Financial Update and Proposed Alternate Service Plan Framework

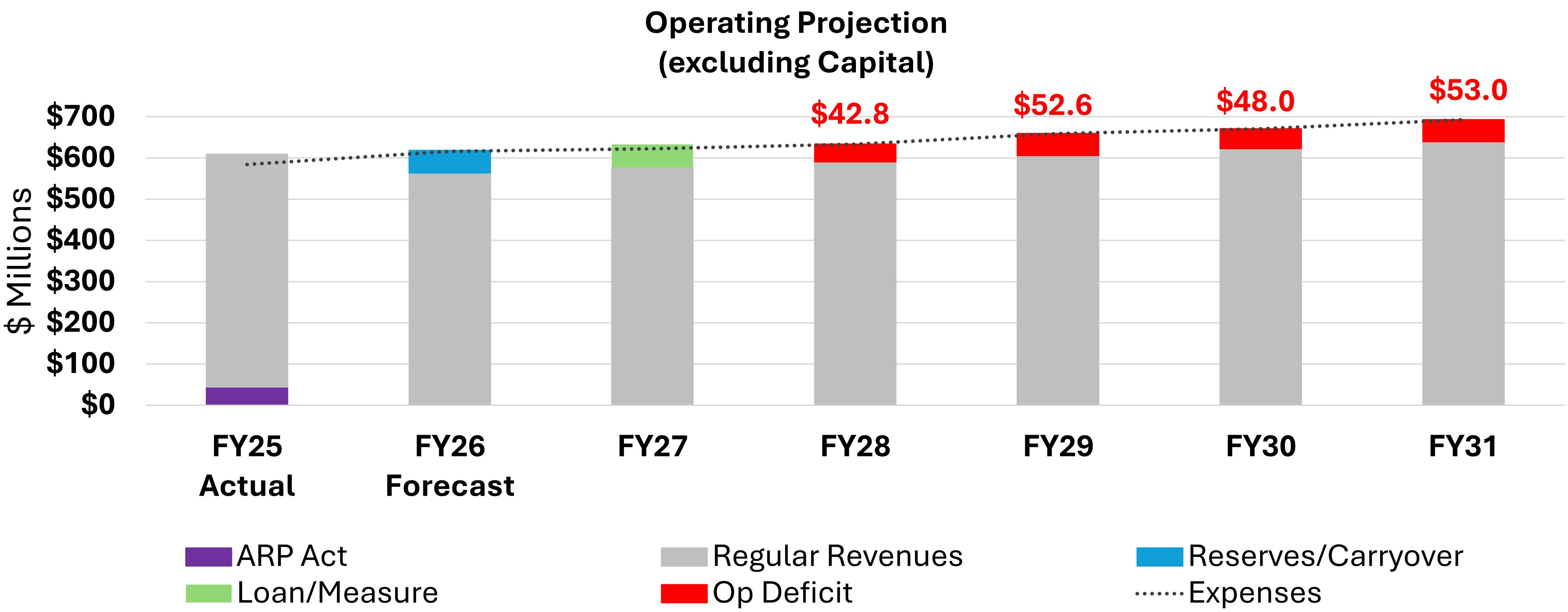
Inter-agency Liaison Committee

Guiding Principles and Parameters

Why Plan for Service Reduction?

- The District projects $50 million annual deficits beginning in FY 2027–28 absent new funding.
- Alternate Service Plan scenarios could reduce costs by up to $53M annually (about 16.4% below the current 85% service level).
- If the regional measure fails, an alternate FY 2026–27 budget will include the Alternate Service Plan and both service and non-service reductions.
- The District will begin implementing deficit reduction cost-saving measures prior to enacting service reductions in June 2027.
- Service cuts reduce fares, so up to $3 million was added to the largest scenario to offset the loss.
- The Alternate Service Plan is scalable based on the District’s financial projections.

Projection – Unfunded Scenario



Board Policy 545 – Service Design Standards

- **Primary Route Network (PRN)**: Equity Priority Communities (EPCs), higher density, and higher ridership (Routes 1T, 6, 9, 12, 14, 18, 27, 30/31, 36, 40, 51A, 51B, 52, 54, 57, 62, 72/72M/72L, 73, 76, 88, 97, 210/211, F and NL)
- **Percent of Service Area Residents Covered** - 70% of population within ¼ mile of local service and 25% of population within ¼ mile of high-frequency service (85% and 40% for EPCs, respectively)
- **Frequency**- Minimum frequency for the PRN at every 30 minutes with other local service set at every 60 minutes.
- **Span of Service** - Minimum span of service of 6:00AM to 10:00 PM for the PRN. Other local service has a minimum span of service of 7:00 AM to 7:00 PM.

