



ALAMEDA-CONTRA COSTA TRANSIT DISTRICT

Master Minute Order

File Number: 21-140a

Report ID: 21-140a

Type: Regular - Finance & Audit

Status: Received

Agenda
Section:

Meeting Body: Board of Directors -
Regular Meeting

Report Created: 03/08/2021

Final Action: 04/28/2021

ded Action: Consider receiving a report on the Draft FY 2021-22 Operating and Capital Budgets, including an overview of the major assumptions and drivers to the operating revenues and operating expenses.

Moved to 4/28 per C.A. (3/29 JH)

Sponsors:

Enactment Date:

Attachments: STAFF REPORT, Att 1 SR Table Draft Budget, Att 2
FY22 Capital Budget.pdf, Att 3 FY22 Draft Budget
Presentation.pdf

Enactment Number:

Hearing Date:

Effective Date:

History of Legislative File

| Acting Body: | Date: | Action: | Sent To: | Due Date: | Return Date: | Result: |
|--|------------|----------|----------|-----------|--------------|---------|
| Board of Directors - Regular Meeting | 04/28/2021 | Received | | | | Pass |
| Action Text: MOTION: BECKLES/PEEPLS to receive the report as presented, but to also include in the budget that will come back to the Board a proposal with an estimate of the ARP funds, which includes options to focus our spending on to increase hiring to expand services sooner than 2021. | | | | | | |
| Notes: Chief Financial Officer Chris Andrichak presented the staff report, which included an overview of revenues and expenses leading to a balanced budget. He added that the budget includes the planned July 1st fare increase and does not include any American Rescue Plan (ARP) funds as the District does not yet know how much will be allocated by the Metropolitan Transportation Commission (MTC). A brief overview of the capital budget was also provided. | | | | | | |
| Public Comment: | | | | | | |
| Monica Mallon noted that the District should work with the Amalgamated Transit Union (ATU) to utilize its ideas for bus operator training and help in crafting the future operating budget that will help return service to pre-pandemic levels. | | | | | | |

Other speakers on this matter expressed the following: (1) the need for the District to call on the Metropolitan Transportation Commission (MTC) to release to AC Transit's share of federal funding provided in the American Rescue Plan Act of 2021 (ARP); (2) the need for the District include the ARP funds (or estimate) in the 2021-2022 Operating and Capital Budget; and (3) the need for the District to use ARP funds towards actions that will aid in the return of bus service to pre-pandemic levels in a manner that minimizes bus rider pass-ups.

Speakers who shared all or several of these concerns were:

Mary Lim-Lampe, Executive Director of Genesis, requested that staff provide an alternative budget that shows how they could expedite bus operator training and service restoration. Lim-Lampe expressed concerns about the planned bus fare increase and asked the Board to find an alternative solution to fare increases.

Nicole McCallum, Sunrise, also noted that the District must be prepared as businesses re-open and large companies bring workers back to their offices following the reduction of Covid-19 restrictions. McCallum noted that public agency reporting showed steps taken to restore pre-pandemic transit services in their communities.

Nathan, People's Transit Alliance of the East Bay Democratic Socialist of America (PTA-EBDSA), expressed opinions and concerns about management's reporting of ridership levels and worried that management's ridership predictions serve as potential 'self-fulfilling prophecies' where management budgeting for negatively-skewed expectations actually leads to diminished ridership.

Joty Dhaliwal, PTA-EBDSA, called on the Board to use ARP funds towards hiring for union jobs.

Annie Lloyd, PTA-EBDSA, expressed criticism of management's reasons for limited bus operator training and noted that the District can utilize the assistance from the unions to address the training issues.

Andrea Lowe, PTA-EBDSA, noted that quickly restoring service promotes positive behavioral changes for riders by reflecting a reliable public transit service. Lowe noted that the time is right for promoting normalcy of service because of the optimistic predictions that Covid-19 restrictions are reducing.

Richard Marcantonio, Public Advocates, recounted that the Board created a "Green Book" published around 2002 that addressed how the District would plan operations when underfunded by the MTC. Marcantonio commented that the Board should act boldly and prepare a budget that includes ARP funding and shows how this money will be spent. Marcantonio requested the elimination of the planned fare increase.

Katherine Scott-Smith, PTA-EBDSA, expressed concerns about the lack of urgency regarding the efforts to return to full service in the draft FY 2021-2022 budget.

Board Discussion:

Director Beckles shared that she was concerned about the future of the agency given some of the issues raised by the public and the staff presentation. Director Beckles asked what the barriers were to hiring more operators and whether it was possible to have trainers work overtime and what discussions had occurred with the

union. Chief Operating Officer Salvador Llamas advised that staff met with ATU leadership to discuss what options might be available to expedite the hiring of more bus operators and to streamline the new operator certification process. Staff was exploring all possibilities. General Manager Michael Hursh added that the barriers were behind the wheel time on the bus and the availability of instructors. In addition, there were limitations on overtime as there were a maximum number of hours in a day that operators can drive. Another challenge was that all Bay Area transit agencies were hiring operators. Director Beckles commented on the ARP money and MTC's position that the money should be saved for the future. She felt that this was a decision the Board should have more say in and asked if the next presentation could include an alternative proposal to address where the ARP funds can be spent. Mr. Hursh advised that there will be a first tranche of funding on July 28th and a second that would be available later.

