

Joint Legislative Audit Committee Final Report

Subject:

Staff will present the findings and recommendations of the Joint Legislative Audit Committee's (JLAC) audit of East Bay transit operators and the Metropolitan Transportation Commission (MTC).

Background:

In response to a request by Senator Wahab (California State Senate District 10), the JLAC initiated an audit of East Bay transit operators—including AC Transit, Union City Transit, County Connection (CCCTA), WestCAT (WCCTA), Tri-Delta Transit (ECCTA), and Wheels (LAVTA)—and MTC.

The summarized scope and objectives of the audit included:

- **Evaluate governance, autonomy, and coordination:** Assess how independently each transit agency operates, the barriers to inter-agency collaboration, and the effectiveness of regional coordination efforts
- **Assess rider experience and service integration:** Review multi-agency routes to determine ease of transfers, clarity of rider information, accessibility of schedules, payment systems, and opportunities to eliminate duplicative services.
- **Analyze ridership trends and performance:** Compare pre- and post-pandemic ridership levels, evaluate strategies used to attract riders, and assess whether ridership has recovered
- **Examine financial health and consolidation potential:** Review agencies' financial conditions, funding sources, and sustainability, and evaluate the feasibility, benefits, and challenges of consolidating transit services within each county.

The audit process began in the Summer of 2025 and concluded with a final report that was released on May 28th, 2026. Auditors spent the intervening time reviewing thousands of pages of documents that were provided by MTC and transit operators, interviewing staff at the subject agencies, and doing field work to assess the rider experience as a supplement to their analyses.

Stated findings of the audit include:

- **Ridership recovery remains slow:** Most agencies have recovered only 59–83% of pre-pandemic ridership, despite initiatives like free youth fares and targeted free routes.
- **Coordination across agencies is strong:** Agencies regularly collaborate with minimal barriers; only minor issues were identified. There are not significant duplicative services.
- **MTC coordination is active but some efforts have experienced delay:** MTC effectively convenes agencies and leads regional efforts, but implementation of some recent initiatives (e.g., Transit Transformation Action Plan) have fallen behind original timelines.
- **Rider experience is generally functional:** Real-world testing found no major transfer challenges, though signage clarity and information quality at some stops could improve.
- **Financial outlook is challenging:** Most agencies risk depleting reserves by FY 2026–27 due to rising costs and limited fare revenue; fare increases alone are insufficient.
- **Zero-emission transition increases costs:** Required fleet electrification significantly raises capital and operating expenses; agencies may seek exemptions.
- **Consolidation offers limited benefit:** There are significant barriers to consolidation like higher labor costs, loss of dedicated funding, and legal and operational complications. Further, the auditors found that combined agencies would still face negative financial positions and limited resources.

The Final Report also detailed four recommendations – one for the state legislature, and three for MTC. The recommendation for the state legislature was to either extend the deadlines set by the California Air Resources Board for transit operators to transition to zero-emission bus purchases or to make more funding available for operators to comply with the mandate. For MTC, a summary of the audit’s recommendations and MTC’s responses are in the table below. The Final Report, including MTC’s response to its recommendations, is attached to this item.

Summary of JLAC’s MTC Recommendations and Response:

#	Recommendation	MTC Response
1	Related to the Transit Transformation Action Plan (TTAP), MTC should immediately establish realistic and attainable time frames for each item by setting major milestones and subtasks; identify potential risks and mitigation strategies for delays	TTAP was a voluntary action taken to improve public transportation coming out of the pandemic and the established action timelines were purposefully ambitious. MTC is implementing the action plan in coordination with the region’s 27 transit operators and has formalized the Regional Network Management structure to support TTAP implementation. MTC agrees with the goal of enhanced transparency on project delivery timelines.
2	To guide decision making and measure TTAP progress, MTC should build upon the adopted performance metrics to include achievable outcomes and define linkages between metrics and outcomes when it updates the action plan.	MTC agrees. The mission of Regional Network Management is to drive improvements in customer experience for Bay Area transit. We will use the adopted performance metrics to measure and track outcomes.
3	MTC should further identify funding sources, such as federal, state or locally-generated revenue, that could be obtained and directed to transit agencies at risk of reducing services, MTC should also work with transit agencies to identify operational cost savings where possible.	Since the pandemic, MTC has advocated for over \$5 billion in new revenue to assist with financial challenges. Last year, MTC successfully advocated for the passage of SB 63 which authorizes a 14-year regional transit measure to be placed on the November 2026 ballot to provide new transit operations funding. MTC will continue to advocate that the State of California increase financial support for public transit.

Next Steps:

JLAC requires audit subjects to provide updates on efforts to implement audit recommendations at 60-day, six month, and one-year intervals. Staff will submit its report on recommendation implementation on or before July 27th, through the JLAC’s secure website.

Issues:


None identified.

Recommendations:

Information

Attachments:

- Attachment A: JLAC Final Report
- Attachment B: Presentation

A handwritten signature in black ink, reading "Andrew B. Fremier", written over a horizontal line.

Andrew B. Fremier