Board Policy 545 – Service Effectiveness Standards

Criteria to determine which routes can be reduced or cut:

- **Passenger Boardings per Revenue Hour (PPH)** – 75% of service classification average
- **Cost per Passenger Boarding (CPP)** – 125% of service classification average
- **Passenger Load Factor:** : No more than 15% of trips should exceed 125% of seated capacity. For Tempo BRT, the limit is 200%

Existing Conditions

Summary of Weekday Metrics by Route Classification

Service Classification	Daily Platform Hours	Passenger per Platform Hour	Passenger per Revenue Hour	Annual Cost*
BRT	282.9	55.81	61.46	$11,542,320
Limited	103.59	22.42	23.63	$4,226,472
Local	4786.03	21.34	22.28	$195,270,024
Freeway Express	511.44	16.44	19.98	$20,866,752
Supplementary	197.77	21.25	40.82	$6,803,288
All Nighter	96.52	10.54	11.81	$3,938,016
Total	**5978.25**	**22.39**	**24.13**	**$226,878,080**

*Based on marginal cost of $160/per platform hour for Alternate Service Plan purposes

*Fall 2025 Ridership Data and Feb. 2026 Service Data

Restricted External Operating Funds

Funding Source	Route Type	Lines	FY 25-26 ($ millions)
RM2 Operating	Transbay	F, L/LA, NL, O, P, U	$4.6
RM2 Operating	Owl	800, 801	$1.3
RM2 Operating	BRT	Tempo	$2.6
RM2 Operating	Peninsula Transbay	DB, DB1	$3.2
RM3 Operating	Transbay	E, F, G, J, L, NX, V	$11.8
LCTOP Operating	BRT	Tempo	$6.9
OUSD- Direct Payment	Supplementary	Various	$0.5
Stanford University & Hospital	Peninsula Transbay	U	$0.9
		Total	**$31.7**

Proposed Framework

Recommended Criteria: Alternate Service Plan

- **Maintain the Realign network.**
- **Minimize complete service eliminations.**
- **Focus on span and frequency reductions.**
- **Restructure High-Cost Services.**
- **Proportionately reduce service in Special District 1 (SD1) and Special District 2 (SD2).**

