

San Francisco Bay Area Rapid Transit District

Board Workshop 2023





Financial Stability: Short- and Long-Term Strategy

Board Workshop

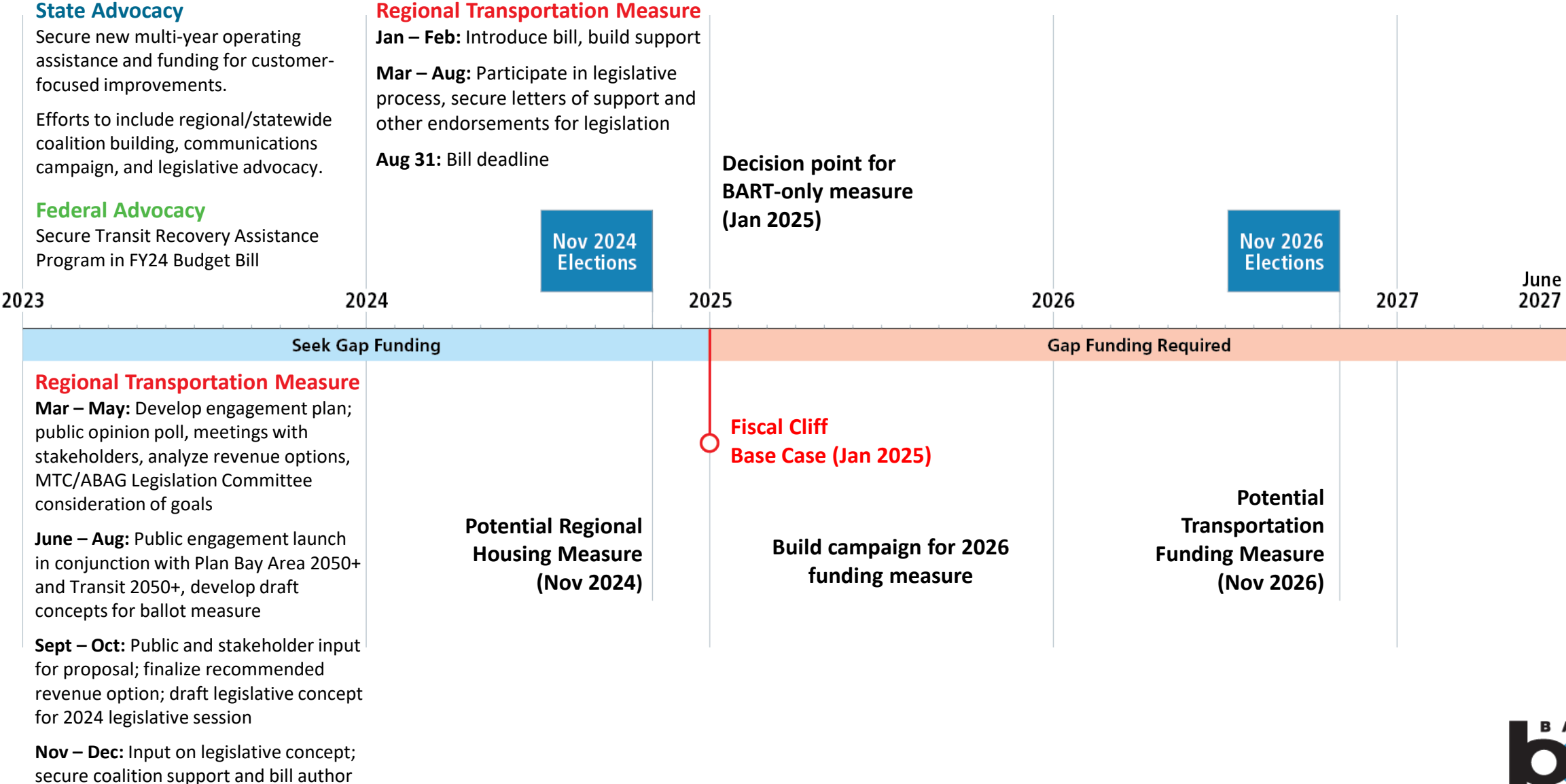
February 23, 2023



Presentation Overview

- Multi-Year Outlook for Short and Long-Term Funding
- Statewide Strategy (California Transit Association)
- Long-Term Regional Strategy (Metropolitan Transportation Commission)
- Education Campaign

Multi-Year Outlook for Short- and Long-Term Funding



Statewide Strategy
Presented by the California Transit
Authority

California Transit
Association



Approach to Addressing Transit Operations Funding Shortfall

February 23, 2023

CaliforniaTransit
Association



State Budget Development Timeline

Michael Pimentel

Executive Director

California Transit Association



Timeline

- **January 10:** Governor releases proposed FY 2023-24 state budget
- **February – May:** Budget subcommittees hold hearings on proposed FY 2023-24 state budget
- **May 15:** Governor releases “May Revise” of proposed FY 2023-24 state budget / may not matter from a revenue projection standpoint
- **May - July:** Budget subcommittees/budget committees hold hearings on “May Revise,” budget adjustments, approve FY 2023-24 state budget
- **July 1:** Start of FY 2023-24
- **July – September:** Continued action on main budget bill and trailer bills

CaliforniaTransit
Association



Organizing Structure for Budget Advocacy – Transit Ops. Funding

Michael Pimentel

Executive Director

California Transit Association



Association's Subcommittee

- **Goals**

- Define budget request (funding source, distribution mechanism, etc.)
- Advise on strategy, tactics, negotiations
- Ensure coordination across regions-agencies/stakeholders

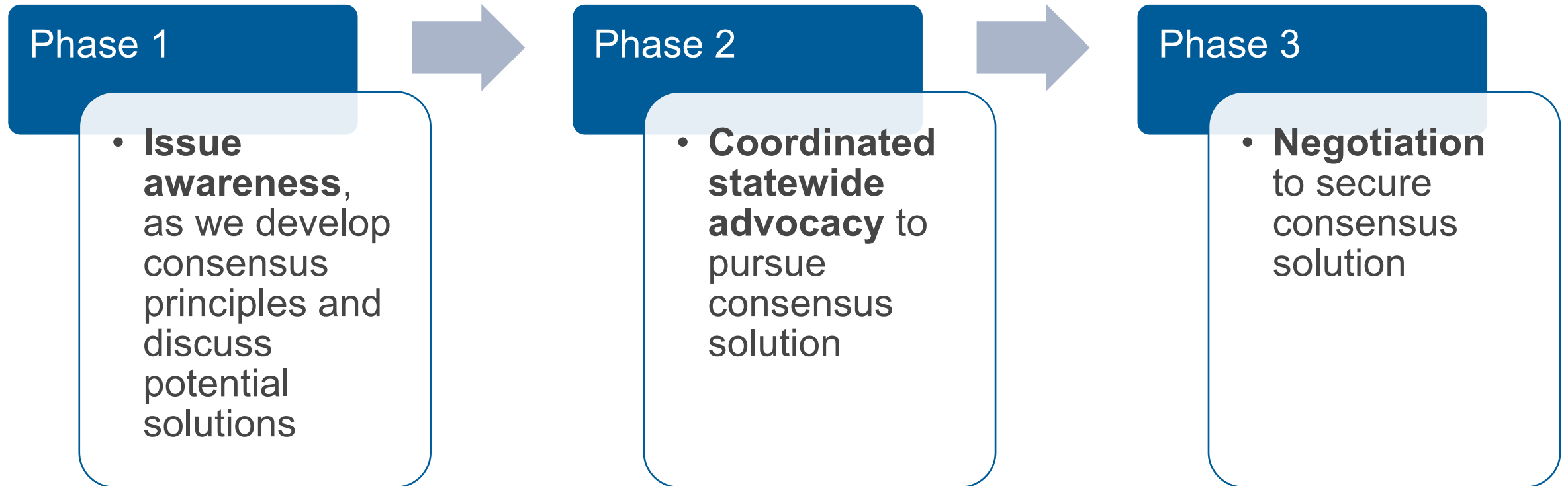
- **Composition**

- 15 members total – Chaired by Sharon Cooney (San Diego MTS)
- All members appointed by Executive Committee Chair Karen King
- All members sourced via survey from Executive Committee and/or State Legislative Committee
- Establishes geographic and modal balance

Subcommittee Roster

Name	Title	Organization
Sharon Cooney	CEO (Chair)	San Diego Metropolitan Transit System
Beverly Greene	Executive Director of External Affairs, Marketing & Communications (Vice Chair)	Alameda - Contra Costa Transit District (AC Transit)
Kate Breen	State and Federal Government Affairs Manager	San Francisco Municipal Transportation Agency
Amanda Cruz	Director of Government and Community Relations	San Francisco Bay Area Rapid Transit District
Adam Barth	CEO	Stanislaus Regional Transit Authority
Alex Davis	Senior Manager, Government Relations	Metrolink
Devon Ryan	Government and Community Affairs Officer	Peninsula Corridor Joint Powers Board (Caltrain)
Georgia Gann Dohrmann	Assistant Director, Legislation	Metropolitan Transportation Commission
Jerry Estrada	General Manager	Santa Barbara MTD
Jim Lawson	Chief of External Affairs	Santa Clara Valley Transportation Authority
Kate Miller	Executive Director	Napa Valley Transportation Authority
Kristin Jacinto	Manager, State and Federal Relations	Orange County Transportation Authority
Michael Turner	Executive Officer, Government Relations	Los Angeles County Metropolitan Transportation Authority
Michelle Overmeyer	Director of Planning and Innovation	Monterey-Salinas Transit
Seamus Murphy	Executive Director	San Francisco Bay Area Water Emergency Transportation Authority

Phased Approach



Phase 1: Issue Awareness

Timeline: November 2022 – March 2023

Tactics:

- Meetings with Administration, key legislators, and stakeholders
- Activation of legislative champions
- Standing meetings with policy & budget committee staff
- Earned media
- Limited digital advocacy campaign

Role of Subcommittee:

- 1) Share information
- 2) Review survey results
- 3) Establish consensus principles, solution
- 4) Provide oversight on strategy, tactics

Issue Awareness in Practice

December 21 Pre-Budget Letter



Connecting us.