Director Beckles was very concerned about the planned fare increase and asked if some of the surplus funds could be used to stave off a fare increase.

Director Williams inquired about the addition of extra janitorial positions and fuel island workers. He also asked if there were any built-in assumptions related to putting a measure on the ballot. Mr. Hursh advised that positions were approved to be filled; however, the hiring market was competitive and would make recruiting difficult. He added that while federal aid was coming, the District was not out of the woods financially. The staff did not disclose any plans for a ballot measure.

Director Williams asked about healthcare costs and Salesforce Transit Center operating costs. Mr. Andrichak advised that the Transbay Joint Powers Authority would receive bailout money, which would likely reduce (minimally) the District's contribution. Healthcare costs did increase, but Mr. Andrichak was not prepared to offer specific details.

Director Williams also asked about quick build projects and opportunities to fulfill some of the District's capital needs. Mr. Andrichak advised that staff was in the process of updating the Capital Improvement Plan and would bring it to the Board soon.

Director Walsh thanked staff for the report, noting that the fare increase needed to be clearly spelled out in the written report as it was an important issue to riders. The issue of physical distancing in training new operators was also raised and she hoped it was something staff could creatively solve. She further commented that she hoped the next budget could help expedite quick build transit priority projects and expressed an interest in how the District planned to spend the ARP funds.

Director Shaw reiterated the issue of the fare increase and wanted to discuss deferring it. She also wanted to address future infrastructure needs. With regard to training, the CDC guidelines changed for students and Director Shaw wanted to understand why that had not changed for AC Transit. Mr. Llamas advised that the

CalOSHA guidelines apply to the District which require a six-foot social distance in the work environment. He added that getting more training space was one thing, but what makes it more complex is the number of trainers. The Department of Justice and Department of Motor Vehicles add to delays. Director Shaw hoped that the Transportation Network Company (TNC) fees could be used to offset an increase in paratransit cost. Mr. Andrichak advised that the TNC fees were not a large pot of money and would take time to distribute.

President Ortiz asked about a paratransit expenditure for moving cost and asked staff to explain. General Counsel Jill Sprague advised that the District is currently in negotiations with the building owner.

Director Peeples commented that local TNC fees are determined by local city councils and the District should make a pitch to use these fees for local bus and paratransit service. President Ortiz advised that AC Transit should also involve BART (paratransit).

Director Beckles made a motion to receive the report but also include in the budget proposal an estimate of the budget with the ARP funds and options to focus spending on to increase hiring to expand services sooner than 2021. The motion was seconded by Director Peeples.

President Ortiz asked how we determine an estimate of the ARP money given that AC Transit will not receive as much money as larger transit agencies. Director Beckles guessed that MTC may have provided an estimate to all General Managers and suggested that staff could forecast the amount like they do with other funding sources as part of the budget.

Director Shaw shared the concern that any guestimate of the funds might impact what AC Transit might receive.

Mr. Hursh confirmed that no discussions had taken place as to an initial estimate of the funds and he had no idea how much money would go to each agency. He added that there are fears that this will be the only aid available in the foreseeable future and that a workshop was being proposed to develop principles by which the funding would be distributed. He added that there were agencies that were facing dire consequences that were heavily dependent on farebox and are looking at potential layoffs. Noting the importance of equity, he believed that current and future riders should not have to suffer because AC Transit has made prudent financial decisions. Mr. Hursh stated that staff could provide a high-level list of potential ranges of what was possible to increase service and take care of employees.

President Ortiz raised a concern about making service decisions based on funding estimates, asking what would happen if actual funding fell short of the estimate. Director Beckles clarified that the budget proposal include estimates on what the District can do with ARP funds.

Director Peeples mentioned the “Green Book” the District developed many years ago with a list of priorities that the District could accomplish at various funding levels.

Director Beckles reiterated her motion to receive the report as presented, but to also include in the budget that will come back to the Board a proposal with an estimate of the ARP funds, which includes, options to focus spending on increasing hiring to expand services sooner than 2021. Mr. Hursh advised that he would work with staff to prioritize the list, subject to further discussion by the Board.

While casting his vote, Vice President Young stated that he hoped staff could develop an estimate in a way that does not undermine the District’s bargaining position with MTC. He added that staff needed to bring a little more reality to the table and be firm and realistic with the Board and the public about what is being proposed. He also wanted staff to be specific about where cuts in the budget would occur should the Board decide to defer a fare increase. President Ortiz agreed with Vice President Young’s comments.

Ayes: 7 President Ortiz, Vice President Young, Director Walsh, Director Beckles,
Director Williams, Director Shaw, Director Peeples