Proposed Scenarios

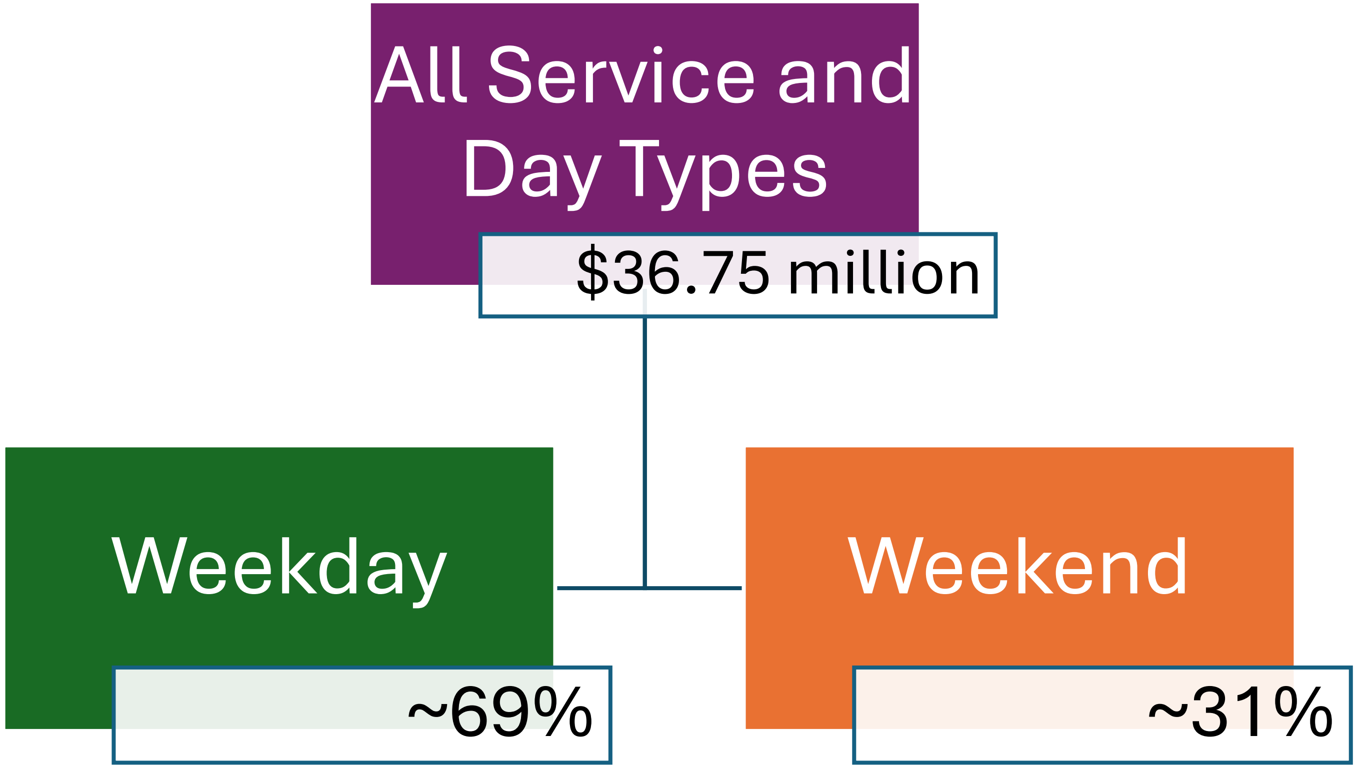
Scenario 1

$35M Reduction
+ $ 1.75M Farebox Loss
$36.75M Total Reduction
Or
11.4% of Current Service Level

Scenario 2

$50M Reduction
+ $ 3M Farebox Loss
$53M Total Reduction
Or
16.4% of Current Service Level

Alternate Service Plan Framework (Scenario 1 Tranches)



- $36.75M reduction = 11.4% of service
- $25.36M (69% of $36.75M) = 10.4% weekday service cut
- $11.39M (31% of $36.75M) = 14.5% weekend service cut

Weekday Service Reductions (Scenario 1 - Tranches)