December 21, 2022

The Honorable Gavin Newsom
Governor
State of California
State Capitol, Suite 1173
Sacramento, CA 95814

The Honorable Toni Atkins
President Pro Tempore
California State Senate
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker
California State Assembly
State Capitol, Room 209
Sacramento, CA 95814

Re: California Transit Association's Fiscal Year 2023-24 Budget Priorities

Dear Governor Newsom, President pro Tempore Atkins, and Speaker Rendon:

On behalf of the 85 transit and rail agency members of the California Transit Association, I want to inform you of our Association's budget priorities for the Fiscal Year (FY) 2023-24 State Budget. While we understand the state is in a precarious fiscal situation, we believe there exists ample opportunity to work with you on moving our agenda forward to ensure that public transit agencies can continue to bring riders back to our systems & enhance mobility options, grow & maintain our services, further the state's environmental objectives, and support good paying jobs.

Appropriate Committed Transit Funding: First, thank you for providing an unprecedented level of General Fund investment in public transportation infrastructure in the FY 2021-22 and 2022-23 budgets, as well as for the commitment to continued investments in our systems. Importantly, the FY 2022-23 budget identifies an additional \$4 billion for public transportation infrastructure in FY 2023-24 and FY 2024-25. Despite the potential for the state to face a worsened fiscal position, we believe it is critical that this funding be appropriated in the coming fiscal years. This investment is critical to completing transit capital projects statewide, leveraging additional federal funds, and potentially helping to address other Association priorities. We wholeheartedly support the inclusion of the identified \$2 billion in the FY 2023-24 budget and look forward to working with your offices on the distribution of these funds once appropriated.

1415 L Street, Suite 1000, Sacramento, CA 95814

T: (916) 446-4318 F: (916) 446-4318

caltransit.org

Support Transit Operations Funding: As you know, transit and rail agencies across California have significantly benefited from the emergency funding bills passed by the United States Congress and the statutory relief passed by the State Legislature in 2020 and 2021. While this emergency funding and statutory relief, has allowed California transit and rail agencies to continue to deliver vital service, including to those vulnerable communities and essential workers that have historically comprised the core of our ridership, it was authorized with the assumption that our pandemic-related ridership challenges would be short-lived. While ridership has started to rebound, some transit agencies are still facing ridership levels (and farebox revenues) well-below pre-pandemic levels driven by several factors, including continued remote-work flexibility and rider concerns over their health & safety. Agencies also face increased operating costs stemming from increased inflation and supply-chain issues, as well as increased costs for vehicles, locomotives, and vessels to bring zero-emission technology online. As such, without additional support from the state, some of California's largest and most vital transit systems may soon be tasked with cutting services or increasing fares. We are requesting the Administration and the Legislature work with the Association to address operating funding challenges, while exploring ways to improve operations and bring riders back to California's transit systems. Additionally, we are requesting that the Administration and the Legislature extend the statutory relief provided to California's transit agencies through Fiscal Year 2024-25.

Provide Access to Homelessness Resources: As transit agencies work to bring back riders, our Association continues to hear concerns about the growing homelessness problem on our systems and the threat to public safety that comes with it. Individuals experiencing homelessness frequently shelter in stations and on trains & buses. A recent study released by the [University of California](#) found that approximately 85 percent of transit agencies described homelessness as a challenge and nearly 50 percent of transit agencies described an increase in individuals experiencing homelessness on their systems due to the pandemic. Possibly related to this increase, transit agencies have seen a growing number of crimes committed against passengers & operators and growing concerns from riders that they no longer feel safe on transit systems. In recent budgets, the Administration and Legislature have dedicated significant funding supporting programs for individuals experiencing homelessness and mental health issues. However, transit agencies have unfortunately been precluded from directly applying for and receiving these funds and have instead had to rely on coordination with local agency partners, which has proven challenging, especially for regional transit systems serving multiple jurisdictions. As such, we believe that transit agencies should be eligible for, or provided with, a dedicated source of funding for addressing homelessness and that the state provide guidance to current funding recipients to require better coordination with transit agencies to create more meaningful and successful partnerships.

Sustain Investments in Zero-Emission Transit Fleets: Finally, the Association and our members continue to transition the state's transit fleet to zero-emission and greatly appreciate the continued investments in buses, rail, and ferries for these purposes. We strongly supported the multi-year state investment in zero-emission fleets and the infrastructure necessary to support the deployment of these new technologies included in the FY 2022-23 budget. These investments help facilitate early compliance with ARB's innovative clean transit (bus) regulation, commercial harbor craft (ferry) regulation, and pending zero-emission locomotive

(rail) regulation; expand access to zero-emission mobility broadly; drive purchase orders at California-based manufacturers, and better position California transit agencies to be competitive for federal funding. We request that the FY 2023-24 budget continue to invest in these technologies and continue to dedicate funds solely for the benefit of California's public transportation systems.

Thank you for considering our budget priorities and we look forward to meeting with your offices soon to discuss the above in more detail as we work collaboratively to find solutions to the issues our public transportation agencies are facing. If you have any questions about our budget priorities, please contact me at michael@caltransit.org or 916-446-4656 x1034.

Sincerely,

Michael Pimentel
Executive Director

cc: The Honorable Nancy Skinner, Chair, Senate Budget and Fiscal Review Committee
The Honorable Lena Gonzalez, Chair, Senate Transportation Committee
The Honorable Phil Ting, Chair, Assembly Budget Committee
The Honorable Laura Friedman, Chair, Assembly Transportation Committee
Mr. Toks Oluwalana, Secretary, California State Transportation Agency
Members, Executive Committee, California Transit Association
Members, State Legislative Committee, California Transit Association

Issue Awareness in Practice (Cont.)

Immediate Budget Response



FOR IMMEDIATE RELEASE

January 10, 2023

Contact: Erik Mebust, erik.mebust@sen.ca.gov 916-995-0692

Senator Wiener's Statement on Critical Need for Public Transportation Funding in State Budget

SACRAMENTO – Senator Scott Wiener (D-San Francisco) released the following statement regarding the critical need for public transportation funding in the state budget:

“Governor Newsom proposed a difficult budget today, which accounts for our significant deficit. While I fully understand the tough choices we have to make, we must not let our public transportation systems go over the impending fiscal cliff and enter a death spiral — where budget shortfalls lead to service cuts that lead to ridership drops that lead to further budget shortfalls and service cuts. The State must serve as a financial back-stop against this fiscal cliff to ensure our transit systems survive.

“Unfortunately, the Governor’s proposed budget does not address the transit fiscal cliff; instead it cuts and defers transit capital funds, which will make it even harder for these systems to meet future needs, including California’s climate goals.

“COVID-19 was the perfect storm for our public transportation systems. It eviscerated ridership at a time when decades of under-funding and other structural issues made our transit agencies over-reliant on fares. Ridership has increased since pandemic lows, but it hasn’t returned to pre-pandemic levels. Many agencies are now facing disastrous funding shortfalls when federal relief money runs out in the near future.

“Allowing our transit systems to deteriorate and fall apart is simply not an acceptable option for California. Millions of Californians depend on public transportation to get to work, school, the doctor, the supermarket, or family. Transit isn’t optional. It’s an essential public good and an essential tool in meeting California’s ambitious climate goals and avoiding even worse traffic congestion.

“The State must step in to bridge the gap until these agencies can secure more sustainable sources of funding and until ridership recovers. I look forward to working with my colleagues, the Governor, transit agencies, and other stakeholders to ensure this [absolutely vital](#) service continues uninterrupted.”

CAL MATTERS

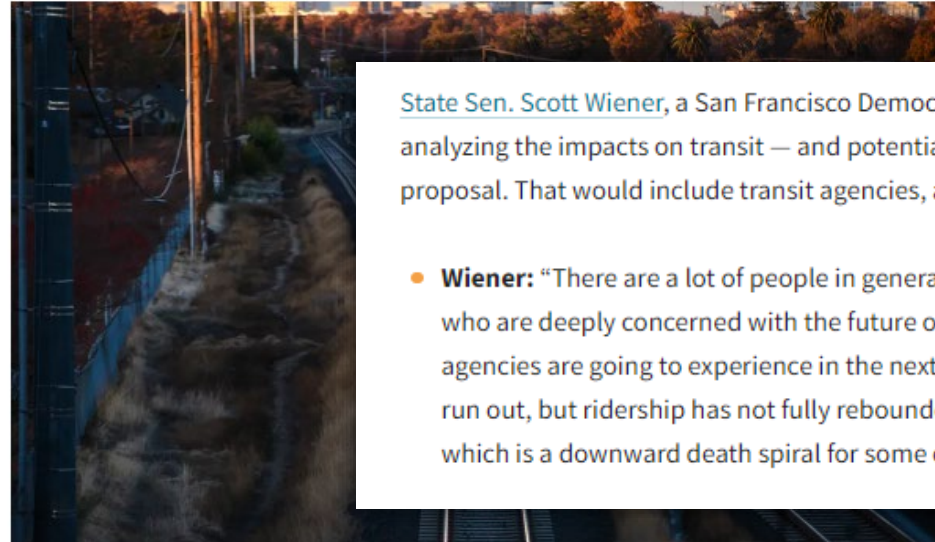
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Will California budget cuts take transit off track?



A Sacramento Regional Transit light rail train in Sacramento on Nov. 30, 2022.

State Sen. Scott Wiener, a San Francisco Democrat, [let it be known Thursday](#) that he is analyzing the impacts on transit — and potentially forming a “big coalition” to fight the proposal. That would include transit agencies, advocates and others in the Legislature.

- **Wiener:** “There are a lot of people in general, and a number of people in the Legislature, who are deeply concerned with the future of transportation given the fiscal cliff that agencies are going to experience in the next one to two years as federal emergency funds run out, but ridership has not fully rebounded yet. It could lead to significant service cuts, which is a downward death spiral for some of these agencies.”

