



# AGENDA REPORT



**TO:** Honorable Mayor & City Council

**FROM:** Councilmember Kaplan  
At-Large

Council President Fortunato  
Bas  
District 2

Councilmember Fife  
District 3

Councilmember Kalb  
District 1

**SUBJECT:** State Funding For Public Transit

**DATE:** June 8, 2023

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## **RECOMMENDATION**

**Councilmembers Kaplan, Fortunato Bas, Fife, and Kalb Recommend That The City Council**

**Adopt A Resolution Urging The Governor And State Legislature To Provide Operations Funding To Help Oakland's Transit Systems Survive As They Recover From The Pandemic**

## **EXECUTIVE SUMMARY**

The Legislature's current budget proposal would lead to massive service cuts to Bay Area transit agency services such as Bay Area Rapid Transit (BART) and Alameda-Contra Costa Transit District (AC Transit). Amidst negotiations on the State Budget, this resolution urges the Governor and State Legislature to provide funding to avoid these service cuts to Oakland's and the Bay Area's transit agencies.

## **REASON FOR URGENCY**

Co-sponsors of this legislation are requesting this resolution bypass committee so that it may be published and shared with State Leadership prior to the passage of the budget.

## **BACKGROUND / LEGISLATIVE HISTORY**

Based on current ridership, service levels, and cost trends, Bay Area transit operators forecast annual budget shortfalls in the tens of millions of dollars in Fiscal Year (FY) 2023-2024, growing to almost four hundred million dollars beginning in FY 2024-2025, and growing to over seven hundred million dollars in the subsequent years.

AC Transit is facing a \$47 million budget deficit by FY 2024-25, and over five years, AC Transit's cumulative budget shortfall will total \$146 million. Similarly, BART is facing large operating deficits starting in FY 24-25 ranging from \$140 million-\$300 million. If new funding is not secured, BART and

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AC Transit are facing devastating cuts that will have serious impacts on the quality of life in the Bay Area, including potentially eliminating early morning, late evening, and most weekend services.

The COVID-19 pandemic has had a profound and unprecedented impact on public transit ridership worldwide. Public transit agencies faced immense challenges, grappling with reduced revenue, service adjustments, and increased safety protocols. Even as restrictions have eased and vaccination rates increased, the lingering effects of the pandemic and changes in commuting patterns continue to impact public transit ridership today. The path to recovery remains uncertain as transit agencies adapt to the evolving needs and expectations of passengers in this new normal.

### **REQUIRED LEGISLATIVE FOLLOW-UP**

This resolution directs Oakland's lobbyist to share this resolution with State Senator and Budget Chair Nancy Skinner, Assemblymember Buffy Wicks, Assemblymember Mia Bonta, and Governor Gavin Newsom.

### **ANALYSIS AND POLICY ALTERNATIVES**

As it stands, the Legislature's current proposal would disadvantage Oakland's and the Bay Area's transit agencies as the funding distribution is currently based on a region's formula rather than a region's transit ridership or lost transit revenue, which are much better proxies for how the state should distribute funding to avoid service cuts that would most severely impact transit-dependent riders. In addition, the State provides a smaller portion of AC Transit and BART's operations budget than other states do for similar large transit systems in their state.<sup>1</sup>

Despite the State itself acknowledging that transit ridership needs to double in order to meet the State's climate targets, the Legislature's current proposal also would not allocate any additional funding from the Greenhouse Gas Reduction Fund to avoid massive transit service cuts. Finally, the Legislature's current proposal would not allow excess one-time Federal Highway funds to be spent on transit operations to avoid massive service cuts, despite President Biden urging states to do so in his recent budget memo.

### **FISCAL IMPACT**

Bay Area transit operators forecast annual budget shortfalls in the tens of millions of dollars in Fiscal Year (FY) 2023-2024, growing to almost four hundred million dollars beginning in FY 2024-2025 and growing to over seven hundred million dollars in the subsequent years. Without additional state funding to address these budget shortfalls, these operators will be forced to implement drastic service cuts, while laying off workers and/or increasing fares. Such actions risk sending these operators into a spiral of reduced ridership and revenue, requiring further service cuts and deeper ridership losses.

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<sup>1</sup> Tolkoff, L. (2023) *It's time for California to step up for public transit: Here's how to help*, SPUR. Available at: <https://www.spur.org/news/2023-05-09/its-time-california-step-public-transit-heres-how-help>.

### **PUBLIC OUTREACH / INTEREST**

A coalition of over 100 transit operators, community-based organizations, local governments, and non-profits sent a [letter](#) on May 11th to State leadership requesting they protect public transit in the budget.

10 members of Congress shared a similar [letter](#) with State leadership to provide near-term public transportation operations funding in the budget as well.

### **COORDINATION**

Co-sponsors of this legislation worked in close partnership with Bay Area Rapid Transit District leadership and staff on drafting this legislation. In addition, the resolution has been reviewed and approved as to form and legality by the City Attorney's Office.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** Bay Area transit operators forecast annual budget shortfalls in the tens of millions of dollars in Fiscal Year (FY) 2023-2024, growing to almost four hundred million dollars beginning in FY 2024-2025 and growing to over seven hundred million dollars in the subsequent years. Without additional state funding to address these budget shortfalls, these operators will be forced to implement drastic service cuts, while laying off workers and/or increasing fares. Such actions risk sending these operators into a spiral of reduced ridership and revenue, requiring further service cuts and deeper ridership losses.

***Environmental:*** Despite the State itself acknowledging that transit ridership needs to double in order to meet the State's climate targets, the Legislature's current proposal also would not allocate any additional funding from the Greenhouse Gas Reduction Fund to avoid massive transit service cuts. Reducing train and bus services will lead to an increase in passenger vehicles on the road which will have detrimental effects on pollution and carbon emissions.

***Race & Equity:*** Access to high-quality public transit is an equity issue that deeply impacts Oakland residents. Studies consistently show that commute access is a key indicator of whether or not a person can escape poverty.<sup>2</sup> Efficient, safe, affordable, and accessible transportation systems not only promote economic productivity and create jobs but can increase access to employment, education, and other essential life-shaping opportunities that enable people to improve their living conditions. People of color, students, seniors, and low-income people are also the primary users of public transportation. 67% of BART riders are people of color, and 44% do not have a vehicle. Therefore, providing funding to avoid service cuts to Oakland's and the Bay Area's transit agencies is crucial to supporting these populations.

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<sup>2</sup> [Transportation Access: Boosting Upward Mobility \(Urban Institute\)](#). Transportation Access | Boosting Upward Mobility (Urban Institute). (2021, December 28).

**ACTION REQUESTED OF THE CITY COUNCIL**

**Councilmembers Kaplan, Fortunato Bas, and Fife Recommend That The City Council**

**Adopt A Resolution Urging The Governor And State Legislature To Provide Operations Funding To Help Oakland's Transit Systems Survive As They Recover From The Pandemic**

For questions regarding this report, please contact Christine Miyashiro, Policy Director, at [cmiyashiro@oaklandca.gov](mailto:cmiyashiro@oaklandca.gov)

Respectfully submitted,

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