61.2%

- Local Non-Primary Route Network Service
- $22.5 million or 34.7% reduction

7.5%

- Freeway Express Service (Transbay)
- $2.75 million or 13.9% reduction

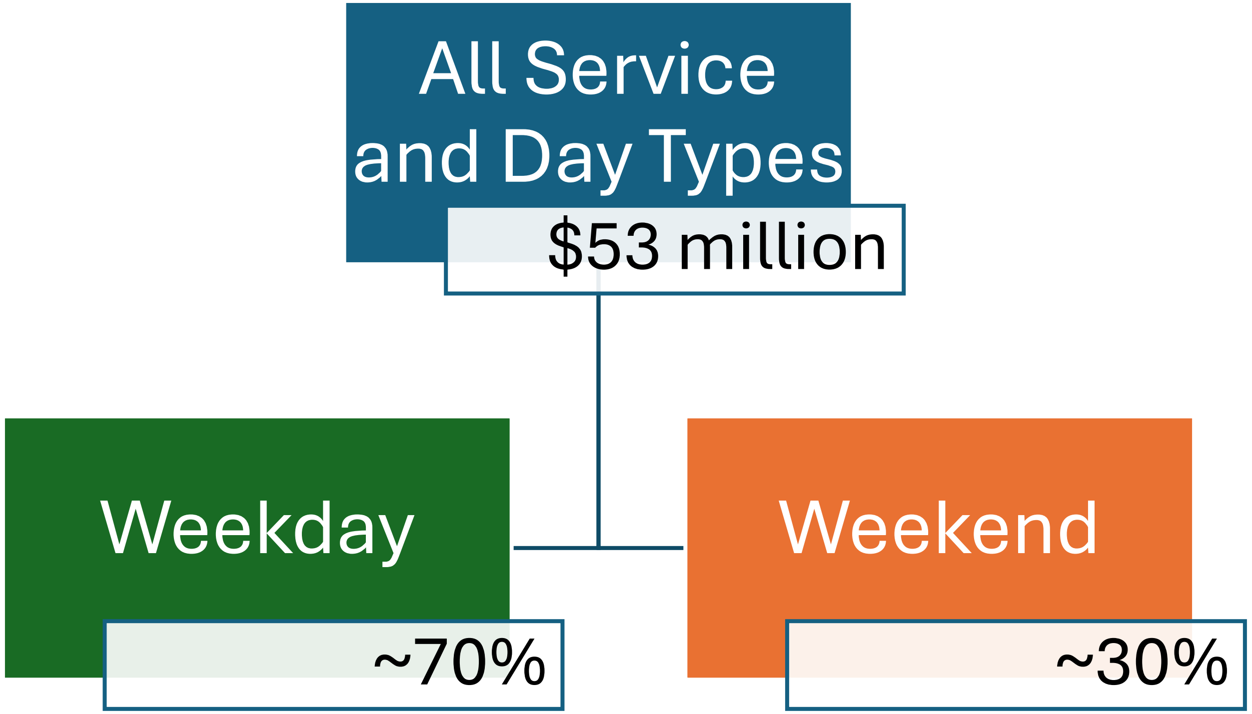
*69% of Total Cost Savings

Weekend Service Reductions (Scenario 1 - Tranches)

17.7%	• Local Non-PRN Service • $6.5 million or 30.0% reduction
9.5%	• Freeway Express (Transbay) • $3.5 million or 100% reduction
4.1%	• Limited Routes • $1.5 million or 100% reduction

*31% of Total Cost Savings

Alternate Service Plan Framework (Scenario 2 - Tranches)



- $53M reduction = 16.4% of service
- $37.1M (70% of 53M) = 15.2% weekday service cut
- $15.9M (30% of 53M) = 20.2% weekend service cut

Weekday Service Reductions (Scenario 2 - Tranches)

42.5%	• Local Non-Primary Route Network Service • $22.5 million or 34.7% reduction
20.7%	• Local Primary Route Network Service • $11 million or 8.3% reduction
6.6%	• Freeway Express Service (Transbay) • $3.5 million or 17.7% reduction

*70% of Total Cost Savings

Weekend Service Reductions (Scenario 2 - Tranches)

12.3%

- Local Non-PRN Service
- $6.5 million or 30.0% reduction

8.5%

- Local PRN Service
- $4.5 million or 9.9% reduction

6.6%

- Freeway Express (Transbay)
- $3.5 million or 100% reduction

2.8%

- Limited Routes
- $1.5 million or 100% reduction

*30% of Total Cost Savings

Alternate Tranches (Not Recommended by Staff)

All Nighter Service

$3.0 million

Supplementary Service

$11.3 million

Weekend Service

$78 million

Friday Service Reductions

~$5 million

Timeline + Outreach

June 2027 Service Change Implementation Schedule

Date	Milestone
03/25/26	Approve Service Reduction Framework
06/10/26	Present Draft Service Plan
TBD	Set Public Hearing
11/03/26	**General Election**
TBD	Public Hearing (as needed)
12/09/26	Approve Final Plan (as needed)
06/13/27	Implement Service Reductions (as needed)

Proposed Outreach Plan

- **Public Messaging:** Explain framework and timeline immediately following Board action
- **Public Information Priorities:**
  - Why reductions may occur
  - When decisions will be made
  - How to provide input
  - Narrow engagement window due to condensed timeline
  - Feedback primarily through email
    - Open House-style sessions at the GO
    - Testimony at Board meetings (in person or via Zoom)
- Marketing/communications campaign informed by **Realign** effort

Additional Outreach

Sustained, targeted engagement from June through November

Public Information Channels

- News Releases
- Website updates
- Social media
- eNews
- On-board materials (car cards, brochures)
- Legal notices (as required for hearings)

Core Outreach Channels

- City councils & civic organizations briefings
- Multilingual email notifications
- Leafleting at high-ridership and impacted locations
- Presence at community festivals and events
- “Transit Talks” integration

Proposed Outreach Plan

1

Mar–Jun 2026: Raise awareness about the 06/10/26 Presentation of Draft Service Plan.

2

Jun–Aug 2026: Broad outreach about Board-approved draft service plan. Open House #1 June 10.

3

Aug–Nov 2026: Sustained outreach; Public hearing preparation; Open House #2 Aug 12.

4

Nov 2026–Jun 2027: Additional public outreach and open houses, if needed.

Questions?