



Alameda-Contra Costa Transit District

Michael Hursh, General Manager

December 6, 2024

Alfredo Pedroza, Chair
Metropolitan Transportation Commission (MTC)
375 Beale Street
San Francisco, CA 94105

Dear Chair Pedroza,

I am writing on behalf of the Alameda-Contra Costa Transit District (AC Transit) to convey urgent concerns regarding the proposed Transportation Revenue Measure scenarios. While we greatly appreciate the Metropolitan Transportation Commission's (MTC) commitment to addressing the critical need for future sustainable transit funding, it is imperative to adopt an equitable approach in resource allocation. This is especially vital for agencies like AC Transit, which provide essential services to many of the Bay Area's most transit-dependent communities.

Unfortunately, AC Transit's financial needs remain unmet under Scenario 1A. The agenda item 6b, *"Endorsement of Proposed Transportation Revenue Measure Frameworks and Policy Provisions for Polling,"* inaccurately asserts that both scenarios (1A and Hybrid) would avert the most severe service cut scenarios for BART, AC Transit, and Caltrain. If AC Transit's fiscal needs are not addressed, we will be forced to reduce bus service to approximately 70 percent of pre-pandemic levels, mirroring the skeletal service provided during the height of the COVID-19 pandemic.

AC Transit faces a projected \$62 million deficit in FY 2026-27. Under Scenario 1A, AC Transit would receive \$30 million annually - an amount that falls woefully short of preventing these drastic service cuts. The report incorrectly states that AC Transit's elevated deficit in FY 2026-27 of \$62 million is due to a one-time pension obligation, when in reality it is the final year of a 20-year effort to prudently pay down our pension obligations. After decades of economic loss and substantial underfunding, the pension fund is forecasted to grow beyond the 80 percent funded ratio. Further, the pension fund is governed by an independent board not under the control of the AC Transit board. This is yet another example where a "one size fits all" approach is being put forward, failing to recognize the individual financial obstacles transit agencies face.

Restoring 100 percent of service, as other operators in the region have done, would further increase AC Transit's deficit projections to \$91 million in FY 2027, \$65 million in FY 2028 and \$62 million in FY 2029.

Since the onset of the pandemic, AC Transit has taken significant measures to maintain fiscal stability, including cost reductions and maintaining service levels at 85 percent of 2019 levels. Despite these challenges, over 75 percent of our riders have returned, with average weekday ridership exceeding 126,000 as of last month. Between July and October of this fiscal year alone, ridership has nearly reached 14 million.

These figures underscore the critical role AC Transit plays in connecting our communities. However, the proposed revenue distribution based on fare loss is inherently inequitable and fails to account for the disproportionate impact on transit-dependent riders. Allocations should consider ridership levels to ensure resources are directed to transit systems carrying the highest percentage of riders compared to pre-pandemic levels.

As previously stated, AC Transit faces a projected \$62 million deficit in FY 2026-27, leaving a gap of almost \$30 million under Scenario 1A. While this elevated amount may be short-term, it is immediate and would force AC Transit to fill in the gap with emergency reserve funding. The reliance on emergency reserve funds to cover this shortfall highlights the precarious situation, potentially leaving AC Transit vulnerable without any financial safeguards. Additionally, the uncertainty of the measure advancing in the Legislature and being passed by the voters would likely force us to start reducing service in advance to ensure we do not run short of funds. Any further cuts in service from our already reduced level would significantly impact many riders without other means of transportation.

Further reductions in service could include:

- Elimination of peak-hour Transbay service between the Salesforce Transit Center in San Francisco and the East Bay.
- Elimination of lifeline All-Nighter Service between San Francisco and the East Bay.
- Significant frequency reductions to bus routes in Central and Southern Alameda County.
- Frequency reductions to key routes in the urban core from Alameda to Richmond.

Attempting to recover service and ridership after decimating service levels to 70 percent would be incredibly difficult to do, and in essence would defeat the purpose of the entire revenue measure.

Ultimately, service reductions such as those listed above require approval from the AC Transit Board of Directors. However, I have included them here as illustrative of the severity of cuts AC Transit riders would experience under Scenario 1A. A revenue measure that results in AC Transit reducing service has a very low likelihood of success in Alameda and Contra Costa counties.

Finally, I request that the MTC conduct robust polling to understand public opinion, as the current summaries rely on speculative assumptions and limited information. The polling *must* include questions addressing tradeoffs between service levels and other priorities, such as transit transformation, capital projects, and roadway improvements. Past MTC polls have not included tradeoff questions making those polling results difficult to rely on as the basis for expenditure recommendations. I strongly urge the Commission to reconsider the current approach to funding allocations and ensure that AC Transit receives its fair share of funding. Our communities deserve reliable, equitable transit options. AC Transit stands ready to continue collaborating to develop equitable solutions that sustain essential transit services for the Bay Area.

If you have any questions, feel free to contact me at 510-891-4753 mhursh@actransit.org or Claudia Burgos, Director of Legislative Affairs and Community Relations, at 510-701-2935 cburgos@actransit.org.

Sincerely,



Mike Hursh
CEO/General Manager
Alameda-Contra Costa Transit District (AC Transit)

cc: AC Transit Board of Directors
The Honorable Jesse Arreguin
The Honorable Mia Bonta
The Honorable Tim Grayson
The Honorable Alex Lee
The Honorable Aisha Wahab
The Honorable Buffy Wicks
The Honorable Scott Wiener