- **Michael Pimentel, executive director of the California Transit Association:** “We’re going to be working with the Legislature throughout this budget process to identify a path forward to restoring the proposed cuts — but also to address this operational funding shortfall that agencies across the state are facing.”

Issue Awareness in Practice (Cont.)

Legislative Budget Response Letter



January 18, 2023

The Honorable Toni G. Atkins
Senate President Pro Tempore
California State Senate

The Honorable Nancy Skinner
Chair, Senate Budget Committee
California State Senate

Honorable María Elena Durazo
Chair, Budget Subcommittee No. 5
California State Senate

The Honorable Anthony Rendon
Speaker of the Assembly
California State Assembly

The Honorable Phil Y. Ting
Chair, Assembly Budget Committee
California State Assembly

Honorable Steve Bennett
Chair, Budget Subcommittee No. 3
California State Assembly

Dear Pro Tempore Atkins, Speaker Rendon, Senator Skinner, Assemblymember Ting, Senator Durazo, and Assemblymember Bennett,

We write to express concern about the major proposed funding reductions for public transportation in the Governor's recently released FY 2023-24 budget proposal. We also write to formalize our call for the state to provide sorely needed transit operations funding as part of next fiscal year's budget. California's transit agencies are facing major funding shortfalls - in some cases, as early as this coming year - that would seriously impact the ability of these systems to maintain service for Californians, including our most vulnerable residents who are transit-reliant. The state budget must provide sorely needed transit operations funding to help agencies avoid these shortfalls as federal emergency funding ends and as agencies' fare revenue recovers.

Transit agencies across California are at risk of drastic service cuts due to large near-term operating budget shortfalls. For some agencies, these budget shortfalls pose an existential threat to their long-term viability. These budget shortfalls are driven by three main factors:

1. Ridership trends throughout the state have not recovered to pre-pandemic levels due in part to changed commute patterns and the increased prevalence of remote work. While ridership continues to rebound, that rebound has been slow.
2. Operating and capital costs are rising due to inflation.
3. Federal emergency relief funds - provided during the pandemic to sustain transit agencies - are set to run out - for some in the coming fiscal year.

Pro Tempore Atkins, Speaker Rendon, Senator Skinner, Assemblymember Ting, Senator Durazo, and Assemblymember Bennett
January 18, 2023
Page 3

We understand the state is projecting a budget shortfall and that difficult choices must be made. However, allowing the state's transit systems to unravel would have long-term, possibly irreversible, devastating impacts on California's transportation system and climate goals. Transit is an essential service for millions of Californians as they go about their daily lives - whether going to work, school, home, doctor's appointments, grocery shopping, or any other number of trips. As we noted earlier, transit is also an essential tool in meeting California's ambitious climate goals and avoiding increased traffic congestion by reducing vehicle miles traveled per capita.

Given the pressing and potentially disastrous consequences that could result from a failure for the state to help transit agencies bridge the gaps in funding needs until a long-term revenue source is identified, we reiterate the need for the budget to address operating funding challenges while exploring ways to improve operations and bring riders back to California's transit systems. The state's budget should also honor and restore previously committed TIRCP funds for transit projects to help avoid additionally stressing transit agency budgets. Additionally, the budget should extend statutory relief provided to California's transit agencies through Fiscal Year 2024-25.

Thank you for considering our perspective on this critical issue.

Sincerely,

Scott Wiener
Senator, 11th District

Wendy Carrillo
Assemblymember, 52nd District

Ben Allen
Senator, 24th District

Miguel Santiago
Assemblymember, 54th District

Catherine Blakespear
Senator, 38th District

Mia Bonta
Assemblymember, 18th District

Issue Awareness in Practice (Cont.)

Sustained Budget Response

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OPINION

California transit agencies need more state support



BY MICHAEL PIMENTEL POSTED 02.02.2023

TWITTER

FACEBOOK

EMAIL

OPINION: In 2022, the State of California invested a historic \$8 billion in transit and rail capital projects to build a stronger, more equitable, and more sustainable transportation network for the future. Facing a \$22.5 billion “budget problem,” the Fiscal Year (FY) 2022-23 State Budget released by Governor Newsom on January 10 proposes to reduce this investment by \$2 billion. Critically, the budget is silent on the looming and pandemic-induced operations funding crisis faced by agencies statewide. Without dedicated operations funding, some of the state’s largest transit agencies will have to reduce service, lay off staff, and defer maintenance and modernization programs.

California public transit agencies survived the pandemic because of unprecedented federal action – which provided \$69.4 billion nationwide through the CARES Act, CRRSA Act, and the American Rescue Plan – as well as state statutory relief. These emergency measures, reflecting federal and state leaders’ understanding of the essential service provided by transit agencies, were intended to bridge the shortfalls in transit revenue until ridership recovered. Ridership still has not recovered to pre-pandemic levels. A survey by the University of California Institute of Transportation Studies (UC ITS) found that more than half of the state’s transit agencies are still relying on federal funding. This federal funding and state statutory relief is running out and the state must act.

FACT:
CA imports 75%
of our oil
resulting in higher
gas prices



Paid for by Californians for Energy Independence

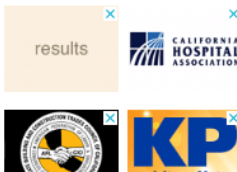
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California Transit Association
@CalTransit

READ NEW OP-ED: CA's public transit agencies are facing catastrophic funding crisis. We are urging Governor Newsom & Legislature to restore transit capital cuts, provide ops funding & extend state statutory relief. By @mpimentel88 in @Capitol_Weekly:



capitolweekly.net

California transit agencies need more state support - Capitol Weekly
Without dedicated operations funding, some of the state’s largest transit agencies will have to reduce service, lay off staff, and defer maintenance and...

Issue Awareness in Practice (Cont.)

January 25 Budget Response Letter

January 25, 2023

The Honorable Toni G. Atkins
Senate President Pro Tempore
California State Senate

The Honorable Nancy Skinner
Chair, Senate Budget Committee
California State Senate

The Honorable María Elena Durazo,
Chair, Budget Subcommittee No. 5
California State Senate

The Honorable Anthony Rendon
Speaker of the Assembly
California State Assembly

The Honorable Phil Y. Ting
Chair, Assembly Budget Committee
California State Assembly

The Honorable Steve Bennett
Chair, Budget Subcommittee No. 3
California State Assembly

RE: California Transit Association's Response to Proposed FY 2023-24 Budget

Pro Tempore Atkins, Speaker Rendon, Senators Skinner and Durazo, and Assemblymembers Ting and Bennett:

On behalf of the 85 transit and rail agency members of the California Transit Association, I write to inform you of the Association's significant concerns with the proposed reductions to transit and transportation spending included in the Governor's proposed FY 2023-24 budget, and to further elevate our member agencies' requests for operations funding assistance to address near-term funding shortfalls and to support transit agencies in their recovery from the COVID-19 pandemic. We respectfully request that the Legislature address these priorities in concert with the Administration and the Association as the budget process proceeds.

The proposed \$297 billion budget for FY 2023-24, which projects a \$22.5 billion deficit, contains several troubling cuts to transportation funding programs. Among these cuts is the proposed reduction of \$2 billion in funding previously committed to the Transit and Intercity Rail Capital Program (TIRCP) – a proposal that includes a conditional trigger, allowing for these funds to be restored if the state's fiscal outlook improves. At a time when many transit agencies face near-term budget shortfalls due to dwindling federal emergency relief funds, inflationary pressures, and stagnating ridership, we believe it is critical that the state maintain transit funding at the levels that were agreed to as part of 2022's transportation spending package. This funding would allow transit agencies to continue to make progress on the state's environmental, mobility, and equity objectives. We additionally observe that this investment in the TIRCP was a key element of the budget discussions that ultimately led to the historic \$11 billion commitment to transit, active transportation, climate adaptation and high-speed rail in the FY 2022-23 Budget

Connecting us.

Act. This carefully crafted agreement was wholeheartedly supported by our member agencies and deserves to be upheld not only for the reasons previously stated, but also because (as discussed at the time of its enactment) [this funding primes](#) transit agencies to take advantage of the generational investment provided by the federal Bipartisan Infrastructure Law. Now is not the time to cut funding for transit agencies.

As you know, at the height of the COVID-19 pandemic, transit agencies statewide were fortunate to receive emergency funding from the federal government, as well as statutory relief from the State of California. This relief has been critical to transit agencies and the communities they serve, as it supported day-to-day transit operations, allowed transit agencies to implement enhanced public health protocols in response to the pandemic, and provided transit agencies with a runway to re-envision their services and regrow ridership. Unfortunately, this relief will soon lapse as federal emergency funding is exhausted by transit agencies and state statutory relief expires at the end of FY 2022-23.

As transit agencies continue to rebound from the long-lasting effects of the COVID-19 pandemic on commute patterns, ridership, and capital and operations costs, we believe it is crucial that the state explore solutions to provide transit agencies with the funding necessary to continue day-to-day operations without having to reduce services or increase fares, while also providing funding to transit agencies to implement programs and strategies geared toward bringing riders back. Through our engagement with our member agencies and survey data we have collected from them this year, the Association stands ready to advise and support the Administration and Legislature in these deliberations. Additionally, we believe it is vital that the state extend the statutory relief provided to transit agencies by additional two years – through FY 2024-25 – as this extension would allow more time for transit operations to recover, stave off unwarranted and counterproductive shifts in transit funding, while also allowing agencies to continue operations without service impacts. From the data we have collected, more than 80 percent of responding agencies noted that such relief has been helpful in maintaining their service and ridership.

In summary, we request the Administration and Legislature work with the Association to restore capital funding for transit agencies, provide flexible funding for operations, and extend statutory relief through FY 2024-25. We thank you for supporting transit agencies throughout the pandemic and for considering our budget requests. We look forward to meeting with your offices soon to discuss them in more detail as we work to find solutions to the issues our public transportation agencies are facing. If you have any questions about our requests, please contact me at Michael@caltransit.org or (916)-446-4656 x1034.

