

# ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



## STAFF REPORT

**MEETING DATE:** 1/13/2021

**Staff Report No.** 21-026

**TO:** AC Transit Board of Directors  
**FROM:** Michael A. Hursh, General Manager  
**SUBJECT:** H.R. 7389 the Freedom to Move Act

### ACTION ITEM

#### RECOMMENDED ACTION(S):

Consider authorizing the Board President and General Manager to send a letter of support to Congressional leaders in support of H.R. 7389 the "Freedom to Move Act." [Requested by Director Beckles - 12/9/20.]

#### STRATEGIC IMPORTANCE:

Goal - Strong Public and Policymaker Support  
Initiative - Financial Efficiency and Revenue Maximization

Supporting legislative proposals that create additional funding sources for the District, particularly for programs or initiatives that have been of interest to the Board in the past, supports several District goals and initiatives. The deployment of free fare systems has been explored by the Board in the past; however, the financial implications of offering free fares would severely impact the District's financial position. This legislation if passed, would provide funding to support a free fare program.

#### BUDGETARY/FISCAL IMPACT:

The Freedom to Move Act, if passed, would authorize \$5 Billion to be appropriated per fiscal year in years 2021 through 2025.

FY 18-19 was the last full fiscal year in which the District collected fares prior to the pandemic. FY 19-20 was impacted by over three months of free fares and during FY 20-21, free fares were in effect the first three and a half months of the fiscal year. In FY 18-19 the District recorded \$57.0 million in fare revenue. A breakdown of just the farebox revenue into major types is as follows:

	<b>FY 18-19 Farebox Revenue</b>	<b>% of total Farebox</b>	<b>% of total Revenue</b>
<b>Adult</b>	38,623,199	67.7%	8.3%
<b>Youth</b>	10,905,606	19.1%	2.3%
<b>Sr./Disabled</b>	7,494,186	13.1%	1.6%
<b>Total Farebox</b>	\$57,022,991	100%	12.3%

*\*Table presented in SR 20-134*

Due to the pandemic, it is difficult to estimate the current fiscal impact of implementing a free fare program however, the farebox revenues collected in FY 18-19 represent a year with stable ridership and a year with regular farebox revenue collections.

**BACKGROUND/RATIONALE:**

On June 26, 2020, U.S. Representative Ayanna Pressley (D-MA) introduced H.R. 7389, the Freedom to Move Act which “directs the Secretary of Transportation to carry out a grant program to support efforts to provide fare-free transit service, and for other purposes.” Section 4 of H.R. 7389 states: Not later than 360 days after the date of enactment of this Act, the Secretary shall award grants (which shall be known as “Freedom to Move Grants”) to eligible entities, on a competitive basis, to cover the lost fare revenue for fare-free public transportation and improve public transportation.

Additionally, the legislation states that an eligible entity that receives a grant under this section shall use such grant to support-

1. implementing a fare-free transit program; and
2. efforts to improve public transportation, particularly in underserved communities, including costs associated with efforts to provide more safe, frequent, and reliable bus service, including-
  - A. bus stop safety and accessibility improvements;
  - B. pedestrian and bike shelters;
  - C. signage;
  - D. painted bus lanes;
  - E. signal priority systems;
  - F. street redesign;
  - G. operational costs to meet demands of increased ridership, including hiring and training of personnel; and
  - H. conducting a bus network redesign.

Additionally, according to the press release issued by Congresswoman Ayanna Pressley and Senator Edward J. Markey, the Freedom to Move Act would help to support state and local efforts to promote public transportation as a public good for all by:

Investing in efforts to improve the safety and quality of public transportation service, particularly in low-income and historically underserved communities, including by:

- Covering operational costs, including the hiring and training of personnel, fuel costs, and maintenance.
- Investing in public health emergency response efforts, including personal protective equipment

and administrative leave for operational personnel.

- Improving the safety and accessibility of bus stops, pedestrian and bike shelters.
- Redesigning bus routes to improve service, modernizing and improving the accessibility of signage; and
- Modernizing surface infrastructure such as painted bus lanes and signal priority systems to alleviate traffic congestion and improve multi-modal accessibility.

#### **ADVANTAGES/DISADVANTAGES:**

Staff has not identified any disadvantages associated with sending a letter of support to Congressional leaders.

#### **ALTERNATIVES ANALYSIS:**

The Board can consider not taking action and not sending a letter to advocate for the passage of this proposed grant program. Staff does not recommend this alternative and instead recommends actively advocating for the passage of this bill which would establish a new competitive grant program for which the District would be eligible to apply for additional federal funding to support a new free fare program for AC Transit riders.

Another alternative staff considered is for the Board to not take any action on this matter thus not actively expressing support for this bill and the funding associated with it. Staff does not recommend this option as more agencies throughout the Country have moved toward the implementation of free fares and if the Board decide to pursue free fares for the District, it will be important to have a funding source available to backfill the farebox revenue reductions associated with implementing such a program.

#### **PRIOR RELEVANT BOARD ACTION/POLICIES:**

Staff Report 20-134 Possible Effects of Free Fares

#### **ATTACHMENTS:**

1. DRAFT Letter
2. H.R. 7389 the Freedom to Move Act

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