

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 10/13/2021

Staff Report No. 21-473

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: Support of Municipally Funded Transit Trips

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adoption of Resolution 21-040 in Support of the Concept of Municipally Funded Transit Trips [Requested by Director Beckles - 9/22/2021].

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

Municipally funded transit trips would provide the District with guaranteed fare revenue and encourage more ridership.

BUDGETARY/FISCAL IMPACT:

There is no fiscal impact from approving the attached resolution.

BACKGROUND/RATIONALE:

The District implemented fare-free Fridays in September as part of a larger group of regional fare discount promotions to encourage riders to return to transit. This program spurred a discussion initiated by Berkeley Councilmember Kate Harrison to assess if AC Transit could implement something similar for the City of Berkeley with funding to backfill fare losses coming from the City. Initial discussions have focused on fare-free Sundays to match or counter the free parking available in Berkeley. Councilmember Harrison has since proposed adding \$500,000 to the City's budget to fund this effort.

At the September 22, 2021 Board meeting, Director Beckles requested an agenda item with a resolution in support of Berkeley's efforts. The attached resolution from Director Beckles is more general and supports municipally funded transit trips in general along with Berkeley's efforts. Staff is in support of this resolution and the closer partnerships it could bring with the cities in the District's service area.

In general, the concept of municipally funded transit trips should be financially positive for the District, with the specific impacts depending on how any program is structured. The municipally funded free or discount rides encourage more ridership, and AC Transit gets funded either up front if a pass model is used, or

reimbursed for trips if a per-trip model is used. In addition, any program would incentivize ridership.

ADVANTAGES/DISADVANTAGES:

The main advantage to approving the resolution is that it could encourage Berkeley or other cities to fund transit programs, which would increase ridership and benefit the District.

Though there are no disadvantages staff can identify, additional fare revenue from fare-free programs does not fully fund increased service coverage or frequency. Much of the revenue generated from such programs would transfer the cost of fares from the user to the municipality, and fare revenue is only a small portion of AC Transit's operating revenues.

ALTERNATIVES ANALYSIS:

There were no alternatives considered to the resolution.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 333 - Fare Policy Goals and Methodology

ATTACHMENTS:

1. Resolution 21-040

Prepared by:

Chris Andrichak, Chief Financial Officer

Approved/Reviewed by:

Chris Andrichak, Chief Financial Officer

Beverly Greene, Executive Director of External Affairs, Marketing & Communications

Robert del Rosario, Director of Service Development and Planning

Jill A. Sprague, General Counsel