

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 9/14/2022

Staff Report No. 14-066b

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: BART Feeder Service Funding Agreement Extension

ACTION ITEM

AGENDA PLANNING REQUEST: ☐

RECOMMENDED ACTION(S):

Consider authorizing the General Manager to execute an amendment to the Feeder Service Funding Agreement with the Bay Area Rapid Transit District (BART) to extend the current agreement for two years, through June 30, 2023.

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Extending this agreement will ensure the continuation of the transfer payment.

BUDGETARY/FISCAL IMPACT:

The extension sets the payment for FY 2021-22 and FY 2022-23 at \$2.7 million from BART, the same amount provided by BART in FY 2020-21.

BACKGROUND/RATIONALE:

BART transfer payments to AC Transit and San Francisco Municipal Transportation Authority (Muni) were established as part of AB 842 as a financial incentive to provide enhanced feeder service to BART consistent with coordinated fare principals. The payments started in 1985 and have been negotiated several times since then. The current agreement was originally signed in September 2014 for FY 2014-15 through FY 2019-20. The agreement was then extended for FY 2020-21. Attachment 1 is an extension for an additional two fiscal years, FY 2021-22 and FY 2022-23.

The significant ridership loss of both systems and the payment adjustment limits in the original formula led staff to agree on the smaller fixed payment of \$2.7 million for the prior one-year extension. That payment was augmented by the remaining funds of approximately \$831,000 in a "fare coordination reserve" set up with the original agreement. The ongoing effects of the COVID-19 pandemic and reduced ridership again led to consensus on a fixed payment for another two years. The extensions recognize that the feeder payment revenue is part of the District's operating budget and that BART's historic reliance on farebox revenue is

significantly impacting their budget.

This two-year extension provides for more time to staff to consider how to structure this agreement going forward. The regional Fare Coordination and Integration Study was meant to factor into discussions over the agreement, and as it moves into implementation phase staff will continue to review how it could affect transit ridership overall and the amount of transfers between agencies.

ADVANTAGES/DISADVANTAGES:

The main advantage to approving the extension is to continue a funding stream to AC Transit that is understood and approved by both agencies. The main disadvantage is that the amount of revenue to AC Transit is likely lower than would have been specified in the original agreement, had the original payment scheme been continued.

ALTERNATIVES ANALYSIS:

No other payment scenarios were discussed as the main factors were BART's ability to pay and AC Transit's need for revenue along with the continuing impact of the pandemic on ridership levels.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 14-066 - Regional Fare Coordination Agreement with BART

SR 14-066a - BART Feeder Service Funding Agreement

ATTACHMENTS:

1. Amended Agreement

Prepared by:

Chris Andrichak, Chief Financial Officer

Approved/Reviewed by:

Jill A. Sprague, General Counsel

Ahsan Baig, Chief Information Officer

Nichele Laynes, Director of Marketing & Communications