Sincerely,



Michael Pimentel
Executive Director

The Honorable Gavin Newsom, Governor, State of California
Toks Ocasio, Secretary, California State Transportation Agency
Mark Tollefson, Undersecretary, California State Transportation Agency
Members, Executive Committee, California Transit Association
Members, State Legislative Committee, California Transit Association

Issue Awareness in Practice *(Cont.)*

- Participation in Assembly and Senate Budget Committee Hearings (1/18, 2/8)
- Standing Meetings with Consultants for Transportation, Budget Committees (1/4, 1/18, 1/25, 2/10; Ongoing)
- Meeting with Senate Budget Sub. 2 Chair Josh Becker (1/31) [Staff]
- Meeting with CalSTA Secretary Toks Omishakin (2/10)
- Meeting with Budget Sub. 3 Chair Steve Bennett (2/22)
- Meeting with Assembly Speaker Anthony Rendon (2/24) [Staff]
- Panel Participation in Joint Hearing of Transportation Committees on Transit Operations (2/27)

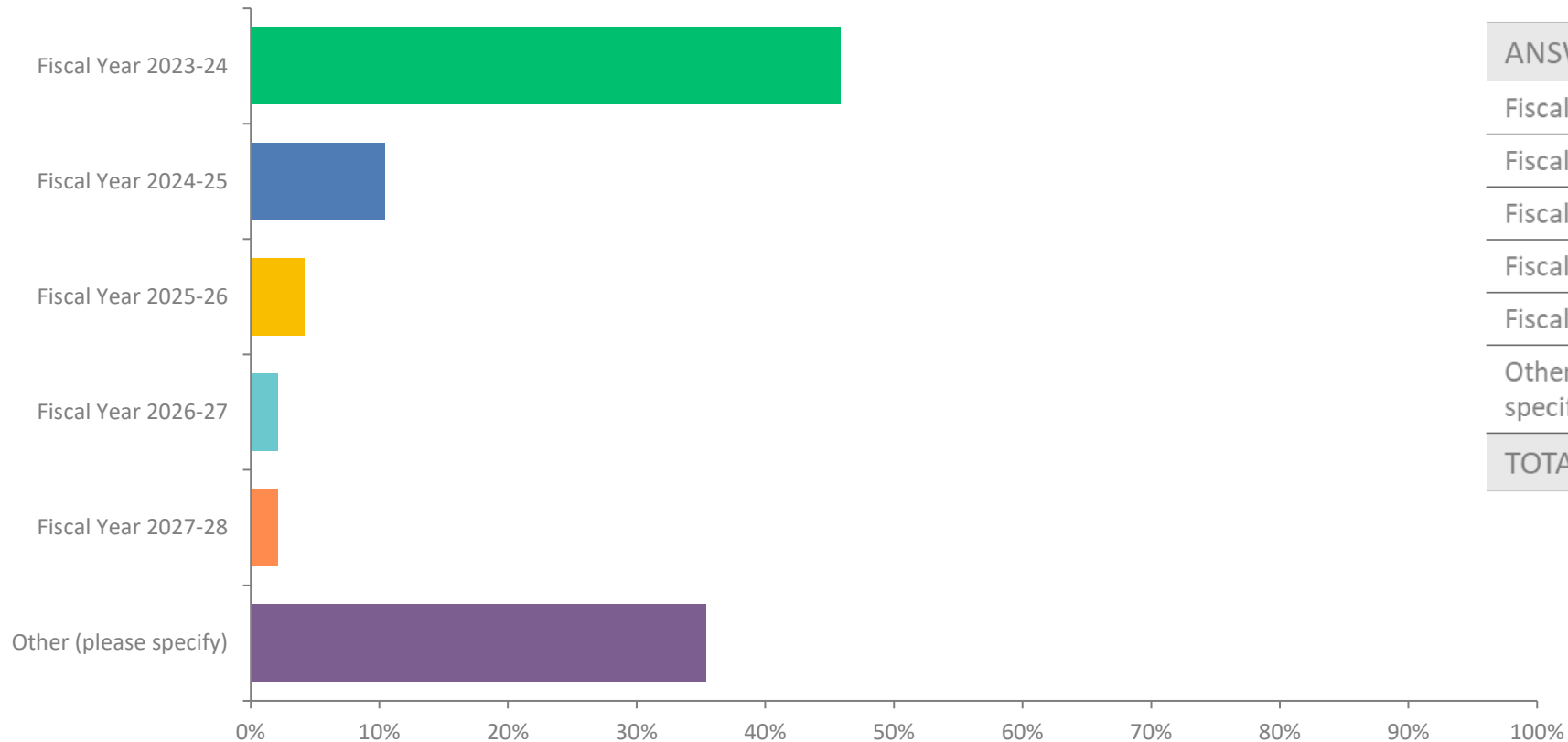
Remaining Work of Subcommittee

Ongoing (as of 2/15/23)

- Remediation of results from Association-wide survey
- Establishment of consensus principles to inform budget request
- Coordination across regions-transit agencies

Association Survey Results (As of 2/15)

Please identify in which state fiscal year your agency projects to fully expend the federal COVID-19 relief funding you received.



ANSWER CHOICES	RESPONSES
Fiscal Year 2023-24	45.83%
Fiscal Year 2024-25	10.42%
Fiscal Year 2025-26	4.17%
Fiscal Year 2026-27	2.08%
Fiscal Year 2027-28	2.08%
Other (please specify)	35.42%
TOTAL	

Preliminary

Association Survey Results (As of 2/15)

Please identify in which state fiscal year your agency projects to fully expend the federal COVID-19 relief funding you received. (Responses from 20 largest survey respondents)

FY 2022-23 (Captured in 'Other')	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
<ul style="list-style-type: none"> Los Angeles County Metropolitan Transportation Agency Metrolink Orange County Transportation Agency 	<ul style="list-style-type: none"> Alameda-Contra Costa Transit District Fresno Area Express Golden Gate Bridge, Highway, and Transportation District Long Beach Transit Riverside Transit Agency San Francisco Municipal Transportation Agency San Mateo County Transportation District Santa Cruz METRO Stanislaus Regional Transit Authority 	<ul style="list-style-type: none"> Omnitrans Sacramento Regional Transit District San Francisco Bay Area Rapid Transit District 	<ul style="list-style-type: none"> Foothill Transit Monterey-Salinas Transit North County Transit District 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> San Diego Metropolitan Transit System Santa Clara Valley Transportation Authority

Preliminary

Association Survey Results (As of 2/15)

- As transit agencies statewide exhaust federal relief, operating deficits begin
 - Deficits begin in FY 2023-24, increase significantly in FY 2024-25
- **NOTE:** Depletion of federal relief not sole driver of operating deficits
 - Capital Costs (vehicles, parts/materials)
 - Operating Costs (labor, risk management/insurance, fuel)
 - Economic downturn (out-years)

Preliminary

Immediate Next Steps

1. Transit Operations Funding Subcommittee to continue to meet weekly to:
 - a) Finalize consensus principles
 - b) Review final survey results
 - c) Begin to review potential solution / identify consensus solution
2. Association staff to continue to meet with Administration, legislators, stakeholders
3. Association staff to share consensus solution with Association leadership, members; external stakeholders; legislative champions

Phase 2: Coordinated Statewide Advocacy

Timeline: March 2023 – September 2023

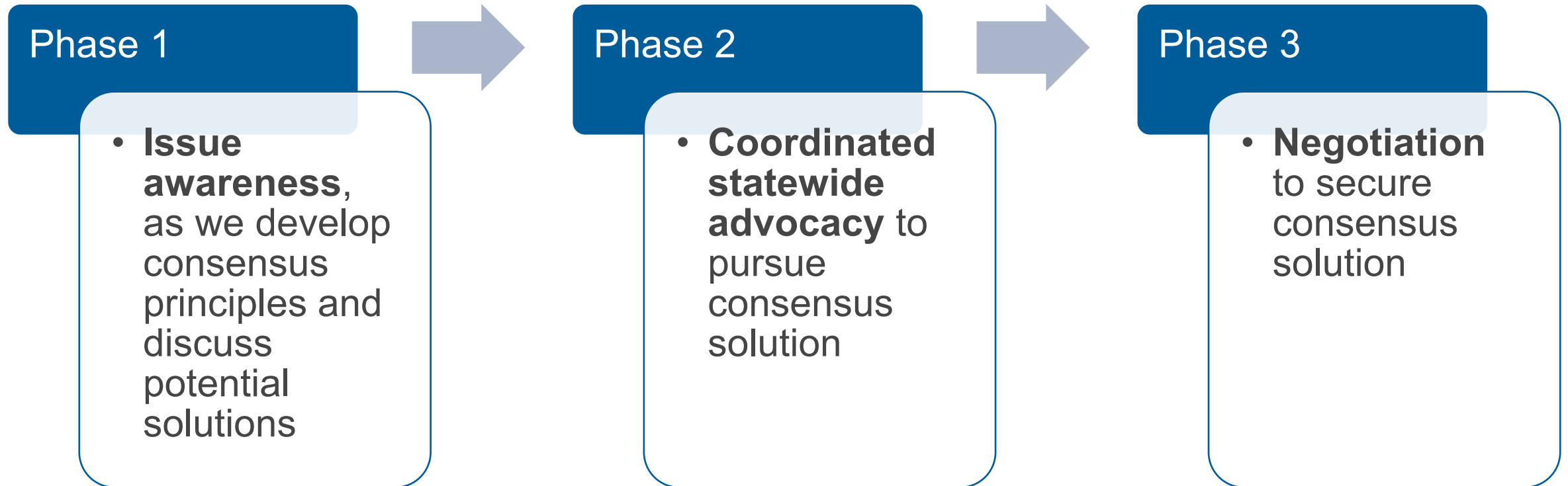
Tactics:

- Building and activation of legislative and stakeholder coalitions
- Continued meetings with Administration, key legislators, and stakeholders
- Continued standing meetings with policy & budget committee staff
- Earned media & coordinated public affairs program
- Heightened digital advocacy campaign

