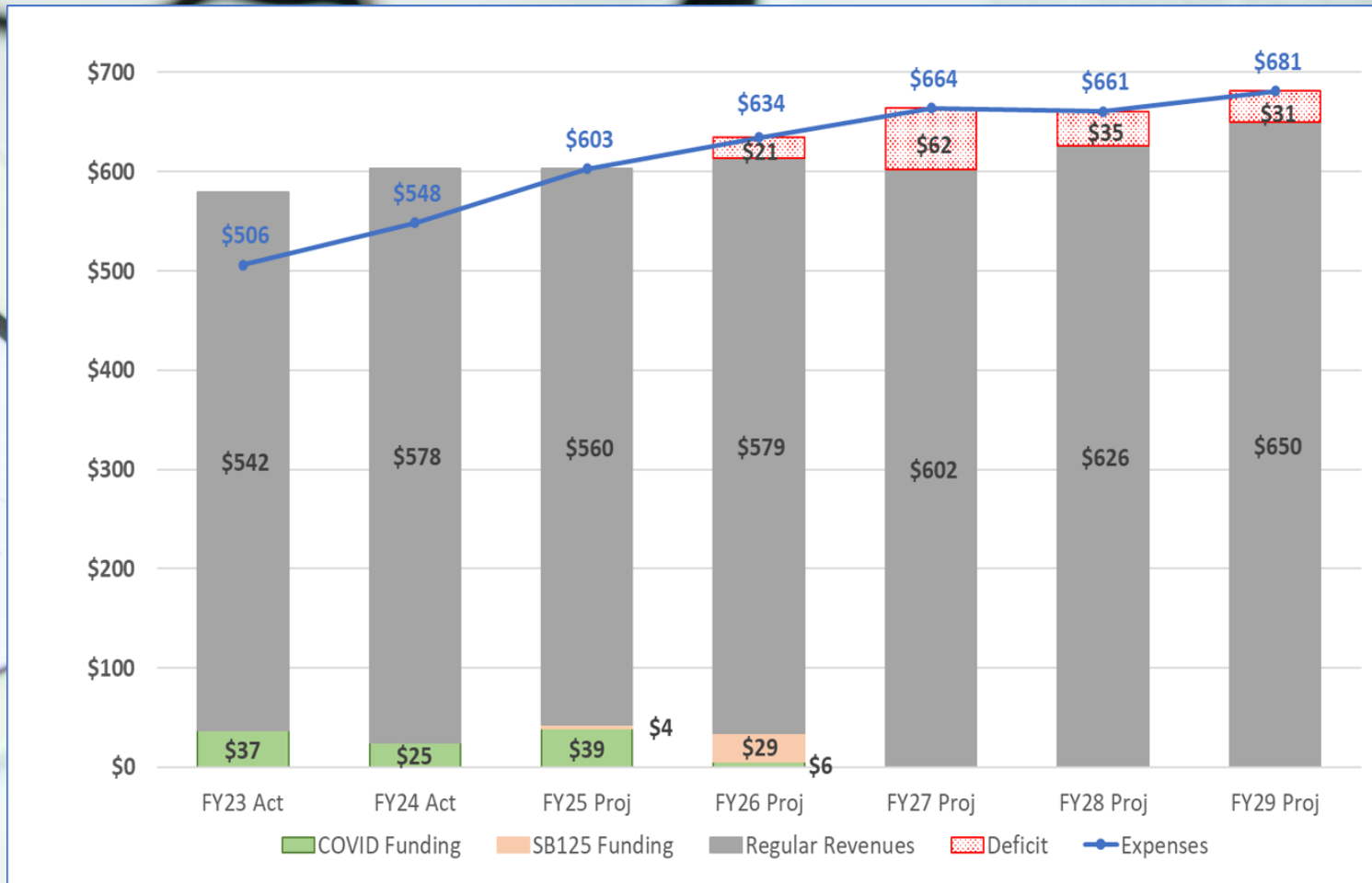
AC Transit Board of Directors Retreat

Update on the Regional Revenue Measure

October 30, 2024

AC Transit's Financial Projections

- AC Transit's financial shortfalls will begin in the next fiscal year (FY26)
- Projected deficit of \$149 million over next four years
- Deficit projections are based on 85% service levels



