



# ➤ Transit Financial Stability: Update on Short-Term and Long-Term Strategies

May 11, 2023



# Presentation Overview

- BART's Fiscal Cliff Advocacy
- Statewide Approach to Addressing Transit Operations Funding Shortfall (California Transit Association)
- Region's State Budget Request for Transit Funding & Update on Recent Polling (Metropolitan Transportation Commission)

# BART Activities Since Previous Advocacy Update

- February 8** BART staff provide public comment at Assembly Budget Committee hearing reviewing the Governor's budget proposal
- February 27** BART staff provide public comment at joint hearing of the Assembly and Senate Transportation Committees on transit's operating funding shortfall
- March 15** BART staff provide public comment at Assembly Budget Subcommittee 3 hearing on transit operations funding
- April 18** President Li participates in press conference and rally supporting a resolution from San Francisco Board of Supervisors to Governor and State Legislature requesting transit operations funding
- April 26** Director Dufty participates in Senator Wiener press conference for operations funding in Sacramento
- April 27** BART advocates provide public comment at Senate Budget Subcommittee 5 hearing on transit operations funding





# Committees and Regional Working Groups

<b>General Managers Weekly Coordination</b> <i>Bob Powers</i>	<ul style="list-style-type: none"> <li>10 agencies including large and small operators; Meets weekly to coordinate on transit network management business case, funding priorities, transit recovery efforts, etc.</li> </ul>
<b>CTA Executive Committee</b> <i>Rodd Lee</i>	<ul style="list-style-type: none"> <li>25 members; Meets monthly and is responsible for setting policy and directing Association staff</li> </ul>
<b>CTA Transit Operations Funding Subcommittee</b> <i>Amanda Cruz</i>	<ul style="list-style-type: none"> <li>15 members representing CTA membership statewide; Meets bi-monthly to inform Association's efforts to secure dedicated operations funding in the State Budget</li> </ul>
<b>Bay Area Transit Government Affairs Team</b> <i>Amanda Cruz &amp; Alex Walker</i>	<ul style="list-style-type: none"> <li>Meets weekly with a focus on regional coordination; MTC participates every other week</li> <li>Membership includes large and small operators</li> </ul>
<b>Transit Survive &amp; Thrive "Backbone" group (Bay Area-focused)</b> <i>Alex Walker</i>	<ul style="list-style-type: none"> <li>Meets weekly; Consists of four transit agency representatives (BART, SFMTA, AC Transit, and WETA), MTC, SPUR, Bay Area Council, Silicon Valley Leadership Group, and transit advocates</li> </ul>



# Approach to Addressing Transit Operations Funding Shortfall

May 11, 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

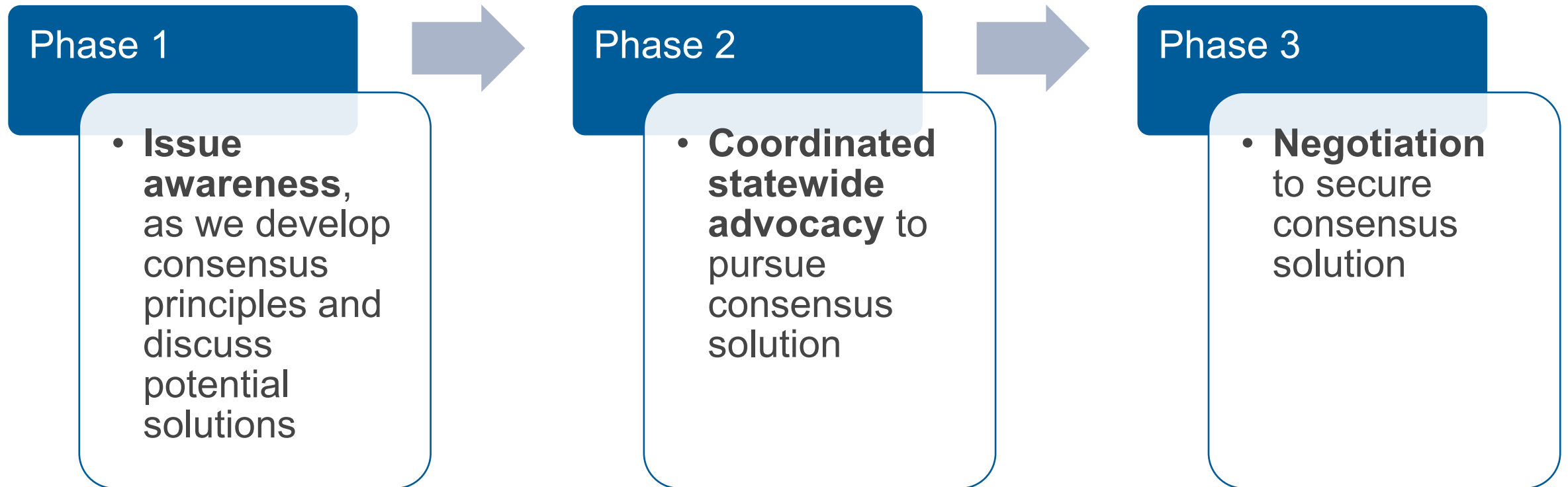
- **Composition**

- 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 <b>(Chair)</b>	San Diego Metropolitan Transit System
Beverly Greene	Executive Director of External Affairs, Marketing & Communications <b>(Vice Chair)</b>	Alameda - Contra Costa Transit District (AC Transit)
Kate Breen	Director of Government Affairs	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/April 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

STATE CAPITOL  
P.O. BOX 943989  
SACRAMENTO, CA 95833-9115

## California Legislature

### Assembly Transportation Committee and Senate Transportation Committee Joint Informational Hearing Short Term Crisis and Long Term Transformation: How to Bring Back and Build Transit Ridership in California

February 27, 2023  
3:00 pm or upon adjournment of session  
1021 O Street, Room 1100

#### Agenda

- I. Opening Remarks
  - Assembly Member, Laura Friedman, Chair, Assembly Transportation Committee
  - Senator Lena A. Gonzalez, Chair, Senate Transportation Committee
- II. Overview
  - Brian Taylor, Director, Institute of Transportation Studies, UCLA
  - Chad Edison, Chief Deputy Secretary for Rail and Transit, California State Transportation Agency
  - Michael Pimentel, Executive Director, California Transit Association
- III. Local and Operator Perspective
  - Michael Turner, Deputy Executive Officer, Los Angeles County Metropolitan Transportation Authority
  - Rebecca Long, Director of Legislation and Public Affairs, Metropolitan Transportation Commission/Association of Bay Area Governments
  - Alex Clifford, Chief Executive Officer, San Joaquin Regional Transit District
- IV. Stakeholder Perspective
  - Colin Parent, Vice Mayor, City of La Mesa, and Executive Director/General Counsel, Circulate San Diego
  - James Lindsay, International Vice-President, Amalgamated Transit Union
  - Emily Loper, Vice President of Public Policy, Bay Area Council
  - Annie Lee, Managing Director of Policy, Chinese for Affirmative Action, co-founder of Stop AAPI Hate
- V. Public Comment



# Issue Awareness in Practice *(Cont.)*

- Standing Meetings with Consultants for Transportation, Budget Committees (2/10, 2/15, 2/22, 3/2, 3/8, 3/15; 3/22; 3/29; 4/12; 4/26; Ongoing)
- Meeting with Asm. Budget Sub. 3 Chair Steve Bennett (2/22)
- Meeting with Asm. Speaker Anthony Rendon (2/24) [Staff]
- Meeting with Sen. Transpo. Committee Chair Lena Gonzalez (3/1)
- Meeting with Asm. Budget Committee Chair Phil Ting (3/7)
- Meeting with Governor's Office (4/10)



# Issue Awareness in Practice (Cont.)

## ISSUE 2: TRANSIT OPERATIONS FUNDING SHORTFALLS

This item will discuss the transit operators "fiscal cliff" and what role the state budget should play in providing funding for transit operations who are facing funding shortfalls due to ridership declines.

### PANEL

- Michael Pimentel, Executive Director, California Transit Association
- Frank Jimenez, Senior Fiscal and Policy Analyst, Legislative Analyst's Office
- Mark Tollefson, Undersecretary, CalSTA
- Carlos Quant, Deputy Secretary, Budget and Fiscal Policy, CalSTA
- Steve Wells, Budget Analyst, Department of Finance

### BACKGROUND

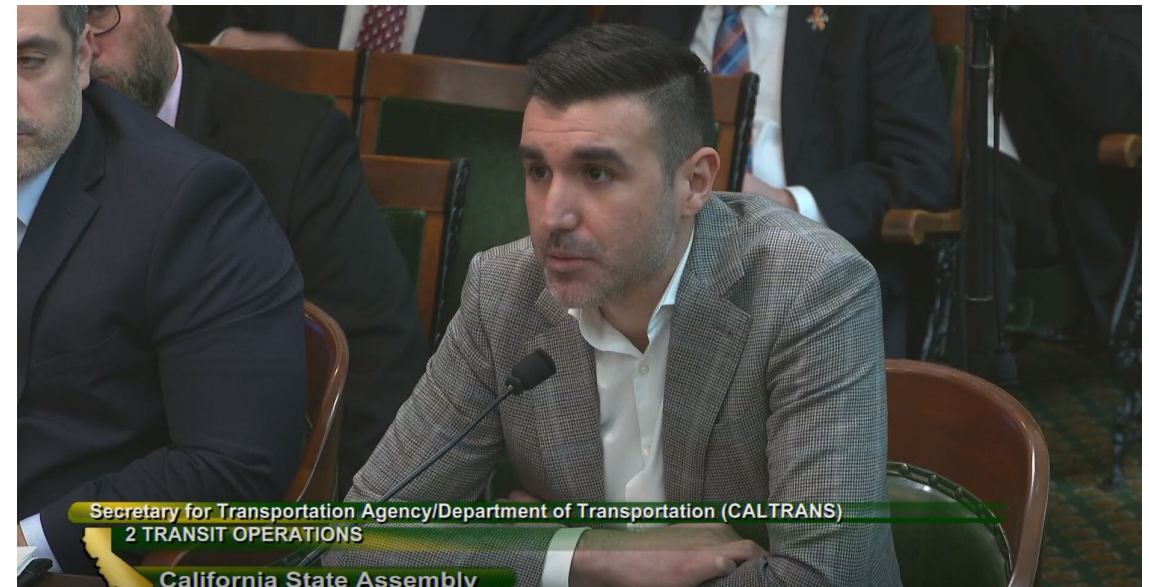
On February 27, 2023, the Assembly and Senate Transportation Committees held a joint hearing on "Short Term Crisis Long Term Transformation: How to Bring Back and Build Transit Ridership in California." The hearing focused on the state of public transportation in California and how the state can partner with transit operators to both rebuild and transform the state's transit systems. A copy of their background paper can be found at: [Transit Info Hearing Background Paper FINAL on Letterhead \(002\).pdf \(ca.gov\)](#).

Transit operators nationally and in California were struggling with declining ridership prior to the COVID-19 pandemic. The pandemic exacerbated the problem, causing serious operating and financial challenges. With federal relief funding for transit being exhausted, many operators are facing an immediate fiscal crisis mainly due to revenue losses at the farebox. The goal of this item is to discuss what role, if any, the State budget should play in helping transit operations with their funding shortfalls.

### STAFF COMMENTS

The State's climate goals are intertwined with the success of public transit systems. To meet the state's climate goals and to develop more integrated, livable communities, the state must have a robust, efficient, and reliable public transit network. Transit also serves as a major component of the state's goal to reach carbon neutrality by 2045.