Role of Subcommittee:

- 1) Share information
- 2) Steer coalition
- 3) Provide oversight on strategy, tactics

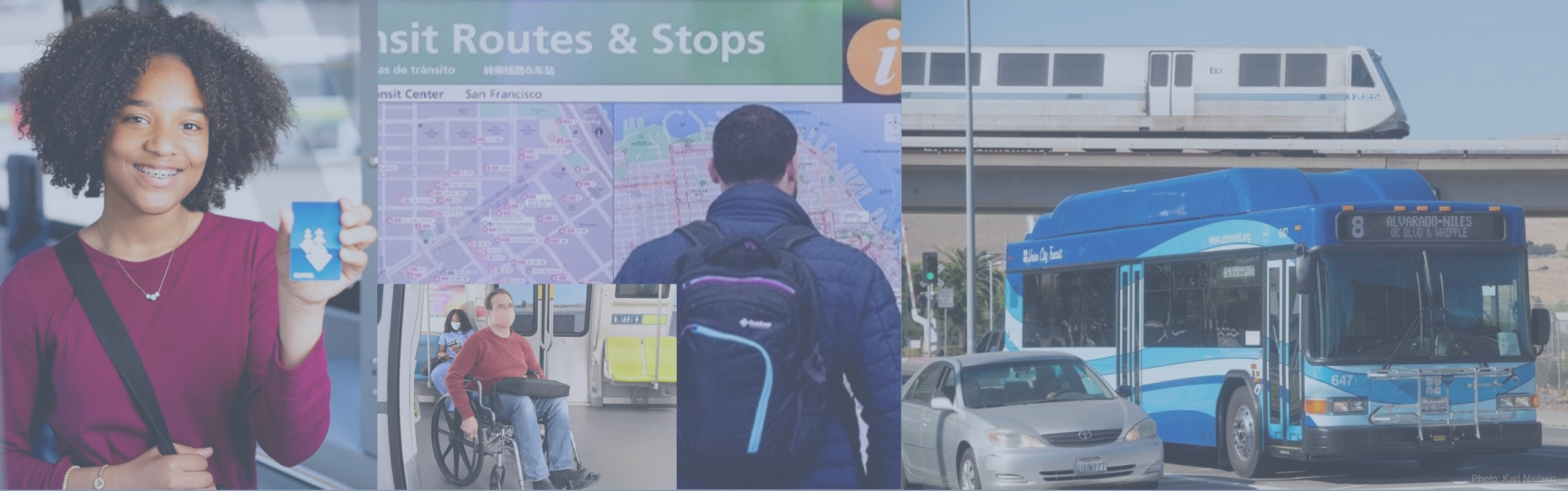
Phased Approach



Presenter Information

Michael Pimentel
Executive Director
California Transit Association
michael@caltransit.org
916-446-4656 x1034

Long-Term Regional Strategy
Presented by the Metropolitan
Transportation Commission



Saving Transit Service: Understanding the Bay Area's Transit Operating Fiscal Crisis

Presentation to Bay Area Rapid Transit (BART) Board of Directors

February 23, 2023

Overview



Regional Overview of Transit's Ridership and Financial Challenges since Pandemic



Outlook for Transit Agencies Over the Coming Years



Regional Initiatives to Enhance the Transit Experience & Expand Transit Ridership



A Regional Approach to a Looming Transit 'Fiscal Cliff'



Photo: Jim Mauer



Regional Overview of Transit's Ridership and Financial Challenges since Pandemic

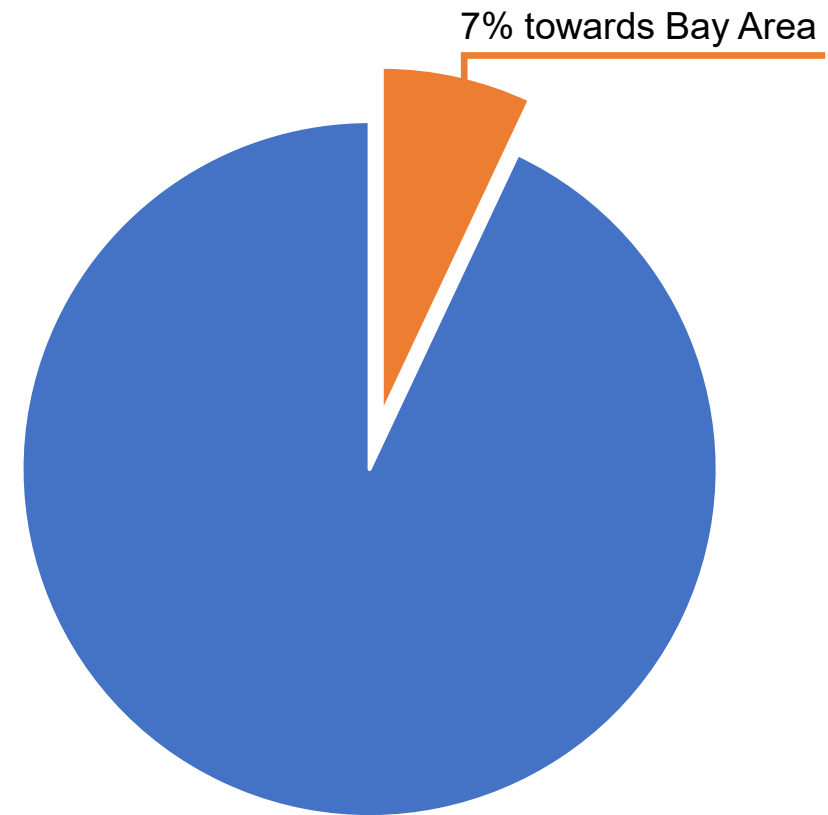
Photo: Karl Nielsen

Federal Funds Have Been a Lifeline for Transit Service Since 2020; \$4.4 Billion in Bay Area



These funds have been critical for agencies dependent on passenger fares, bridge tolls, and parking revenues. Without federal relief the Bay Area would not have a functioning regional transit system.

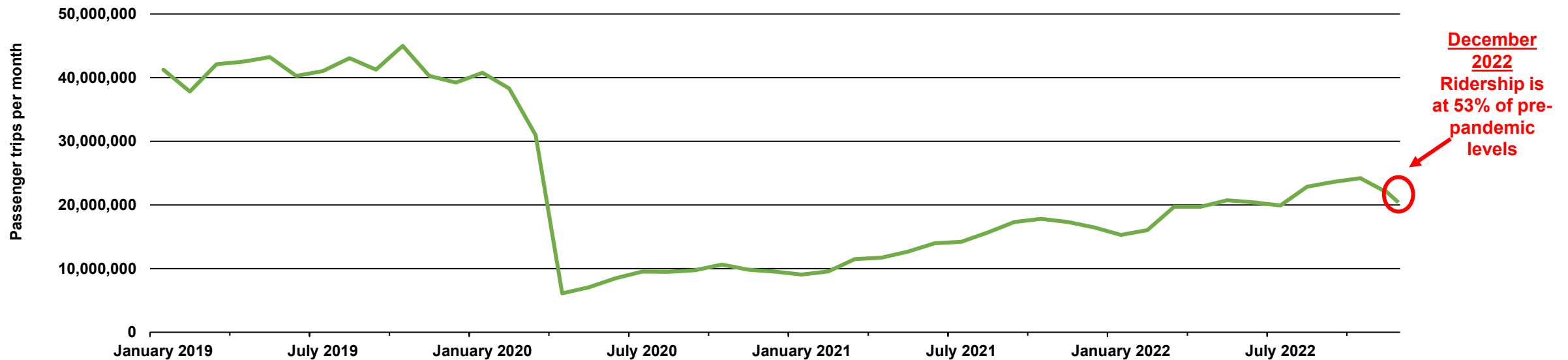
\$68 billion provided nationwide





Transit Ridership – All Bay Area Operators

Transit ridership across the Bay Area remains at only 53% of pre-pandemic levels. But **over 20 million passenger trips were still taken on transit during the month of December 2022.**

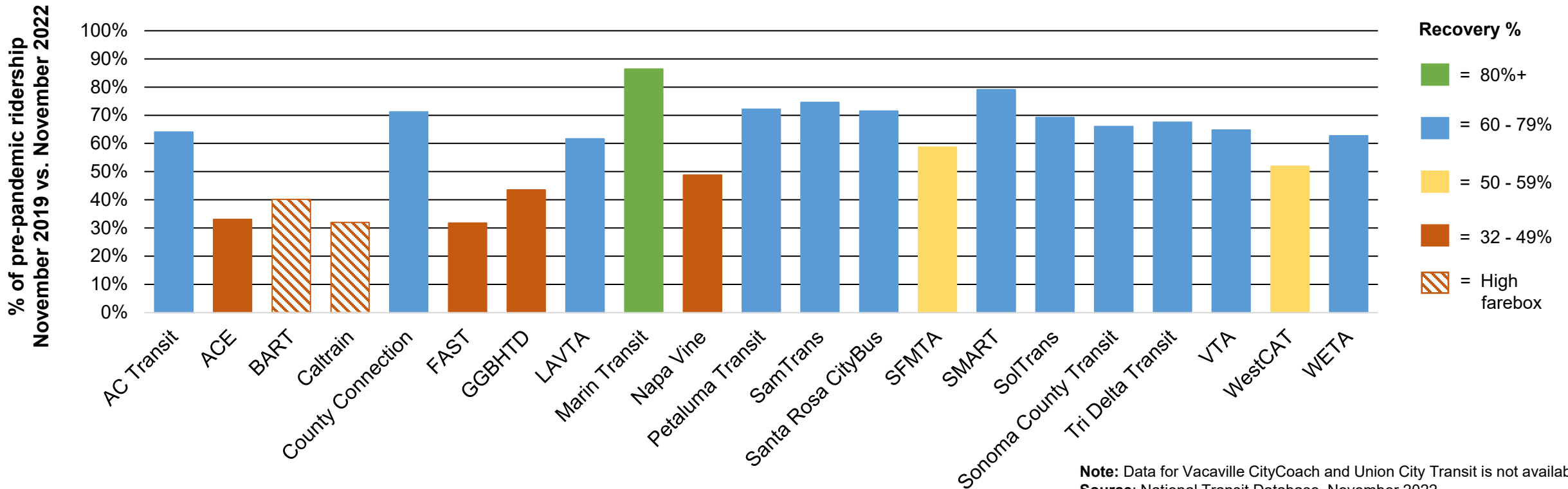


Source: National Transit Database



Ridership Recovery Varies Greatly by Operator

Ridership recovery by operator generally reflects the type of destinations served and the demographics of riders of each agency. Operators primarily serving riders without access to other modes of transportation have seen the most robust recovery.