Regional Revenue Measure Scenarios Snapshot

MTC Scenario 1	MTC Scenario 1A	MTC Hybrid PAYROLL/SALES	MTC Hybrid PARCEL/SALES	SFMTA Proposal
<p>30-year measure Four counties: Alameda, Contra Costa, SF & San Mateo Counties</p> <p>Opt In: Five remaining counties with some requirements</p>	<p>10-year measure Four counties: Alameda, Contra Costa, SF & San Mateo Counties Opt In: Santa Clara Only</p>	<p>30-year measure Nine counties</p>	<p>30-year measure Nine Counties</p>	<p>10-year measure Five-counties: Alameda, Contra Costa, SF, San Mateo & Santa Clara Counties Opt In: Four remaining counties</p>
<p>Total: \$540 million annually/four counties/\$1B p. year nine counties.</p> <p>AC Transit: \$31M (50% of need) per year in years 1-8, \$27M per year in years 9-15</p>	<p>Total: \$540 million annually.</p> <p>AC Transit: \$31M (50% of need) per year</p>	<p>Total: \$1.5 billion annually.</p> <p>AC Transit: \$54M (90% of need) per year in years 1-8, \$39M (65% of need) per year in years 9-15</p>	<p>Total: \$1.5B annually.</p> <p>AC Transit \$54M (90% of need) per year in years 1-8, \$39M (65% of need) per year in years 9-15</p>	<p>Total: \$833M annually.</p> <p>AC Transit: \$42.8M per year (71% of need)</p>
<p>Source: Half cent sales tax</p>	<p>Source: Half cent sales tax</p>	<p>Source: Combines half-cent sales tax (\$1 billion annually) with a payroll tax of 0.18% (\$500 million annually).</p>	<p>Source: Combines half-cent sales tax (\$1 billion annually) with parcel tax of \$0.09 p. building sq. ft. \$500M annually.</p>	<p>Source: Sales or parcel tax with a variable rate by county.</p>

AC Transit Advocacy Efforts

- Active participation in MTC Executive Group & MTC Select Committee Meetings
- Letters from AC Transit CEO/General Manager
- Ongoing emphasis on need to incorporate equity, ridership, and increased costs into revenue distribution formula
- Meetings with key stakeholders including Chair Jim Spering, Oakland Mayor Sheng Thao, Alameda County Supervisor Nate Miley, Union City Mayor Carol Dutra- Vernaci



September 20, 2024
Jim Spering, Chair
Transportation Revenue Measure Select Committee
Metropolitan Transportation Commission
375 Beale Street
San Francisco, CA 94105

Transportation Revenue Measure Scenario Updates

Chair Spering:
Writing regarding the updated Transportation Revenue Measure Executive Group reiterating that this is an urgent region to ensure the Bay Area economy remain recovering from the COVID-19 pandemic. I reiterate my concerns on behalf of the public.



August 26, 2024
Chair Jim Spering
Metropolitan Transportation Commission
Transportation Revenue Measure Select Committee
375 Beale Street
San Francisco, CA 94105
Re: Transportation Revenue Measure Presentation on Scenarios