State investments in our public transit systems have centered on funding capital projects, not operations. If the state were to prioritize funding for operators, this would be a significant



# Issue Awareness in Practice (Cont.)



## SENATE BUDGET PLAN *Key Value #1*

### **Protect Our Progress From Program Cuts**

*(Highlights of Progress to Protect)*

#### RESOURCES & ENVIRONMENT

Multi-year Climate Package:

- Funding to address sea level rise.
- Investments in wildfire prevention activities.
- Funding to assist communities and protect ecosystems impacted by drought.

Clean Energy investments to ensure a future of reliability and affordability.

Support for equitable transition to zero-emission vehicles.

#### TRANSPORTATION AND HOUSING

Transportation Infrastructure

Investments, including:

- Transit and intercity rail.
- Ports and Good Movement
- Grade Separations.

Affordable Housing Support.

Homelessness Reduction investments.



## SENATE BUDGET PLAN *Key Value #4*

### **Protect Our Progress by Developing Options for Making More Progress once Economy Rebounds**

#### HEALTH & HUMAN SERVICES

Reduce Deductibles/Copays in Covered California.

Improve Health Equity and Racial Justice in Public Health.

End the Epidemics of HIV, HepC, and STIs.

Complete efforts to expand CalWORKs to ensure No Child In Deep Poverty.

Expand CA Food Assistance to all ages.

#### HOUSING AND TRANSPORTATION

Establish multi-year commitment to combat homelessness.

Develop CA Dream For All first time homebuyer program into self-sustained, revolving, ongoing program.

Develop options to support ongoing local transit operations.

# Issue Awareness in Practice (Cont.)



SENATOR  
**Toni G. Atkins**  
President pro Tempore

SENATOR  
**Nancy Skinner**  
Chair, Committee on Budget and Fiscal Review

SENATOR  
**John Laird**  
Chair, Subcommittee 1

SENATOR  
**Josh Becker**  
Chair, Subcommittee 2

SENATOR  
**Caroline Menjivar**  
Chair, Subcommittee 3

SENATOR  
**Stephen C. Padilla**  
Chair, Subcommittee 4

SENATOR  
**Maria Elena Durazo**  
Chair, Subcommittee 5

## EVOLUTION OF BUDGET DEVELOPMENT

Step #1: Senate Key Values ..... Released in March

**Step #2: Detailed Senate Budget Plan .....Included**

Step #3: Senate/Legislature Version ..... Late May

Step #4: Final Version..... Mid June

## TRANSPORTATION

### Approval of Key Governor's Proposals:

- Approves proposal to continue funding for homeless encampment clean up on state highways.
- Approves proposal to equip all uniformed California Highway Patrol employees with body worn cameras.

### Changes to Key Governor's Proposals:

- Rejects proposed delays in the Ports and Goods Movement Package.
- Rejects the \$2.5 billion proposed reductions of the Transportation Infrastructure Package, including \$1 billion in 2023-24 and \$1.5 billion in 2024-25.

### Key New Senate Proposals:

- Sets expectation of working with stakeholders, Assembly, and the Administration in establishing local flexibility opportunities with various transportation funding streams to assist transit agencies with operations expenses. This will be paired with reform and accountability measures and will serve as a bridge until additional long-term operations funding can be established. Critical infrastructure projects will be identified and protected in these discussions.

# Phase 2: Coordinated Statewide Advocacy

*Timeline:* April 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



# Coordinated Statewide Advocacy in Practice

CaliforniaTransit  
Association

IMMEDIATE RELEASE  
April 25, 2023

CONTACT

Michael Pimentel  
Executive Director  
California Transit Association  
Email: [michael@caltransit.org](mailto:michael@caltransit.org)

**\*\*PRESS RELEASE\*\***

**California Transit Association Unveils Budget Blueprint to Address Pandemic-Induced Transit Operating Deficits**

*Requests \$5.15 billion over the next 5 fiscal years to maintain services and meet California's environmental, mobility, and equity goals*

(Sacramento, CA) – Today, the California Transit Association unveiled its 2023 budget request to address California transit agencies' pandemic-induced operating deficits and support the state's environmental and equity objectives.

"Public transportation in California faces existential threats, including slow ridership recovery, a widening workforce gap, and an impending fiscal cliff as federal emergency funds run out before ridership has recovered," said Senator Wiener (D-San Francisco). "Millions of Californians rely on public transportation to go about their lives, and transit is essential to reduce traffic congestion and air pollution. We must not abandon public transportation, and California needs to step up and throw our transit systems a stopgap lifeline."

As transit agencies rebound from the long-lasting impact of the COVID-19 pandemic on commute patterns, ridership, and capital and operations costs, the budget request asks state leadership to provide \$5.15 billion in funding from Fiscal Years 2023-24 to 2027-28 for transit operations pulled from a collection of state funding sources that have historically supported transit capital and operations. The budget request would deliver \$1.213 billion in funding for transit operations in Fiscal Year 2023-24 alone. The funding, which would be applied to an estimated \$6 billion statewide funding need, will allow the industry to continue day-to-day operations without having to reduce services or increase fares, while also acknowledging California transit agencies' commitment to improving the rider experience by addressing the issues of safety and cleanliness on systems.

"As we look ahead, the challenges facing California transit agencies are significant, but we cannot allow the lasting impacts of the pandemic to undermine our public transit network. Instead, we must focus on securing funding that allows agencies to preserve, maintain, and eventually expand their services, and support the transformation of our industry into one that is cleaner and more adaptable," said Michael Pimentel, Executive Director of the California Transit Association. "At the same time, we are also committed to playing active roles in broader societal efforts to address climate change and structural inequality."

Since its founding in 1965, the California Transit Association has served as the leading advocacy organization and champion for public transit in California. In recent years, the Association has successfully advanced policy, regulatory and funding measures that are supporting the industry's transition to zero-emission vehicles (ZEV). A [recently released report](#) by UCLA's Institute of

CaliforniaTransit  
Association

Connecting us.

April 25, 2023

The Honorable Gavin Newsom  
Governor, State of California

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

The Honorable Anthony Rendon  
Speaker of the Assembly  
California State Assembly

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

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

**RE: California Transit Association's Funding Request and Policy Recommendations to Address Near-Term Operating Deficits**

Dear Governor Newsom, Pro Tempore Atkins, Speaker Rendon, Senator Skinner, and Assemblymember Ting:

On behalf of the California Transit Association, I write to you to today to share our state funding request and policy recommendations to address the near-term operating deficits faced by California transit agencies. Our recommendations were unanimously approved by the Association's leadership in the week of April 16, following months of discussion between our members from across the state and shaped by our engagement with decision makers in Sacramento. With the state itself facing a difficult budget outlook for Fiscal Year 2023-24, our recommendations consciously internalize your message to limit (to the extent possible) new impacts to the state's General Fund and tackle impediments to the long-term financial and operational sustainability of our industry. As public transportation is at the center of the state's strategy for combatting climate change and vital to the mobility of the most vulnerable Californians, we intend for our recommendations to provide actionable guidance to the Legislature and Newsom Administration for addressing in 2023 the near-term needs of California transit agencies and the communities they serve, and to set the stage for a larger discussion about state support for transit operations, potential reforms to long-standing transit funding programs and formulas, and strategies to retain and rebuild riders. We thank you for your continued engagement with us, and for your demonstrated support for public transportation throughout your careers and in this pivotal moment.

**Funding Request**

As we presented at the Assembly Budget Subcommittee #3 hearing on March 15, **the Association estimates, through surveys of our member agencies, that California transit agencies statewide require at least \$6 billion from FY 2023-24 to FY 2027-28** to address

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[caltransit.org](http://caltransit.org)

# Coordinated Statewide Advocacy in Practice (Cont.)

**CAL MATTERS** Give now in our spring member drive. Donate About Us

Get WhatMatters in your inbox every morning.

## A \$5 billion ask for California public transit



Commuters quickly jump on the Metro bus at the Norwalk Green Line Station in Norwalk on April 3, 2023. Photo by Pablo Uzueta, CalMatters

From CalMatters' state Capitol reporter Sameea Kamal

Now we know the price tag to keep California public transit agencies from going over a "fiscal cliff" — \$5.15 billion over five years.

As part of a budget proposal being unveiled today in the state Senate, transit agency officials and their supporters in the Legislature are seeking "bridge funding" for transit systems throughout the state, some of whom are struggling to recover ridership after the pandemic.

The proposal is being championed by Sen. [Scott Wiener](#), a Democrat from San Francisco, who said that without the state cash, BART and other big-city transit systems will have to make drastic service cuts.

The California Transit Association, which says the plan was created by 15 member agencies, says the \$5.15 billion over five years for transit operations can come from a mix of funding sources that already support transit:

**San Francisco Chronicle** American building company + Follow

## 'This is an emergency': BART, Muni, state transit agencies to ask California for \$5 billion bailout

Story by Ricardo Cano • Tuesday



A BART train leaves the Walnut Creek station as snow covers Mount Diablo in February. © Noah Berger, Special to The Chronicle

Fare-dependent BART and Bay Area transit agencies are staring down yawning "fiscal cliffs" amid stagnant ridership and little hope that they'll see a quick return to 2019-level crowds.

So they're turning to California for help and hoping lawmakers will get on board with an ambitious subsidy that would replace the federal relief sustaining transit service across the state. Their high-stakes proposal to avoid "doomsday" service cuts would give BART, Muni and California's transit agencies a \$5.15 billion bailout — more than \$1 billion annually for five years.

## Additional Coverage:

- CBS News
- The Center Square
- Daily Californian
- Local News Matters
- The San Francisco Standard
- SF Gate



# Coordinated Statewide Advocacy in Practice (Cont.)



**\*\*MEDIA ADVISORY\*\***

April 26th, 2023

Contact: Erik Mebust, [erik.mebust@sen.ca.gov](mailto:erik.mebust@sen.ca.gov) (916) 995-0692

## **Senator Wiener, Transit Advocates, Business Leaders Call For Additional State Funding To Save California's Public Transportation**

**SACRAMENTO** – On Wednesday, April 26th, 2023, Senator Scott Wiener (D-San Francisco), transit agency leaders, business leaders, and transportation advocates will hold a press conference calling on Governor Newsom and leaders in the Legislature to provide additional state funding in this year's budget to avert massive service cuts to public transportation across California.

### **Who:**

- Senator Scott Wiener (D-San Francisco)
- California Transit Association
- SF Transit Riders
- LA Metro
- Bay Area Council
- SFMTA
- BART
- Survive & Thrive Coalition
- MTC
- Others TBD

**What:** Press conference announcing budget request to avert major service cuts to public transportation across California

**When:** Wednesday, April 26th, 12pm

**Where:** Courtyard of [1020 N St. Sacramento, CA 95814](#) (please arrive early to clear security)

The event will be livestreamed [here](#).

Read more about the transit fiscal cliff here:

[Why California public transit is at a pivotal moment](#) - by CalMatters's Sameea Kamal



# Coordinated Statewide Advocacy in Practice (Cont.)

Subcommittee No. 5

April 27, 2023

## DISCUSSION

### 0521 CALIFORNIA STATE TRANSPORTATION AGENCY

#### Issue 20: Transit Operations

**Background.** Transit agencies across the state are reporting an impending fiscal crisis—based on current ridership, service levels, and cost trends, transit agencies expect to face budget shortfalls in the tens of millions of dollars in 2023-24, growing to hundreds of millions of dollars in 2024-25 and thereafter. For example, BART projects annual deficits of \$140 million by 2026-27; Caltrain anticipates a budget shortfall of \$25 million in 2024 and \$49 million in 2025; and LA Metro expects a budget gap of \$400 million in 2025 and \$1 billion in 2026.

These budget shortfalls are in large part due to the COVID pandemic, which decimated transit ridership. Transit ridership was already on the decline prior to the pandemic, but the pandemic accelerated these trends—transit ridership plunged 50 percent to as much as 94 percent in California at the onset of the pandemic in 2020. Though ridership has increased in recent months, it still remains lower than prior to the pandemic: in the Pacific region of the United States, ridership is about 67 percent of pre-pandemic levels. Transit ridership levels continue to be lag due to several factors, including changes in work patterns, rise in safety and security concerns, and service level changes due to a workforce shortage.

