



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

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 the San Francisco Bay Area Rapid Transit District (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

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starting in FY 24-25 ranging from \$100 million-\$300 million. If new funding is not secured, BART and 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.

Dramatic service cuts in transit service will hinder the post-pandemic ridership recovery and delay transit stabilization. The result for California will be greater congestion on local roadways, negative impacts to goods movement and the economy, additional emissions, and a reversing of the progress toward meeting our state's climate goals.

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.¹

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.

¹ 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>.

Without aid from the state, no amount of cuts or budget adjustments will be enough to reasonably manage the fiscal cliff transit agencies are facing due to the loss of fare revenue and disappearance of federal relief funds.

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.

On June 1 a legislative sign-on [letter](#) was sent to the Governor and Legislature Leadership calling for the state to provide new operations funding to transit agencies. The letter was signed by 35 legislators representing urban, rural, and coastal districts.

A coalition of 60 local, regional, and statewide organization sent a [letter](#) on June 2 to the Governor and Legislative leadership on proposed legislative budget actions and additional needs for transit operations funding.

19 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 BART on drafting this legislation.

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.² Efficient, safe, affordable, and accessible transportation systems not only promote economic productivity and create jobs but can increase access to employment, education, and other

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

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.

ACTION REQUESTED OF THE CITY COUNCIL

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

For questions regarding this report, please contact Christine Miyashiro, Policy Director, at cmiyashiro@oaklandca.gov

Respectfully submitted,

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