Dear Chair Spering:
I am writing regarding the Transportation Revenue Measure scenarios presented to the Executive Group last week. Thank you for taking the time to listen to the concerns and feedback from public transit operators. I want to emphasize that Alameda-Contra Costa Transit District (AC Transit) faces a substantial fiscal cliff, with a projected deficit of \$146 million over four years beginning in fiscal year 2026. As we discuss solutions to the impending Bay Area public transit financial crisis, I want to reiterate my concerns.
As I mentioned during the August 23rd meeting, AC Transit (and most bus operators) do not realize significant farebox revenues. HOWEVER, we still face draconian service reductions if additional revenues are not realized. Inflation driven Operating expenses continue to increase. The unfunded regulatory requirement to transitioning to a 100% zero-emission bus fleet, electricity, diesel and hydrogen fuel costs, spare parts, and employment benefits are all seeing double digit percentage increases. We have worked exhaustively to reduce expenses and I fear that the voters demand change in the way transit is operated in the Bay Area. We are keenly aware of the economic crisis facing AC Transit. We are keenly aware that the voters demand change in the way transit is operated in the Bay Area. We have heard loud and clear, our riders (and voters) prioritize safe, reliable AND more service as their overarching want. I urge MTC staff to explore a scenario that uses not only fare box revenue losses but also operating expenses to determine how funds are distributed. I urge MTC to look at the expense side of the equation, including cost per hour per rider when determining distribution of new revenues. In order to rebound from the COVID-19 pandemic, avert potential layoffs and service cuts so we can continue to serve our communities, long-term funding sources that are not regressive taxes need to be considered, with the majority and lifetime of the tax revenue allocated to public transit operators.
AC Transit's current deficit projections are based on 85 percent service levels. While we have taken every step to manage the fiscal crises in all areas that we control, the fact remains that as



October 18, 2024
Jim Spering, Chair
Transportation Revenue Measure Select Committee
Metropolitan Transportation Commission
375 Beale Street
San Francisco, CA 94105
Re: Item 4b, Transportation Revenue Measure Scenario Updates

Dear Chair Spering,
I am writing on behalf of the Alameda-Contra Costa Transit District (AC Transit) to express my deep concerns regarding the current Transportation Revenue Measure proposals. I appreciate MTC's commitment to building consensus during this urgent and immediate need for transit operating funds to keep transit running. As the CEO of AC Transit, I want to emphasize the critical importance of equitable funding and support for our transit services in the East Bay.
As I have previously mentioned, I am extremely concerned that AC Transit will not receive a fair share from the current proposed scenarios. It will be difficult for AC Transit to support a scenario that fills only 50% of our projects annual operating deficit need.
This inequity would have serious implications for our operations and the communities we serve. Our most vulnerable and underrepresented communities stand to be hit hardest by service cuts if AC Transit's projected deficit is not adequately addressed. We currently serve over 150,000 riders on an average weekday, and in just the first quarter of this fiscal year, we have already surpassed 10 million rides. The number of individuals who rely on our service is significant and cannot be overlooked.

From the outset of this process, we have stressed the necessity for equity to be integrated into the revenue distribution equation. Unfortunately, this has not been adequately reflected in the proposed allocations. AC Transit is facing a projected deficit of \$146 million over the next four years. With increasing federal assistance ending this fiscal year and