These lagging ridership levels have affected different transit agencies differently. For example, some smaller transit agencies that mainly operate bus routes have been able to respond to such changes in demand, by changing or eliminating bus routes to better serve the riders and lower service costs. Other transit agencies have not been able to change service levels as easily, particularly fixed rail systems that cannot change routes and have high fixed operating costs.

Transit agencies have been able to continue operating despite lower ridership levels for the last several years due to federal funding. In March 2020, Congress passed and the President signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provided \$25 billion in direct operational relief to transit agencies. The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 provided an additional \$14 billion in transit relief and the American Rescue Plan in March of 2021 provided \$30.5 billion more. However, transit agencies are now facing budget problems as they run out of these funds.

Transit is integral to the state's climate goals, specifically in reducing vehicle miles traveled and emissions from a carbon-intensive transportation system. In addition, transit is important to ensure mobility for all, particularly to those who do not have other transportation options. The state currently provides funding for transit through several programs, including the State Transit Assistance, Transit Intercity Rail and Capital Program, and the Low Carbon Transit Operations Program. As the Legislature considers options to support transit agencies in their fiscal crises, it will be important to assesses these existing state funding programs for transit, and whether they can be amenable to support operations; the extent of the budget shortfalls, specifically how much is needed, and for how long; as well as what type of reforms agencies will implement to improve ridership and ensure the viability of transit services in the long-term.

**Staff Recommendation.** Hold Open.



CaliforniaTransit  
Association



# Details of Budget Request

Michael Pimentel

*Executive Director*

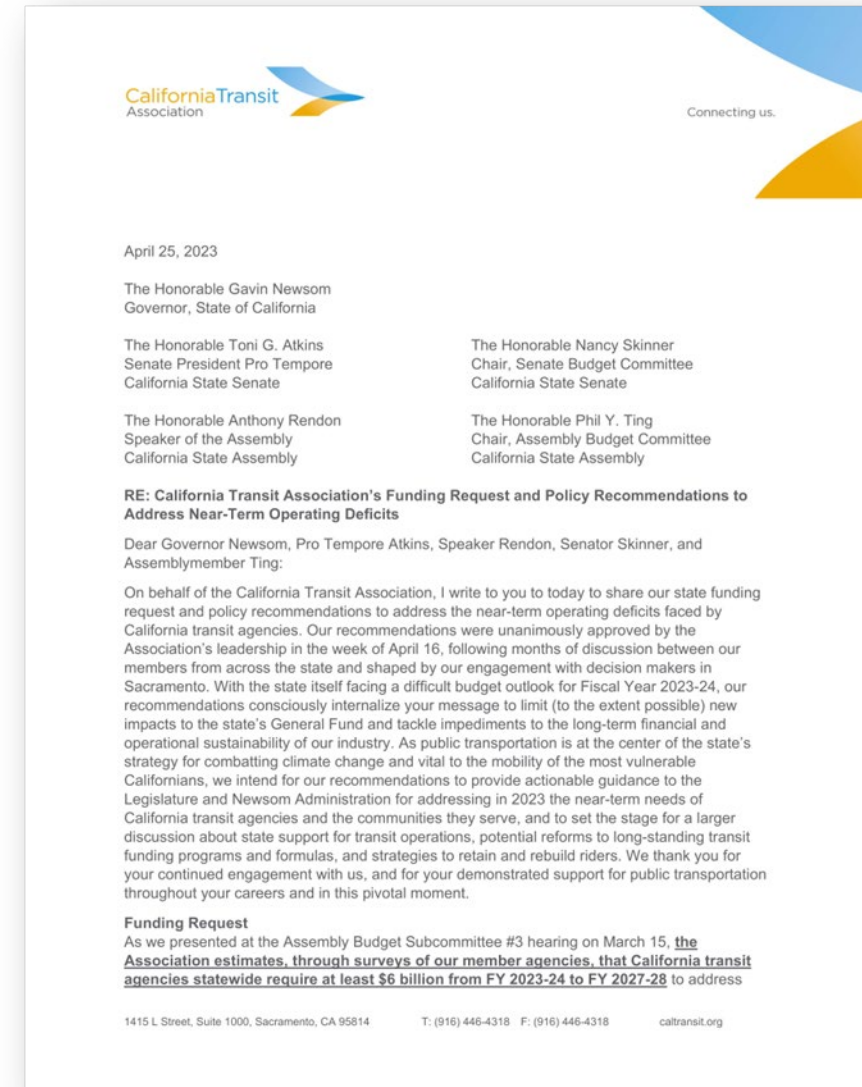
California Transit Association





# Association Budget Request

- Association has requested **\$5.15 billion** in transit ops. funding
- Transit agencies statewide need **more than \$6 billion** over the next five fiscal years



# Association Budget Request: Main Elements

- Additional Appropriation of Revenue from Sales Tax on Diesel Fuel
  - Agencies receive 80% of revenue generated normally, this would direct full balance of revenue generated
  - Would provide \$1.36 billion over 5 years
- Additional Appropriation of Unallocated Cap and Trade Revenue
  - Would use unallocated Cap and Trade revenue
  - Would provide \$2.5 billion over 5 years

# Association Budget Request: Main Elements *(Cont.)*

- Conversion of Transit Capital Funding to Transit Operations Funding
  - \$1.3 billion will be available in FYs 2026-27 and 2027-28 for capital projects
  - Would convert \$300 million of available amount to fund operations
- Flexibility to Use Transit Capital Funding for Operations
  - Proposed TIRCP funding reduction from \$4 billion to \$2 billion
  - Would maintain \$4 billion investment and allow agencies to flex funds for operations



# Reforms Necessary Component of Discussion

- Need to demonstrate commitment to reforming transit operations, accountability metrics
  - *Operations:* Engaging productively on key reform efforts, including:
    - AB 761 (Friedman) Transit Transformation Task Force
    - AB 1377 (Friedman) HHAP
    - SB 434 (Min) Street Harassment
  - *Operations:* Using standing committees and task forces to ideate additional reform ideas

# Reforms Necessary Component of Discussion (Cont.)

- Need to demonstrate commitment to reforming transit operations, accountability metrics
  - *Accountability Metrics: Pursuing two tracks to reform*
    - Short-term: Extended statutory relief
    - Short-term: Identification of preferred long-term solutions
    - Long-term: Participation in AB 761 process
  - *Accountability Metrics: Reporting*

# Questions?

## Contact Information:

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*California Transit Association*  
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916-446-4656 x1034



# MTC's State Budget Request for Transit Funding & Update on Recent Polling

**Presentation to San Francisco Bay Area Rapid Transit District**

May 11, 2023



# Overview



MTC State Budget Transit Operating  
Funding Request and Policy Principles




Highlights of March 2023  
Public Opinion Poll



Photo: Jim Mauer





# **MTC State Budget Transit Operating Funding Request and Policy Principles**

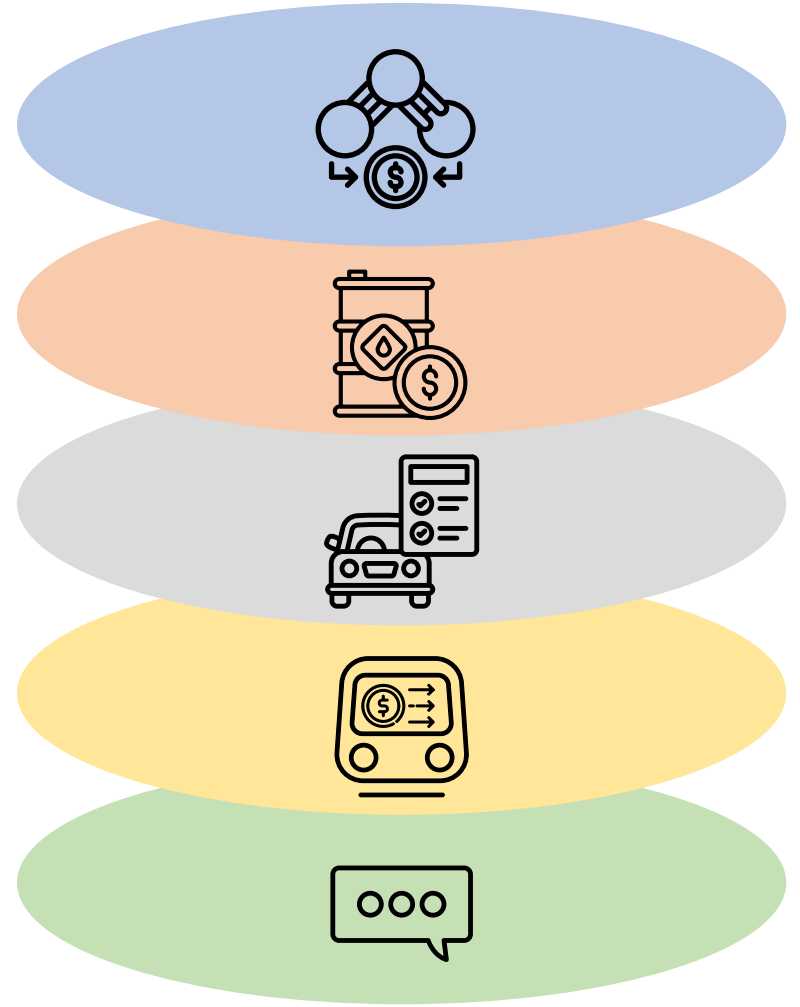
Photo: Joey Kotfica





# Key Concepts Guiding the Ask

- Seek **new funding for transit operations** by primarily shifting existing sources that minimize impact on the state's General Fund.
- Demonstrate that transit has “**skin in the game**” by staying neutral on flex options from transit capital funds to operating.
- Prioritize “Survive” funding and seek “Thrive” investment in **rider-focused transit enhancements**.
- Provide a **menu of options** to give Legislature more flexibility to weigh pros and cons and select preferred approach.
- Offer recommendations for how state can encourage improvements to **transit service**.



# Menu of Funding Sources Considered

Menu Item	NEW Transit Operating Source	CTA Committee Approved?	Five-Year Maximum Amount Statewide	Who Controls Now? / Percent of Fund Source
1	Cap and Trade Discretionary Funds	Yes	\$2.5 billion	Legislature/33%
2	Temporary Shift of SHOPP (federal highway) Funds	No	\$2.3 billion	Caltrans SHOPP/14%
3	Diesel Sales Tax Shift (2.5% portion)	Yes	\$1.3 billion	General Fund /100%
4	Increase TIF Vehicle Registration Charge	No	\$1.3 billion	NA –Tax Increase
<b>Subtotal</b>			<b>\$7.4 billion</b>	
	<b>FLEX Existing Transit Capital Funds</b>			
5	LCTOP Redirection or make more flexible	Yes	\$1 billion *	STA Formula/100%
6	STA – State of Good Repair	Yes	\$0.6 billion *	STA Formula/100%
7	TIRCP General Fund Augmentation—pending budget appropriation	Yes	\$1 billion	MTC/ 25%
8	TIRCP (Future grant cycle)	Yes	\$0.3 billion	CalSTA/ 25%
<b>Subtotal</b>			<b>\$2.9 billion</b>	

# Recommended Temporary Funding Sources for Transit to “Survive and Thrive”

- **Bottom Line:** These funding options total \$7.4 billion statewide, giving the Legislature meaningful options to address public transit’s needs at scale.
- **Cap and Trade:** Amount is just 1/3 of discretionary C&T and still allows Governor’s investment in ZEV and an estimated \$300M for other priorities.
- **SHOPP:** A temporary redirection of federal highway funds still supports a **19% increase** for highway maintenance thanks to boost from federal Infrastructure bill. State is currently on track to achieve highway performance targets.
- **Diesel Sales Tax:** About 80% of this tax is dedicated to transit already. Shifting 100% would be straightforward but would cost General Fund about \$280M/year.
- **TIF:** Proposed temporary rate increase takes a progressive approach, exempting 40% of lowest value cars; charging at most \$35 for vehicles valued over \$60,000.