Note: Data for Vacaville CityCoach and Union City Transit is not available.
Source: National Transit Database, November 2022.



Outlook for Transit Agencies Over the Coming Years

Photo: Karl Nielsen

The (Pre-Pandemic) Revenue Models of Bay Area Transit Operators



User Fee Focused

Fares, Tolls, Parking Revenues

Example Operators
BART, GGBHTD

Sales Tax Dominates

Sales Taxes = 70% of Operations Rev.

Example Operators
VTA, SamTrans

The financial position that Bay Area transit operators find themselves in today is closely tied to the type of **pre-pandemic revenue model** used by the agency to support operators

Mix of Tax-Based Sources

Property/Parcel Taxes, Sales tax

Example Operators
AC Transit, Marin Transit

Unique Funding Mix

City General Fund, Special Agreements, MOUs

Example Operators
SFMTA, WestCAT, ACE

Transit operators' **business model** (*the type of service they provide and the demographics of riders they target*) is also key to understanding their current financial position



A Challenged Business Model



Population Loss

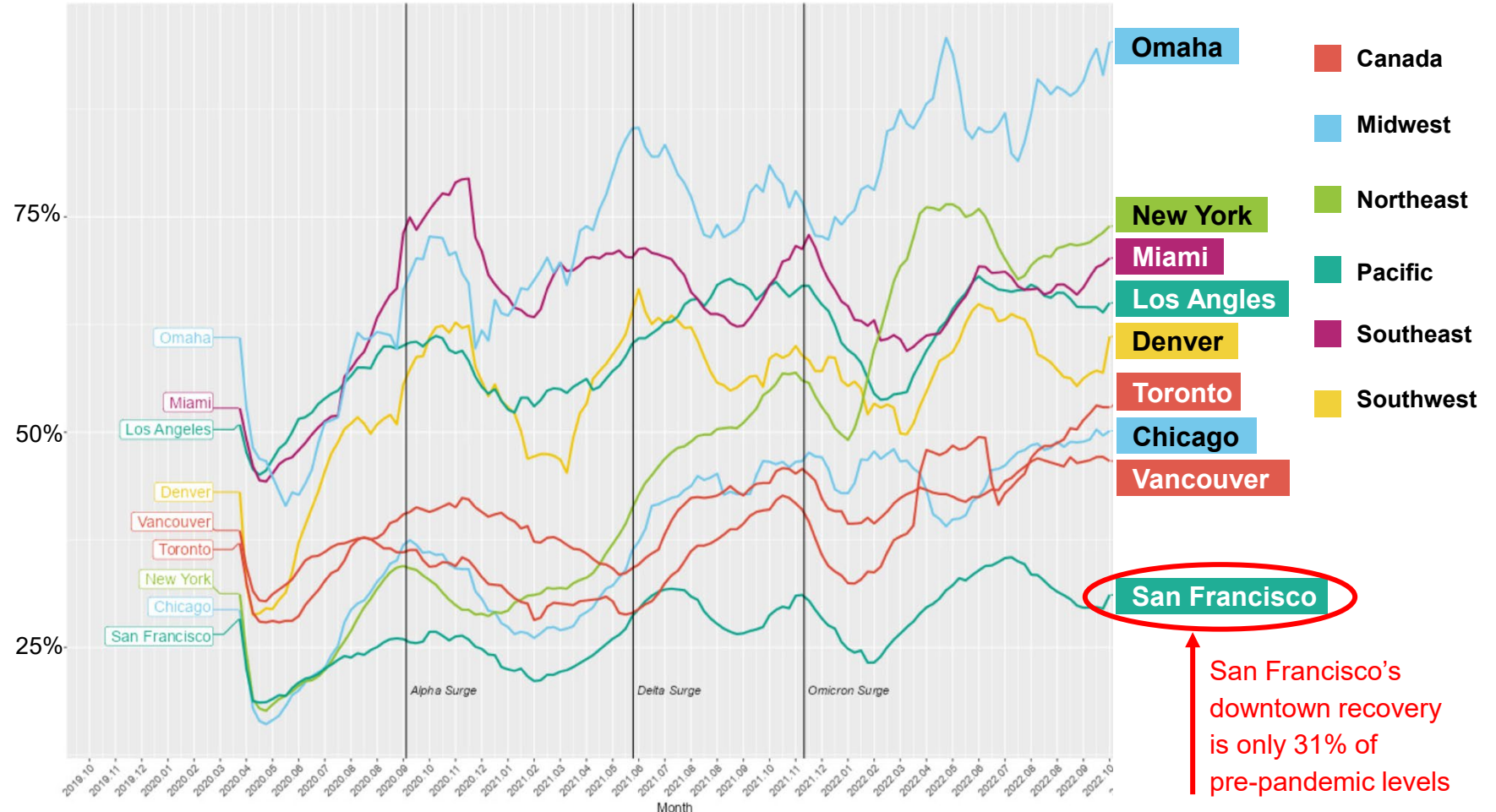
150,000 fewer people lived in the Bay Area 2022 than in 2015*



Workplace Changes

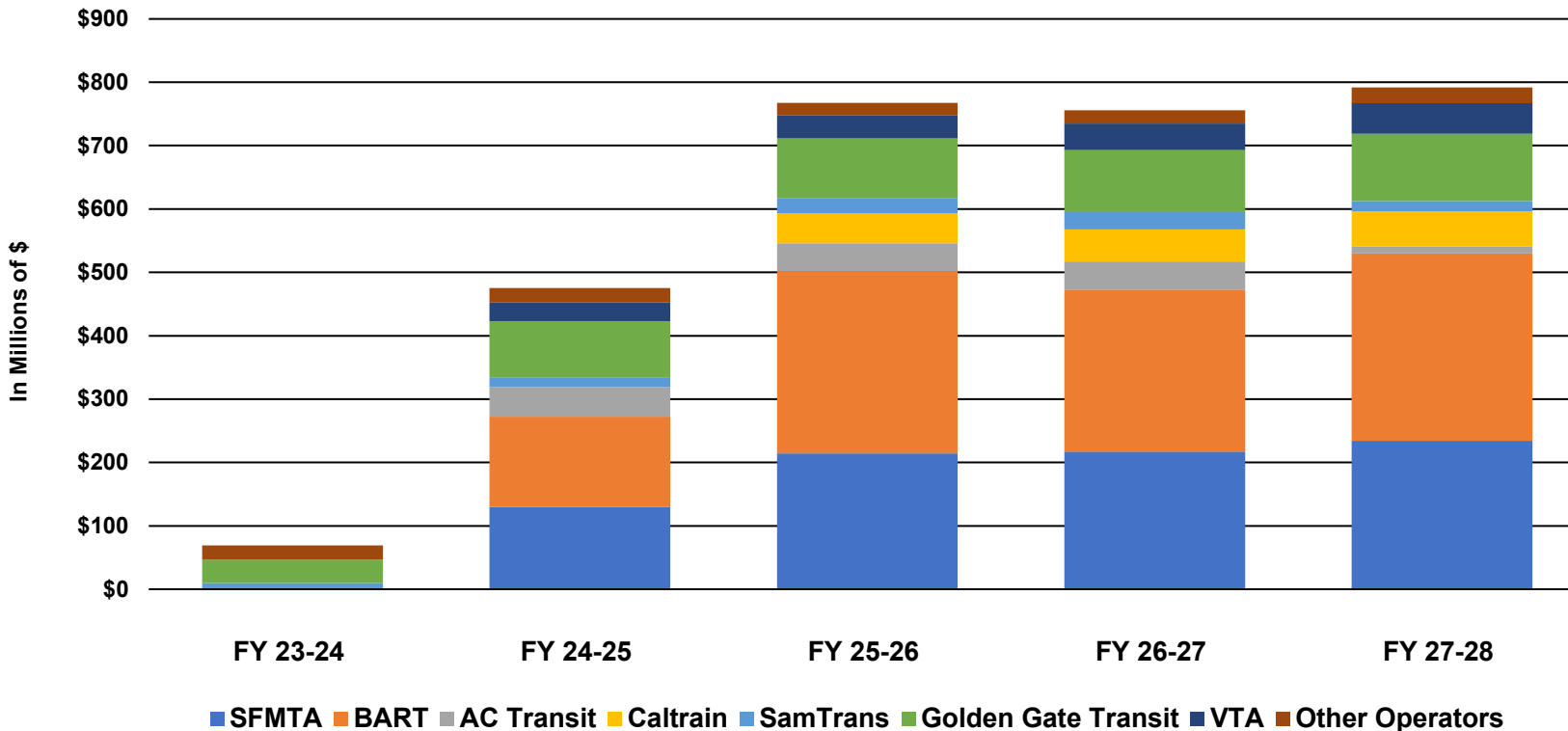
Downtown SF and Oakland have the *lowest rate of office in-person occupancy* in North America*.

UC Berkeley Downtown Recovery Quotient Trajectories in 9 Select North American Cities*



*Sources: UC Berkeley/U of Toronto – [Downtown Recovery Study](#); [CA Dept. of Finance](#)

Forecast of Annual Operating Shortfalls by Operator



Bay Area transit operators anticipate a cumulative operating shortfall of between \$2.5 - \$2.9 billion over next five years

This range of potential shortfalls reflects the uncertainty of the coming years. The lower end of the range would require making hard decisions like delaying the zero-emission bus transition, canceling key Vision Zero safety projects on streets, and delaying customer facing repairs for assets like escalators.

