

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

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**MEETING DATE:** 6/10/2020

**Staff Report No. 20-135**

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**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager  
**SUBJECT:** State Funding to Support OUSD Supplementary Service

### ACTION ITEM

#### **RECOMMENDED ACTION(S):**

Consider adoption of Resolution No. 20-030 authorizing the General Manager to execute a funding agreement with the California Department of Transportation (Caltrans) for \$1 million from Assembly Bill 74 to support Oakland Unified School District (OUSD) supplementary service.

#### **STRATEGIC IMPORTANCE:**

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

This agreement will enable the District to receive crucial funding to preserve supplementary school service.

#### **BUDGETARY/FISCAL IMPACT:**

Under this one-time funding agreement between AC Transit and Caltrans, AC Transit will receive \$1 million in operating funds for providing supplementary service to OUSD. Once the agreement is signed, the District has up to three years to draw down the funds based on service provided.

#### **BACKGROUND/RATIONALE:**

From 1996 to 2017, AC Transit received \$2.25 million annually from OUSD, as enacted by special legislation (Assembly Bill 2972, Section 41856 of the Education Code). Shortly after the legislation was passed, AC Transit and OUSD entered into a Memorandum of Understanding (MOU), which stated that the agreement would remain in place as long as the state provided home-to-school transportation funds.

While OUSD is expected to spend this funding on school transportation, separate legislation, called the Local Control Funding Formula (LCFF), gives OUSD control over how education funds, including home-to-school transportation funding, are spent. Because OUSD is not obligated by the Department of Education to fund school transportation, they opted to stop honoring the MOU in 2017.

Since OUSD's withdrawal from the MOU, AC Transit has reduced costs and attempted to identify alternative funds in order to continue to provide school service for Oakland schools. This agreement with Caltrans gives AC Transit \$1 million in operating funding that will support supplementary school service in Oakland in FY 2020-21 and FY 2021-22. This agreement was made possible when Governor Brown signed Assembly Bill 74 in

June 2019 to appropriate \$1 million of State General Funds to support AC Transit's supplementary service.

Though these funds help AC Transit operate OUSD supplementary service, staff still anticipates a potential deficit in the coming years without firm commitments from other funding sources.

**ADVANTAGES/DISADVANTAGES:**

Staff cannot identify any disadvantages to receiving this funding aid to support and maintain OUSD service.

**ALTERNATIVES ANALYSIS:**

Staff has not identified any alternatives to this funding but is involved in the larger discussion about how to sustainably fund OUSD supplementary service.

**PRIOR RELEVANT BOARD ACTION/POLICIES:**

None.

**ATTACHMENTS:**

1. Resolution 20-030
2. Caltrans Master Agreement
3. Caltrans Program Supplement Agreement (PSA)

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**Approved/Reviewed by:**

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