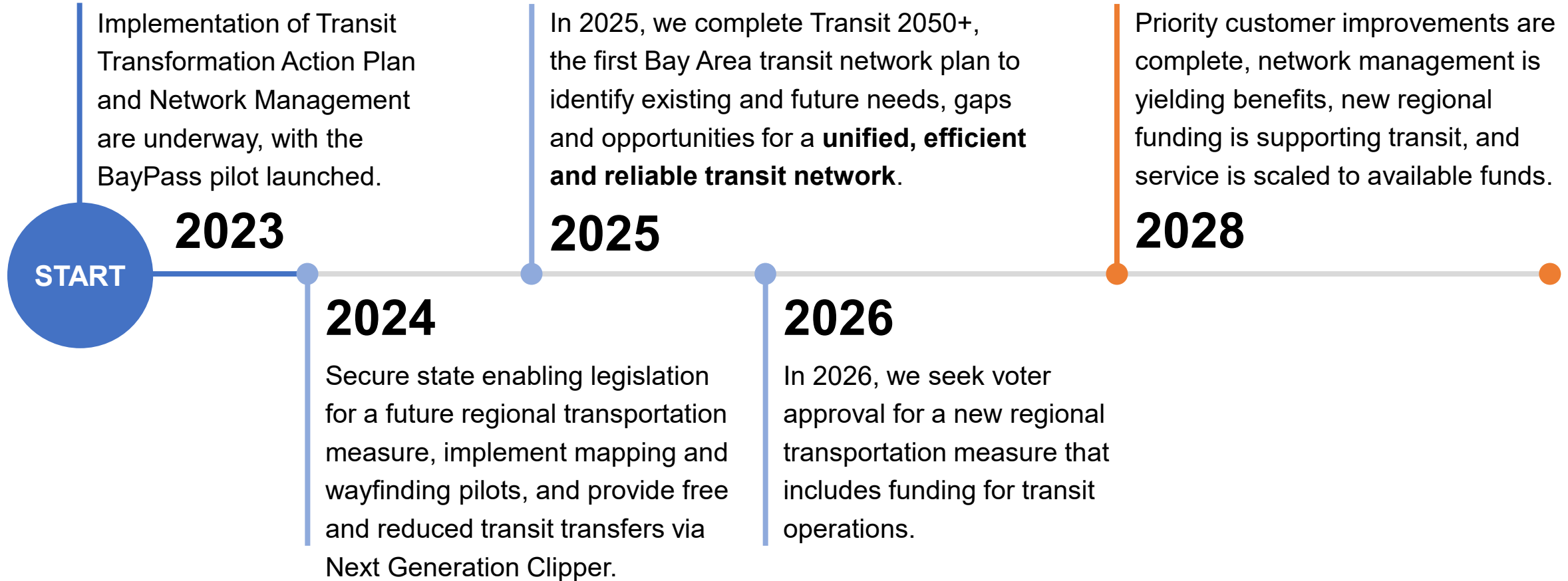
# MTC Neutral on Transit Fund Shift Options

- Items 5–8 have been endorsed by California Transit Association and have potential to benefit transit agencies outside Bay Area.
- Bay Area operators are already using Items 5 & 6 for transit operations given short-term allowance so continuing that allowance is helpful but will not alleviate the region's fiscal cliff.
- Shifting TIRCP (whether future “regular” TIRCP or proposed General Fund augmentation) puts at risk funding plans included in our **Major Project Advancement Policy** for priority projects in the pipeline that plan to use TIRCP to secure (or retain) **billions of \$ in federal funds**, such as BART to Silicon Valley Phase II, BART Core Capacity, the Portal, Valley Link, Zero Emission Bus Fleets & Facilities for SFMTA & AC Transit and more).

# Support Inclusion of Accountability Provisions to Help Transit Thrive

- The state has a strong interest in encouraging transit ridership and legislators have indicated an interest in establishing new rules in exchange for transit recovery funds.
- New accountability policies should address rider priorities, such as:
  - ✓ **Safety**
    - Require use of best practices and regular reporting to state on efforts to keep riders safe.
  - ✓ **Convenience**
    - Agencies should regularly evaluate and adjust their service routes and/or schedules to align with/maximize ridership demand.
    - Large agencies, particularly those serving longer routes, should provide reliable real-time transit information & offer Wi-Fi service.
  - ✓ **Speed**
    - State could require bus operators to track travel time changes to identify good candidates for transit priority projects to bypass traffic and offer a competitive travel time.

# The Path to a Financially Sustainable Business Model



# Next Steps

## State Budget Calendar

- May 10: Governor releases May Revision of the budget
- May–June: Budget hearings and negotiations
- June 15: Legislature must adopt budget
- Post-June – September: Subsequent budget bills may be adopted reflecting tax receipts since deadline postponed.

## Planned Bay Area “Survive & Thrive” Coalition Actions

- Organize a 3rd coalition sign-on letter in early May
- Meetings with Legislature and Administration through April–May
- Sustained communications effort (social media campaign #2)

# MTC Transit & Transportation Survey



- Survey of 9-County Bay Area registered voters
- Conducted March 14-23, 2023
- 1,800 total responses
- Overall margin of error  $\pm 2.31$  percentage points at the 95% confidence interval
- Conducted via a hybrid methodology using live telephone interviews and email/text invitations to an online survey.
- Available in English, Spanish, and Chinese
- Telephone interviews were conducted by trained, professional interviewers using landlines and mobile phones.

Please note that due to rounding, some percentages may not add up to exactly 100%.

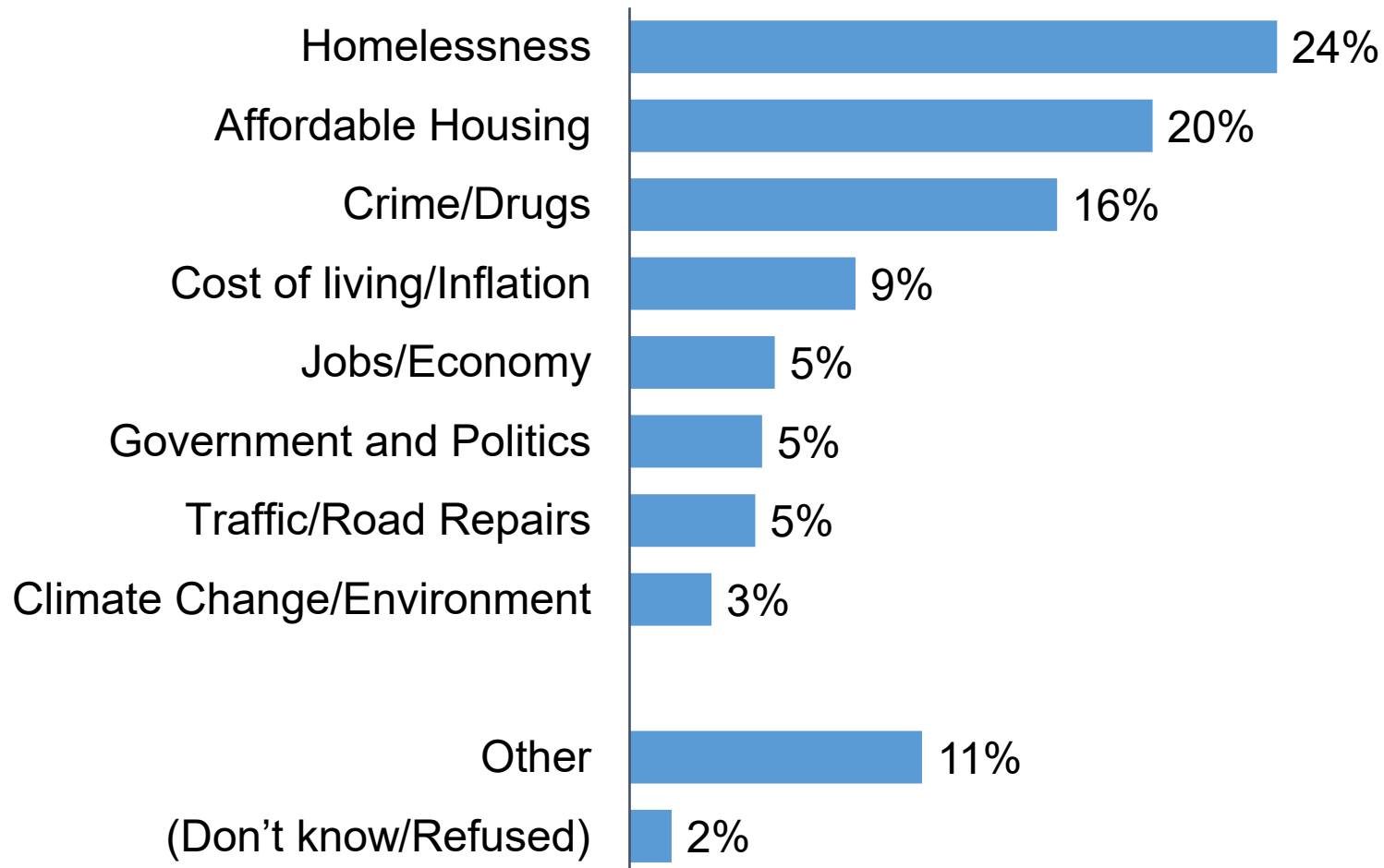


# Revenue Measure Questions

- The poll included two questions to test initial reactions to potential regional ballot measures, but it was **not designed as an in-depth viability** poll.
- Voters each heard one version of a housing bond measure and one version of a transportation tax measure with the order randomized.
- The poll is reflective of attitudes **today**, more than 18 months before the November 2024 election and years away from 2026.
- Factors that could significantly impact future measures include:
  - ✓ Legislation to revise AB-195 (Oberholte), such as SB 532 (Wiener);
  - ✓ The Taxpayer Protection November 2024 proposition;
  - ✓ The overall economy and issue environment; and,
  - ✓ A potential measure to lower the vote threshold for affordable housing bonds.