Note: Amounts shown in table represent high end of possible shortfall forecast.

Source: Operator forecasts provided the California Transit Association


Key Themes from Short Range Transit Plans

Fiscal and operating challenges vary dramatically across operators

1. Farebox dependent operators remain acutely vulnerable to sluggish ridership recovery
2. 100% of pre-pandemic revenues would not be sufficient to restore 100% of pre-pandemic service
3. Fiscal cliff is not the only challenge. For some agencies, operator recruitment and retention are as significant a challenge, if not more so, than fiscal ones when it comes to restoring transit service to levels operated pre-pandemic



Photo: Karl Nielsen

A photograph of a crowded public transit bus interior. The image is semi-transparent, serving as a background for the text. It shows yellow handrails, passengers, and a person in the foreground holding a smartphone. The text is overlaid in the center.

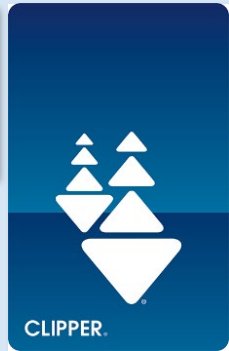
**Regional Response:
Implement Transit Transformation
Action Plan to Enhance Transit
Experience & Expand Ridership
and Secure New Revenue**

Photo: Joey Kofica

Creating a Better, More Integrated Transit System: Implementing the Transit Transformation Action Plan (TAP)

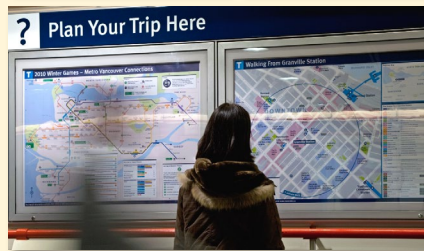
I. Fares and Payment

Simpler, consistent, and equitable fare and payment options.



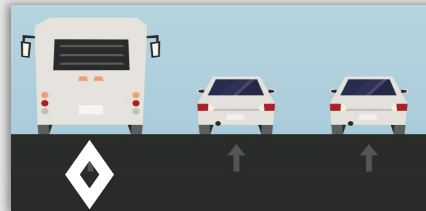
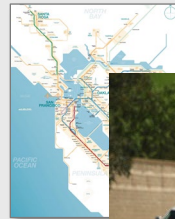
II. Customer Information

Make transit easier to navigate and more convenient.



III. Transit Network

Transit services managed as a unified, efficient, and reliable network.



IV. Accessibility

Transit services for older adults, people with disabilities, and those with lower incomes are coordinated efficiently.

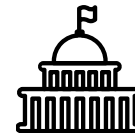


V. Funding

Use existing resources more efficiently and secure new, dedicated revenue to meet funding needs.



Coordinated Advocacy



MTC, Transit Operators, Advocates, Business Community, Labor: Working together to advocate in Sacramento and tell the story of transit riders and why protecting service is critical to California

“Backbone” committee of MTC, transit agencies, and community organizations collaborating to an unprecedented degree around “fiscal cliff”

State funding advocacy **today** is laying a foundation for a broad coalition to advocate for a regional measure **tomorrow**

Coordinating with other regions and CA Transit Association



Photo: Karl Nielsen

Making the Case

Addressing the Five Year \$2 Billion+ Shortfall



Key Message:

State action needed for transit to survive & thrive

- Protect existing capital funding commitments
- Provide new source of operating funding on multi-year basis

Presentations to Bay Area Legislative Caucus

Earned Media Coverage (KQED, TV)

Social Media/All Aboard Website

Joint letter with 50 organizations, online petition



January 18, 2023

The Honorable Nancy Skinner
Chair, Senate Budget and Fiscal Review Committee
California State Senate

The Honorable Phil Ting
Chair, Assembly Committee on Budget
California State Assembly

Dear Chair Skinner & Chair Ting,

As you begin budget negotiations this year, the undersigned organizations request your support to help the state's public transit systems avoid looming cuts to critical transit service that millions of Californians rely upon and that is foundational to our state's climate strategy. These potential cuts reflect the lingering impact of the COVID-19 pandemic, which has devastated transit operating budgets as a result of diminished ridership as well as higher costs arising from inflation. While the Governor's proposed budget for FY 2023-24 does not specifically address this need and in fact proposes \$2 billion in reductions to public transit capital that the Legislature approved last year, we look forward to engaging with your budget subcommittees to ensure that this year's final budget bill provides additional transit operating assistance to sustain critical transit service riders depend upon and fund proven strategies to attract new riders and help lessen financial challenges in the future.

A Strong Public Transit System is Vital to Creating an Equitable, Economically Vibrant and Climate Friendly Future

Based on 2021 U.S. Census data, almost 60 percent of California residents who commute via public transit have a household income below \$35,000. Over half a million California households own no vehicle and count on public transit for their daily needs, including access to K-12 education and college. Public transit is an economic lifeline for these residents, especially seniors and persons with disabilities. Yet residents of all income levels also depend on transit to access their jobs and maintaining the viability of the transit systems is essential for the future of the state's economy and quality of life. Public transit also supports good-paying jobs, employing over 31,000 California workers statewide in FY 2021.

When it comes to climate change, California prides itself on being a global leader. The state has taken a two-pronged strategy to reduce transportation-related emissions – the first

Transit is Foundational to California's Equity & Climate Goals

- Ridership may be down, but almost **24 million transit trips** are still being taken monthly on Bay Area transit systems.
- Transit riders are disproportionately low-income and people of color, even more so today than pre-COVID as many higher income riders are commuting less or not at all.
 - **Cutting transit disproportionately harms the most vulnerable**
- Transit is **essential** to state's climate goals
 - State's own plans note that reducing vehicle miles traveled is essential to reducing greenhouse gas emissions and transit must *improve* to achieve these goals.
 - **Decarbonizing the vehicle fleet won't happen fast enough to achieve California & region's climate goals.**

Coordinating Regional Advocacy with Statewide Partners

In partnership with California Transit Association, MTC and Bay Area transit agencies are pursuing a two-pronged approach to advocacy to ensure transit **survives and thrives**.

1. Address budget shortfalls that would lead to unacceptable service cuts and/or layoffs (“transit service preservation”).
2. Advance strategies to retain and attract riders (“retooling for the future”).

Strategies for navigating the challenging state fiscal environment:

- Pursue multi-year package that minimizes negative impact on General Fund.
- Pursue multiple revenue options so cost is borne across different sources/ programs.

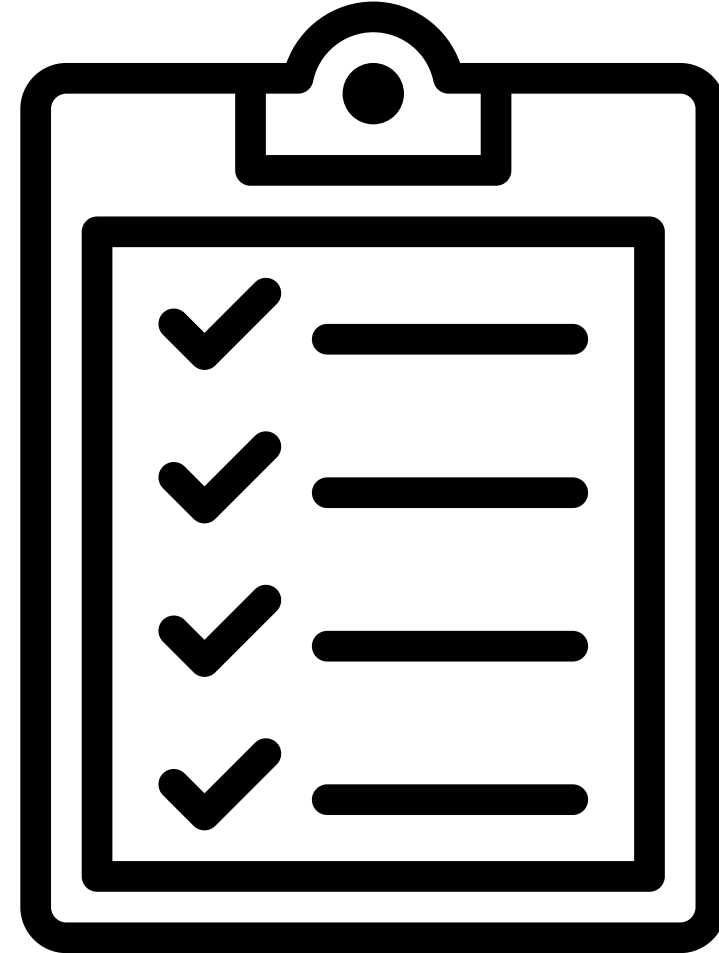
Regional Measure Update

- **Transportation Measure:** Focus is on outreach and analysis this year to inform enabling legislation in 2024.
 - Measure is intended to be placed on ballot in 2026.
 - State funding advocacy strategy aims to bridge the funding gap.
- **Housing Measure:** Staff directed to begin preparations for placement of a general obligation bond on November 2024 ballot via existing authority provided to the new Bay Area Housing Finance Authority (BAHFA).
- **Polling:** Over the next month, MTC will conduct a poll to inform transportation measure enabling legislation and overall voter perspectives.