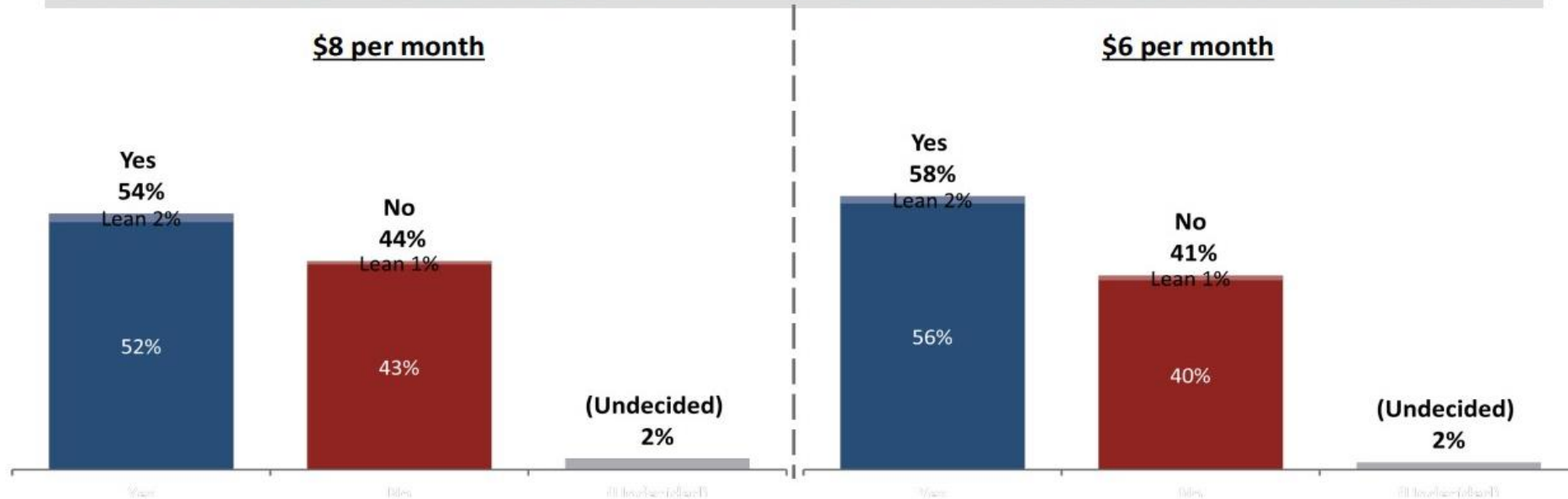
AC Transit 2023 Polling

Potential Revenue Measure – Initial Vote



Support for a revenue measure is below the two-thirds threshold needed for passage; the difference between support for the higher or lower amount tested is not statistically significant.

To prevent drastic cuts and preserve essential local public transportation services, including those for youth, commuters, seniors, and people with disabilities, shall the Alameda-Contra Costa Transit District, or AC Transit, be authorized to levy a tax of [**\$8 / \$6**] per parcel, per month, for the next 6 years, raising [**\$40 / \$30**] million annually, with independent oversight and all money spent locally?



Q5. In November 2024, there may be a measure on the ballot that reads as follows... If the election were held today, would you vote yes to approve or no to reject this measure?

23-8929 AC Transit 2024 Revenue Measure Survey | 7

AC Transit 2023 Polling

Conclusions



- ▶ These poll results show that **a revenue measure for AC Transit would be extremely difficult to pass in 2024.**
 - While the lower tax rate in the more tax-supportive part of the District receives the most support, it does not reach the two-thirds threshold at any point during the poll.
- ▶ Voters in the District do **believe in the value of public transit**; however, this belief is not enough to overcome current **concerns about taxes and the economy.**

AC Transit's Current Parcel Tax - \$30M/Year

- In November 2008, the voters within Special Transit Service District 1 approved Measure VV, which superseded the Measure BB parcel tax. Measure VV increased the amount of the parcel tax to \$96 per year. The tax became effective on July 1, 2009 and terminates on June 30, 2019
- Measure C1 was approved on November 2016 and extends the annual parcel tax for 20 years beginning July 2019.
- Measure C1 passed with 82.1% support
- Measure C1 generates \$30M/year



The Alternatives...

- If funding allocation to AC Transit does not make us whole
 - We can run our own parallel measure to make up the difference
- If no regional measure
 - We run our own measure, if polling shows we can be successful
- If no regional measure and no AC Transit measure
 - Budget reductions
- Regardless of revenue measure(s)
 - Ongoing advocacy for additional funding opportunities

Regional Revenue Measure Next Steps

KEY DATES	ITEM
November 8, 2024	- MTC Legislative Committee meeting
December 2, 2024	- CA State Legislature convenes for next session
December 9, 2024	- MTC Commission Special Meeting
February 14, 2025	- Bill Introduction Deadline
September 30, 2025	- Deadline for Governor to Sign or Veto Bills