# Most Important Problem

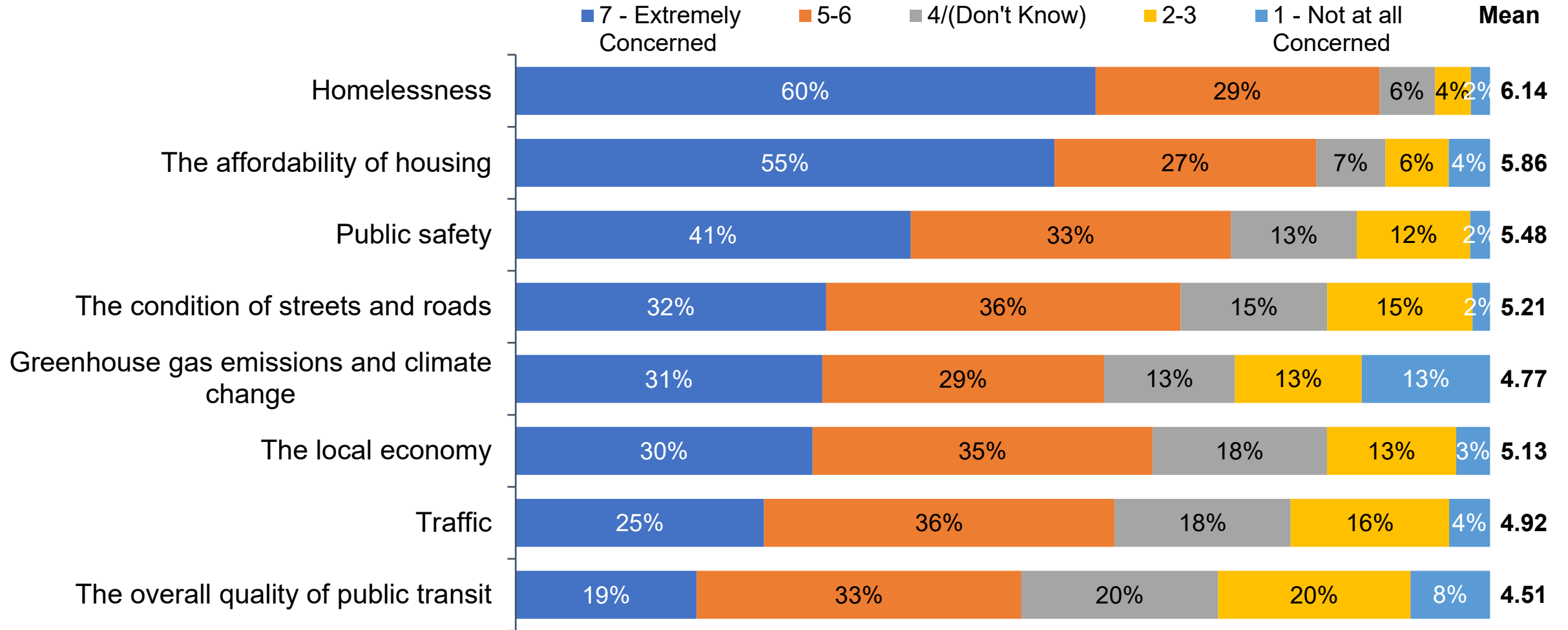
*Homelessness and housing affordability are the most commonly mentioned problems facing the Bay Area.*



2019 (Pre-COVID)	%
Housing	34
Traffic/Roads	18
Homelessness	13
Cost of living	7
Crime	2

# Issue Concern – Open Question

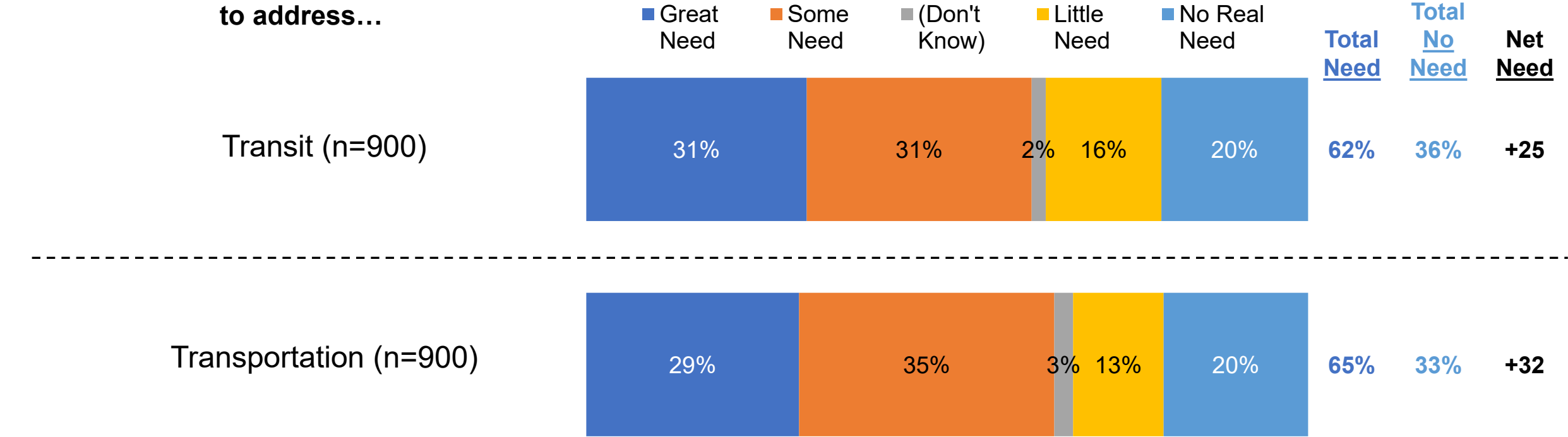
*Voters rate a number of issues as concerning - with high intensity about homelessness, housing and safety.*



# Perception of Need

Just under two-thirds of voters see a need for additional funding to address transit/transportation

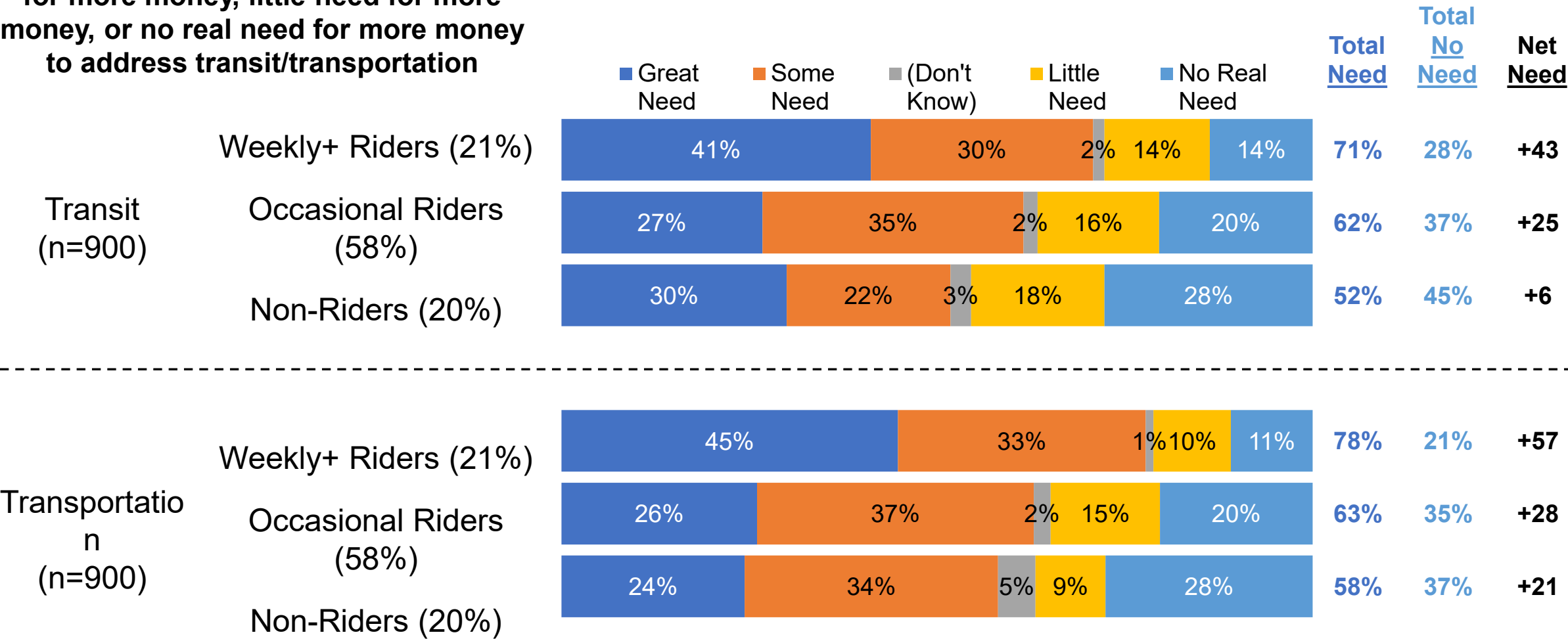
Please tell me if you think there is a great need for more money, some need for more money, little need for more money, or no real need for more money to address...



Q13. Please tell me if you think there is a great need for more money, some need for more money, little need for more money, or no real need for more money to address [transit/transportation]?

# Perception of Need by Ridership

Please tell me if you think there is a great need for more money, some need for more money, little need for more money, or no real need for more money to address transit/transportation

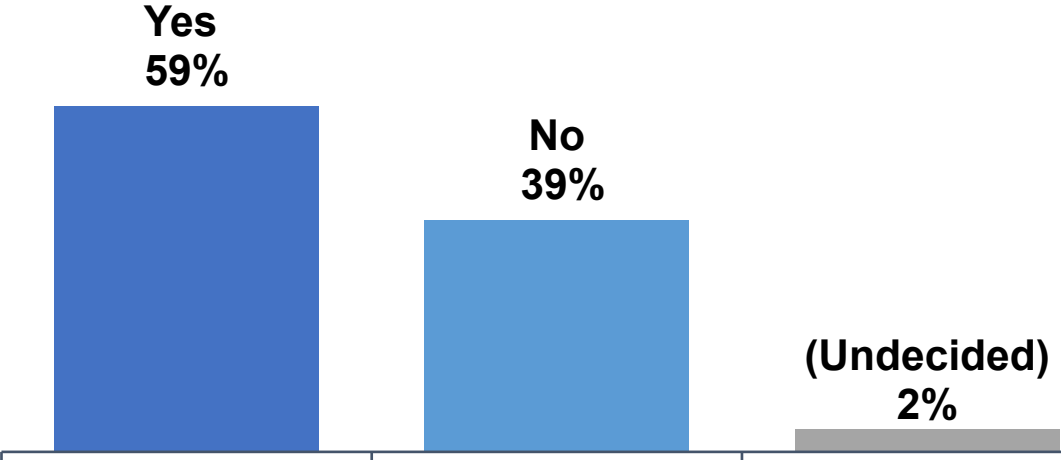


# Potential Transit/Transportation Tax

*Both transportation measures have strong majority support, but fall short of two-thirds.*

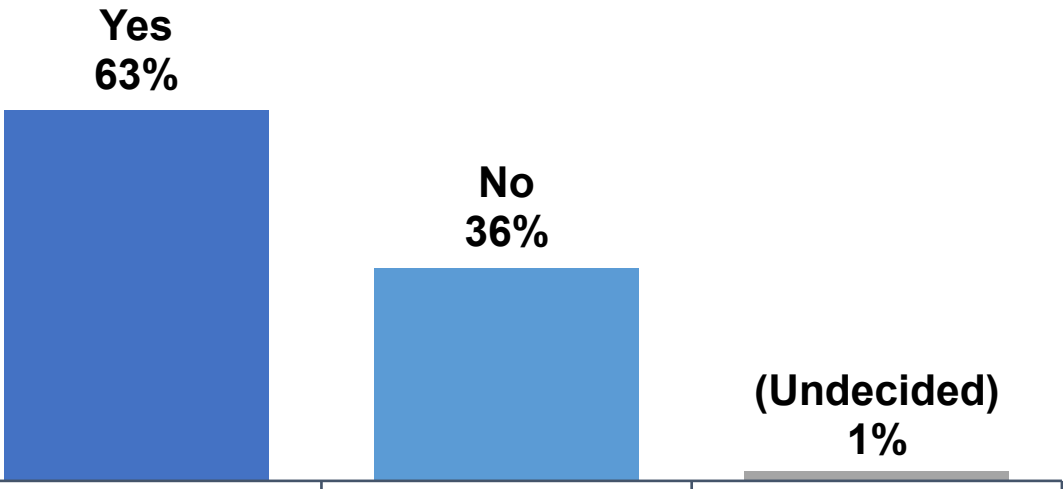
## Transit Only

To address the Bay Area’s transportation needs, reduce greenhouse gases and decrease traffic congestion by: providing reliable, affordable and connected BART, train, ferry, and bus service; improving access to public transit for seniors and persons with disabilities; reducing transit wait times; and improving rider safety; shall the measure enacting a half-cent sales tax for 30 years generating at least \$816,000,000 annually, subject to oversight and audits, be adopted? **(69 words)**



## Transit + Transportation

To address the Bay Area’s transportation needs, reduce greenhouse gases and decrease traffic congestion by: providing reliable, affordable and connected BART, train, ferry, and bus service; improving pedestrian, bike and transit rider safety; repairing potholes; adding carpool lanes; and protecting transportation networks from sea level rise; shall the measure enacting a half-cent sales tax for 30 years generating at least \$816,000,000 annually, subject to oversight and audits, be adopted? **(70 words)**





# Overall Key Findings

- Overall mood in the Bay Area continues to be fairly pessimistic with **homelessness**, **housing affordability** and **safety** topping voter concerns.
- Over two-thirds of voters think more money is needed to address **housing**. The tested measures fall short given the current threshold and wording requirements.
- There is widespread belief that **transit is important** for the Bay Area and that a high-quality public transportation system benefits all. Our current system does **not** receive **high ratings**.
- Just under two-thirds perceive a need for **transportation** funding. The tested measures **fall short** of the super-majority threshold.
- More than a third consider themselves at least monthly transit riders, **only 6% are daily riders**. Nearly 40% of all voters say they are **commuting less frequently** than pre-Covid.
- There is widespread willingness to increase transit usage, however, **convenience**, **speed** and **safety** are significant barriers.