2023 Action Items for Transportation Measure

1. Polling (1st round this March)
2. Analysis of revenue options
3. Further stakeholder engagement
4. Public engagement
5. Agreement on goals of measure
6. Coalition building
7. Drafting of legislation & securing legislative champions

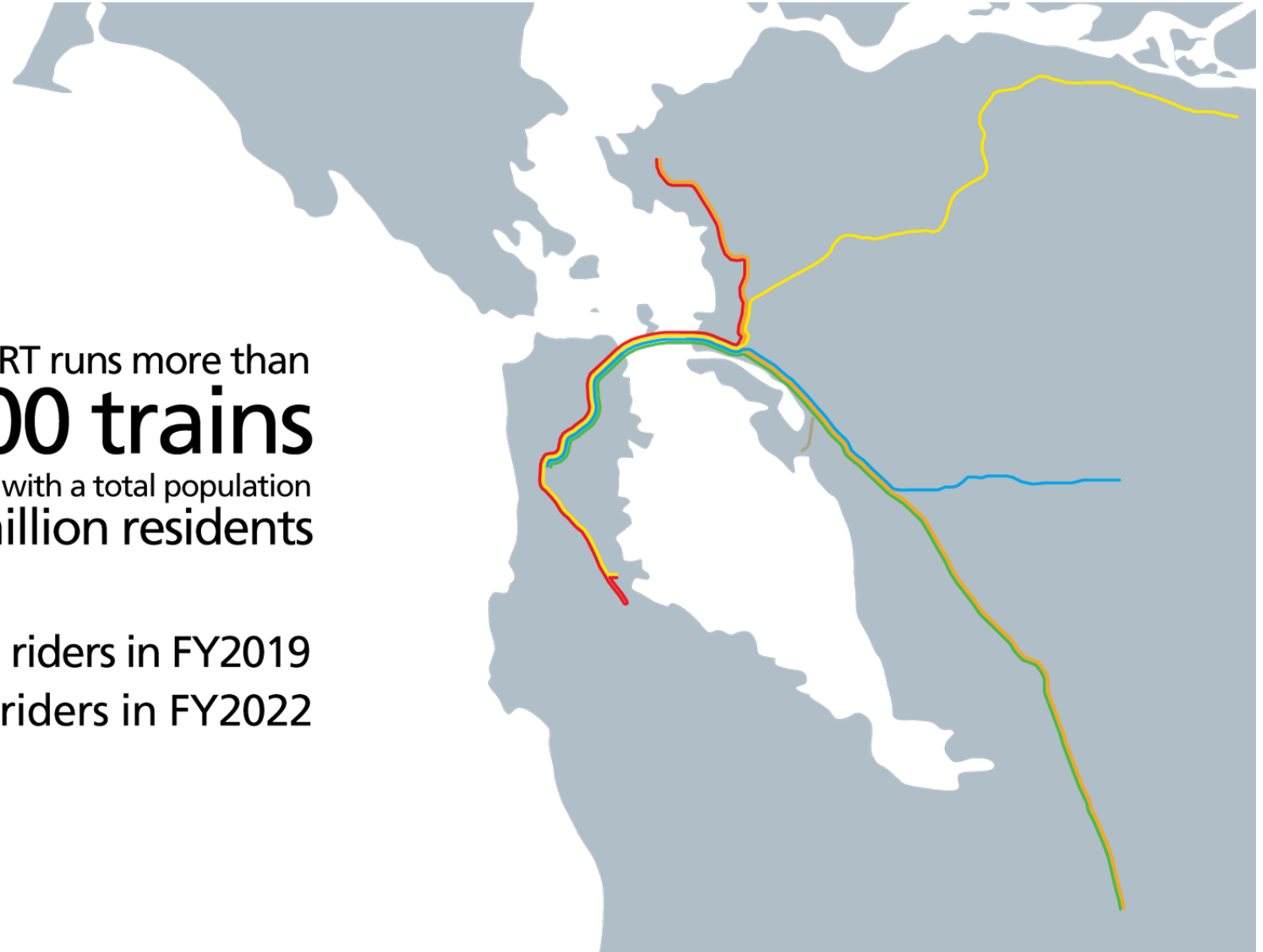


Education Campaign

BART is the Backbone of the Bay Area

Every year, BART runs more than
215,000 trains
serving 5 counties with a total population
of over 6 million residents

118.1 million riders in FY2019
34.5 million riders in FY2022



Consequences of not Funding BART

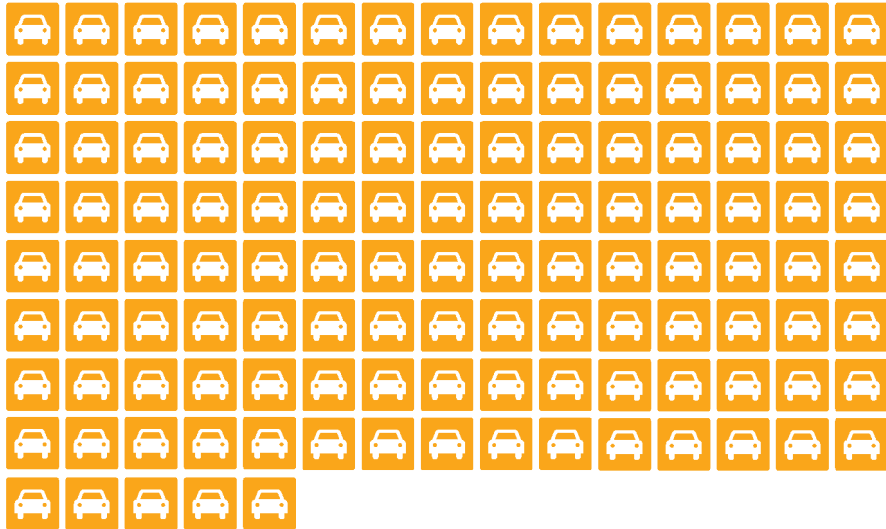
Even those who ride BART infrequently or not at all would be affected by:

- Higher levels of traffic for those who drive
 - More time driving, more collisions, and less productivity
 - Lower quality of life
 - Limited transit for special events (ballgame, concert)
- Deep economic impacts including layoffs
- Increased carbon emissions

Every car in a BART train



moves as many people as
125 cars (1.6 people per car)



Communities Most Devastated

- Transit dependent populations will be left to fend for themselves



People with disabilities



Visitors and Tourists



People with low income



People of color



People without vehicles



Service workers



Youth aged 17 and under



Nightlife industry



Seniors aged 55 and over



Supercommuters

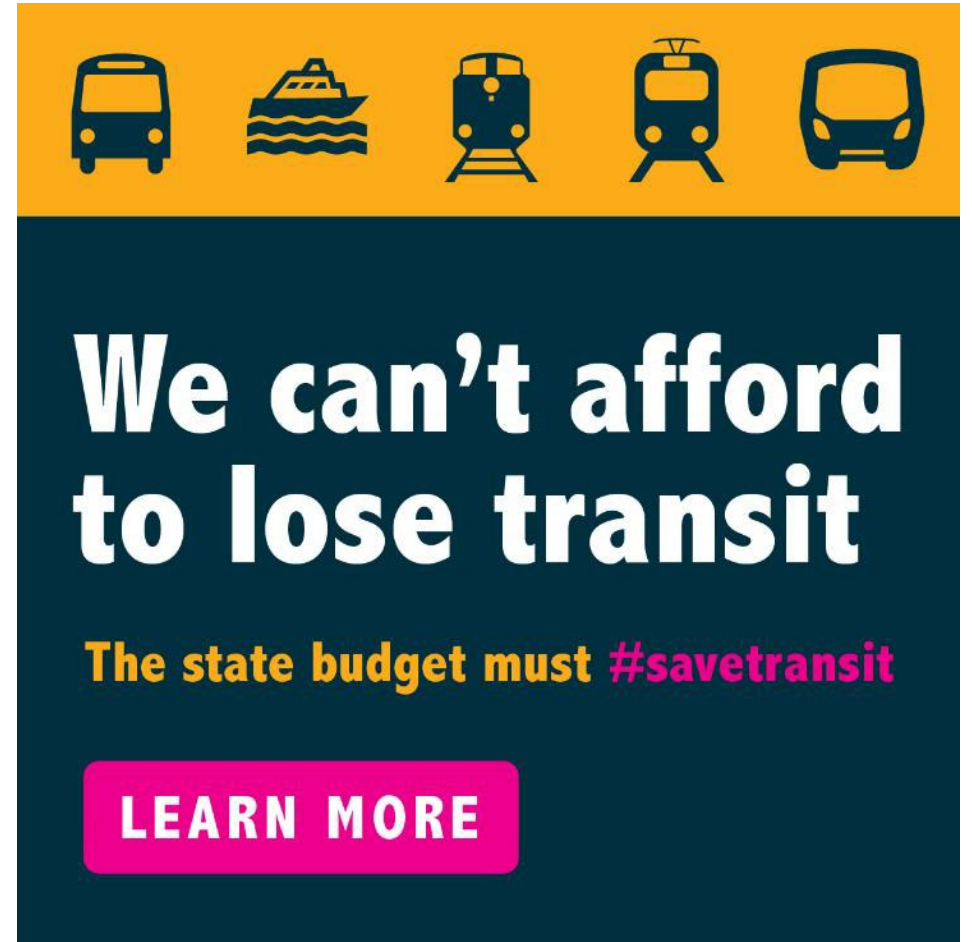
Survive and Thrive

- Beyond survival, money to save transit will be used to:
 - Improve safety and prevent harassment
 - Deep clean and hire more cleaners
 - Increase frequency on weekends
 - Additional operating funding and staffing above current levels required
 - Improve transfers and regional transit coordination



Education Campaign

- Joint regional education effort among transit agencies for consistent messaging
 - Slogan: We Can't Afford to Lose Transit
- Joint website: **AllAboardBayArea.com**
- BART website: **bart.gov/savetransit**
 - *Don't Let BART Go Broke* fact sheet



We can't afford to lose transit

The state budget must #savetransit

LEARN MORE

Discussion

Lunch Break



- **Agenda Topics**

- Look Ahead
- Regional Context and Financial Outlook
- Financial Stability: Near- and Long-term Strategy
- **Working Lunch: Customer Satisfaction Survey**
- Improving Customer Experience
- Workshop Wrap Up

Time to Next Presentation

15:00

Start Stop Reset mins: 15 secs: 0

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 Breaktime for PowerPoint by Flow Simulation Ltd.

Pin controls when stopped

BART
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