

**Metropolitan Transportation Commission and Association of Bay Area Governments
Joint MTC ABAG Legislation Committee**

December 9, 2022

Agenda Item 4b

State Budget Strategy to Address Transit Agency Fiscal Cliff

Subject:

Overview of the strategy to secure multi-year funding to stave off the transit operating fiscal cliff and rebuild ridership.

Overview:

Staff's proposed top MTC/ABAG advocacy priority in 2022 is to secure multi-year funding to stave off the fiscal cliff facing many Bay Area transit agencies (and agencies statewide) while also investing in proven strategies to attract more riders to public transit. This item provides an update on current discussions, an overview of the Bay Area coalition and statewide advocacy work underway, and a summary of the proposed request.

No Funding Details Yet

Note that specific funding details are not yet incorporated into the request summary (Attachment A). This is for several reasons. First, operators are still refining their estimates of budget deficits by fiscal year and the final version of the Short Range Transit Plans, which provide service-impact details on a range of budgetary scenarios, is not due to MTC until the end of December. Second, prior to publicly releasing a specific target for state funding, we must coordinate with our statewide allies, including the California Transit Association, so as to develop a coordinated statewide ask.

With respect to the funding source, the preferred target is a portion of Cap and Trade funds that are subject to appropriation each year but could be secured in a specified amount or percentage for multiple years through legislation rather than subject to the annual budget process as is the case with funding from the state's General Fund. Moreover, the Legislative Analyst's Office recently forecasted that the General Fund may face a \$25 billion deficit next year and recommends the Legislature consider pausing, delaying or reassessing recent augmentations, which make any additional demands on that fund especially challenging at a time when we will also be advocating to protect \$2 billion proposed for FY 2023-24 for transit capital purposes as

part of last year's transportation package. While staff believes Cap and Trade to be the preferred approach, we are exploring all options with key stakeholders as well as the Bay Area delegation.

Preliminary Conversations Have Begun in Sacramento

Given what's at stake for the Bay Area's transit systems, staff have already begun preliminary conversations with many key stakeholders in Sacramento, including the Governor's Office, staff within the California State Transportation Agency, staff at the California Transportation Commission, staff with the Assembly and Senate transportation and budget committees, and Bay Area state delegation staff. Feedback to date has reflected general recognition that the success of transit is integral to the state's climate and equity goals; the question is whether transit will be able to make a case that it is more important than competing requests. At the same time, we received questions about the best metrics to determine (and drive) success and hold operators accountable for results.

Coalition Building and "Campaign" Organization is Underway

Staff is coordinating this advocacy strategy closely with Bay Area transit operators. Staff meets with large transit operator legislative staff on a biweekly basis and intends to update and consult with transit agency general managers (large and small operators) regularly. In addition, we are collaborating with non-governmental organizations, including SPUR, the Bay Area Council, the Silicon Valley Leadership Group, and Transform to ensure a cohesive communications message, develop an ever-expanding set of allies within the Bay Area and statewide, and coordinate on Sacramento legislative strategy.

Timing – What's Next?

With the Governor's Budget released the second week of January, staff is working with transit operators and other partners to continue raising the issue's profile this month. We do not anticipate the January budget to include any supplementary funding for transit operations, but we do want the topic to be top of mind when budget hearings begin in February. Recent news coverage in the East Bay Times/San Jose Mercury News spotlighted the issue (See Attachment B), attracting some helpful attention. We plan to build on this coverage through OpEds and other means.

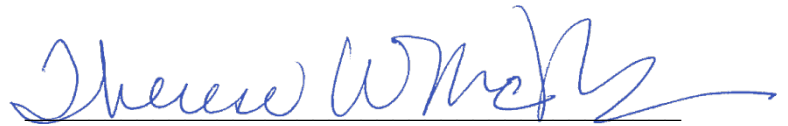
We look forward to hearing the Committee's feedback on the strategy summary and answering any questions you may have.

Recommendation:

Information

Attachments:

- Attachment A: Transit Recovery Package
- Attachment B: "*Doomsday Scenario for Sinking Bay Area Transit,*" by Eli Kamisher, Bay Area News Group



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