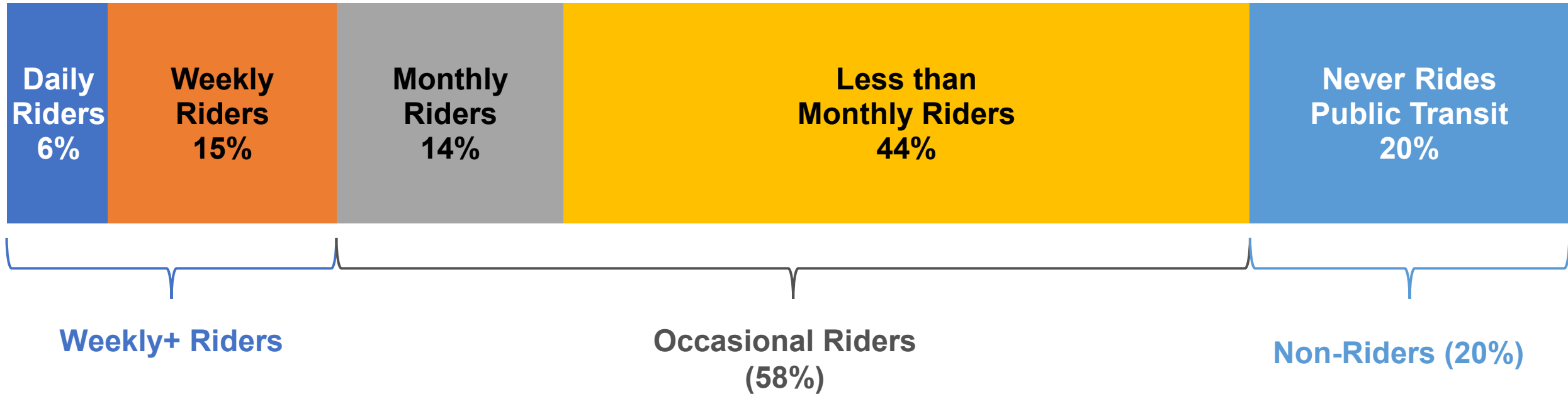
An aerial photograph of San Francisco, California, featuring the Golden Gate Bridge in the background, a body of water in the foreground, and a densely populated hillside neighborhood in the middle ground. The text "Questions & Discussion" is overlaid in the center.

# Questions & Discussion

An aerial photograph of San Francisco, California, featuring the Golden Gate Bridge in the background, a coastal town with numerous buildings in the foreground, and a large body of water. The image is slightly faded to serve as a background for the title.

# Supplemental Polling Information

# Current Public Transit Usage



**Daily Riders:** Rides any public transit service 5+ times a week

**Weekly Riders:** Rides any public transit service at least once a week

**Monthly Riders:** Rides any public transit service at least once a month

**Less than Monthly Riders:** Rides any public transit service less than monthly

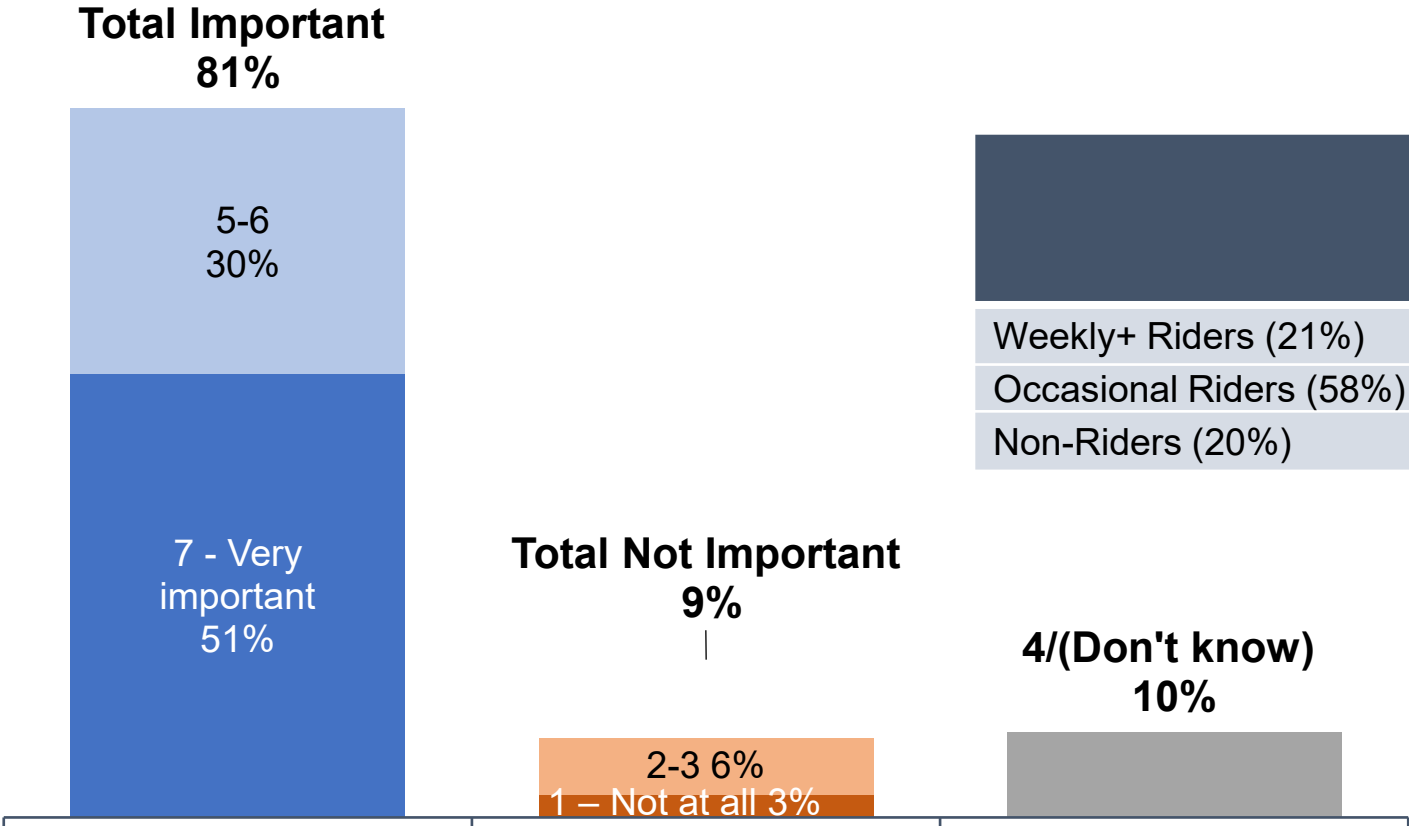
**Never Rides:** Never rides on any public transit service



# Importance of Public Transit

Although most don't use transit regularly, there is widespread belief that **public transit is important**.

Question: How important would you say public transit is for the Bay Area?



	7 - Very Important	5 - 6	Total Important	Total Not Important
Weekly+ Riders (21%)	71%	26%	96%	1%
Occasional Riders (58%)	48%	32%	80%	9%
Non-Riders (20%)	37%	32%	69%	17%



# Transit Investment Attitudes

We need to maintain the public transit service we have to make sure it is there for people who depend on it.

**87%**

Having high-quality, reliable public transit in the Bay Area benefits everyone, even people who don't ride it.

**79%**

We need to invest in real improvements to our public transit system to make it a better option for more people in the Bay Area instead of driving.

**74%**

We need to reduce public transit service now that that fewer people are using it by cutting routes, reducing frequency, and shortening service hours.

**10%**

Having high-quality, reliable public transit in the Bay Area really only benefits those who ride it.

**18%**

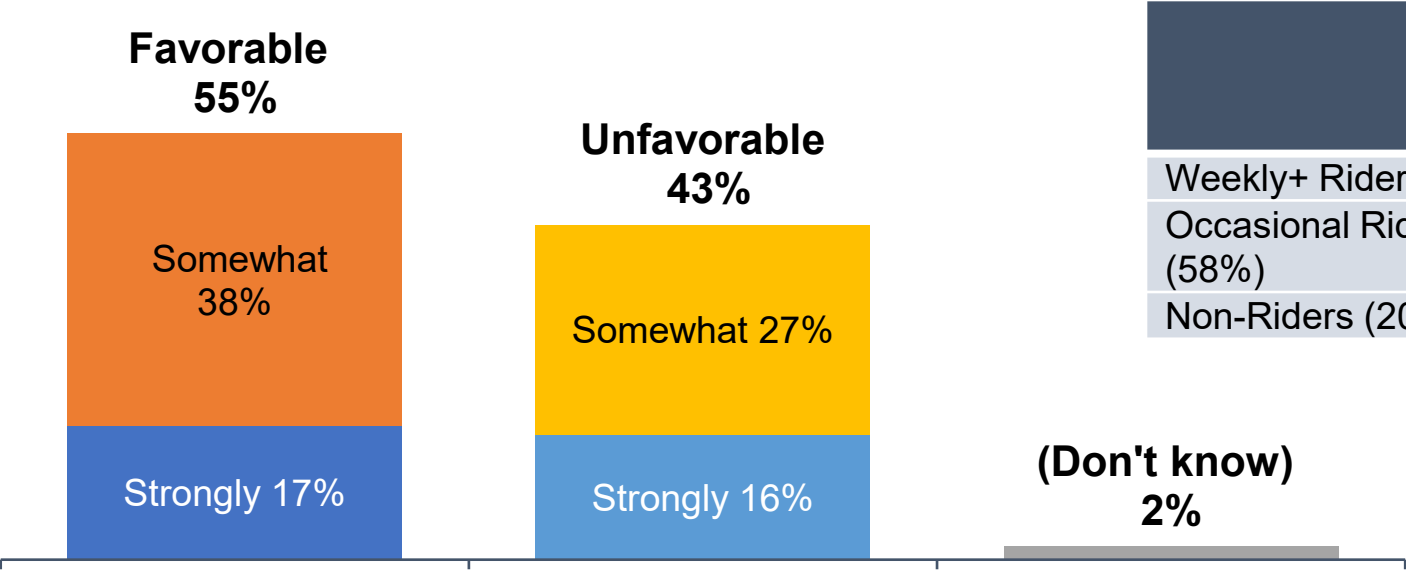
We should stop trying to improve a transit system that only a few residents use, and focus investments on other improvements that help people get around.

**22%**

# Public Transit Favorability

Overall opinions of Bay Area public transit are mixed, but those who use it have generally positive opinions.

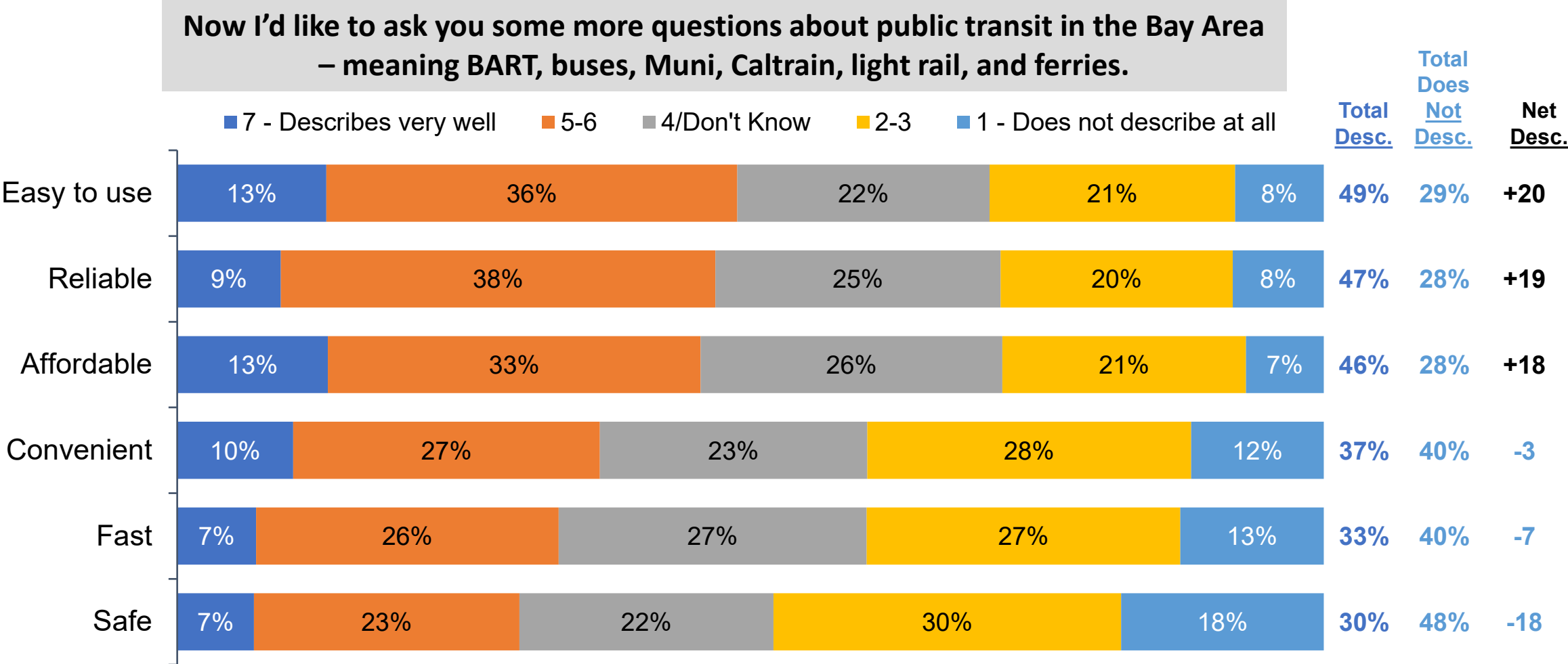
In general, would you say you have a strongly favorable, somewhat favorable, somewhat unfavorable, or strongly unfavorable opinion of public transit in the Bay Area?



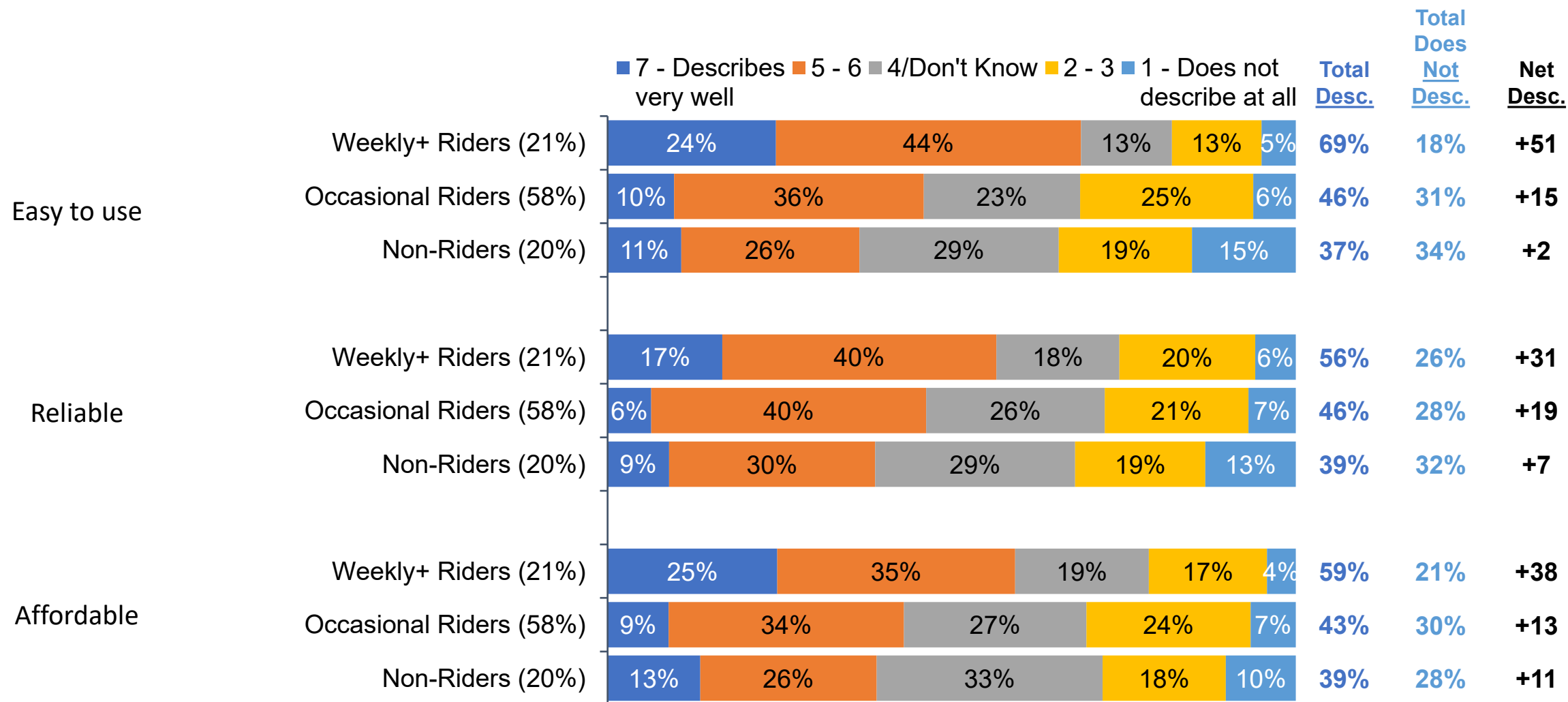
	Strongly Favorable	Somewhat Favorable	Total Favorable	Total Unfavorable
Weekly+ Riders (21%)	33%	40%	73%	26%
Occasional Riders (58%)	12%	40%	52%	47%
Non-Riders (20%)	15%	31%	46%	50%

# Public Transit Attributes

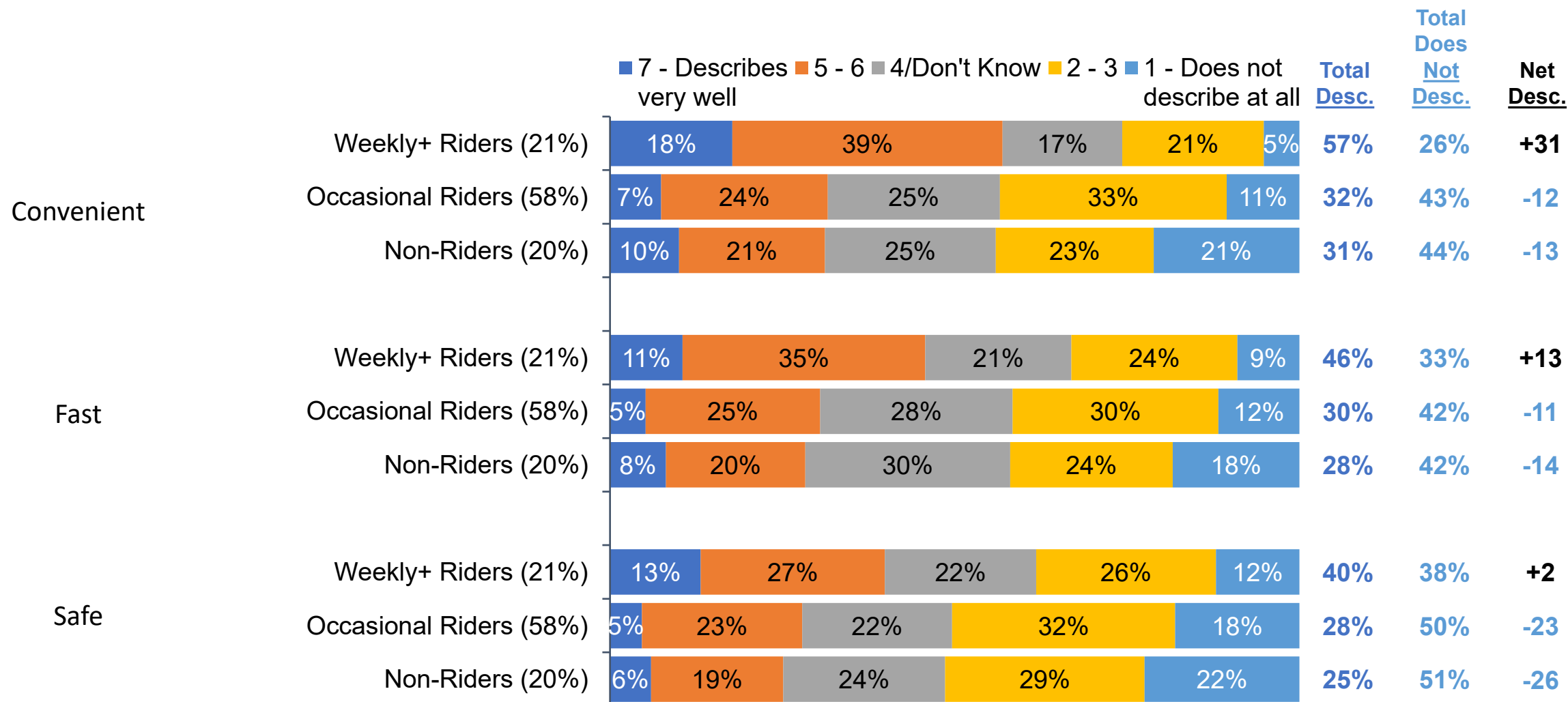
Bay Area public transit receives net positive ratings on ease of use, reliability, and affordability.



# Transit Attributes by Ridership



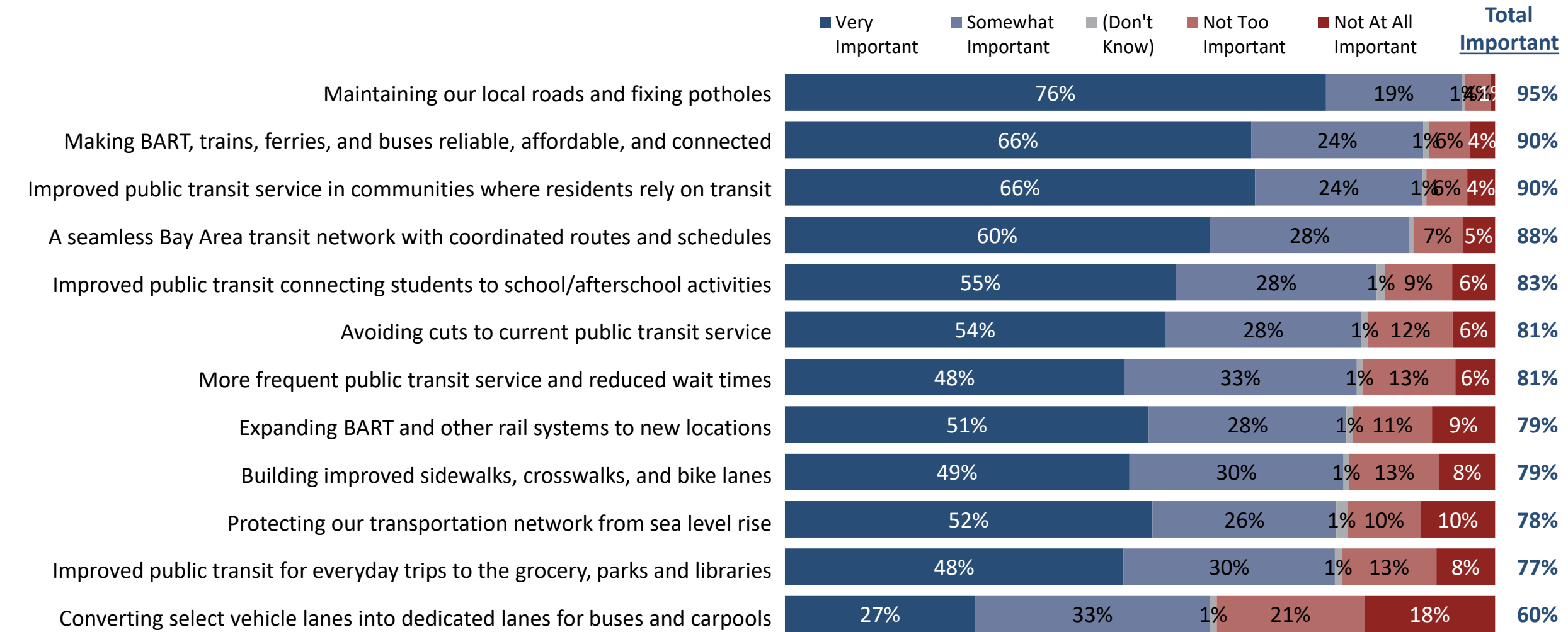
# Transit Attributes by Ridership





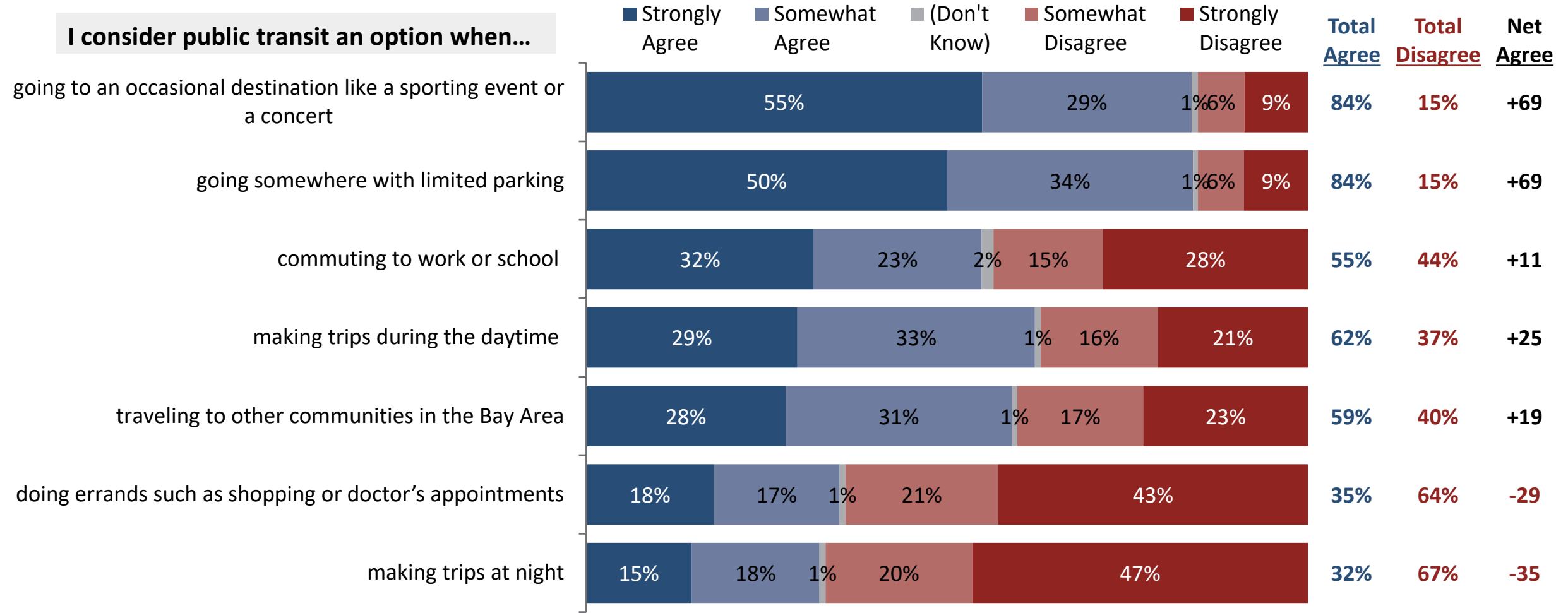
# Transportation Investments

*Voters are supportive of many of the transit improvements tested, but above all want roads to be maintained.*



# Public Transit Scenarios

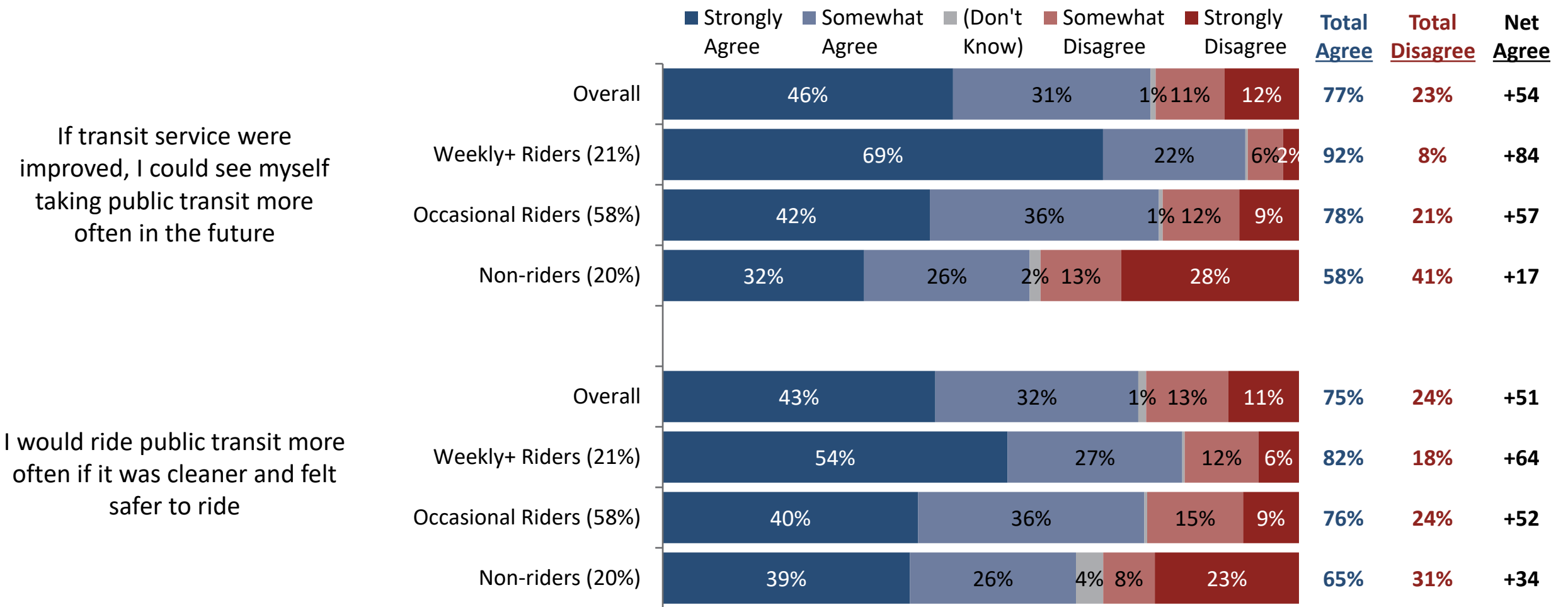
Most say they *consider* transit in many circumstances.



Q48-54. Even if you don't currently ride public transit, please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each of the following statements.

# Transit Usage

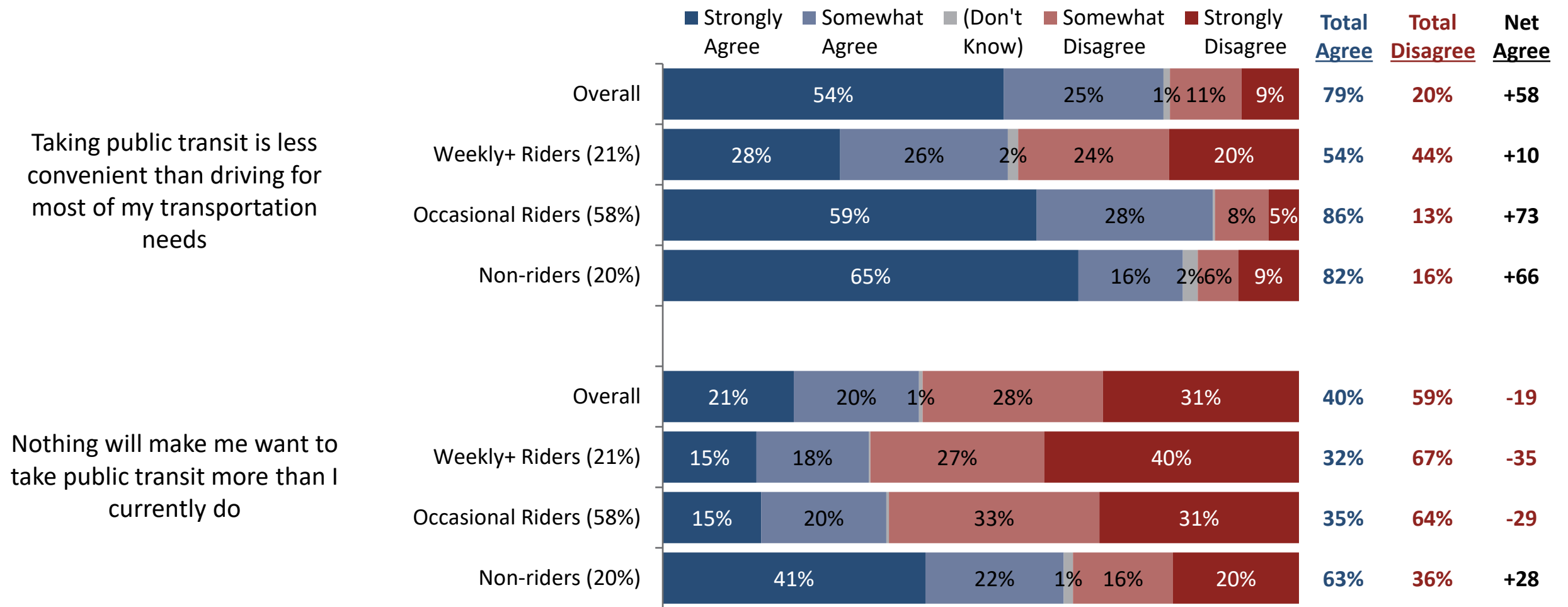
*Most say that if transit was improved they would use it more frequently.*



Q43-46. Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements.

# Transit Usage Hesitancy

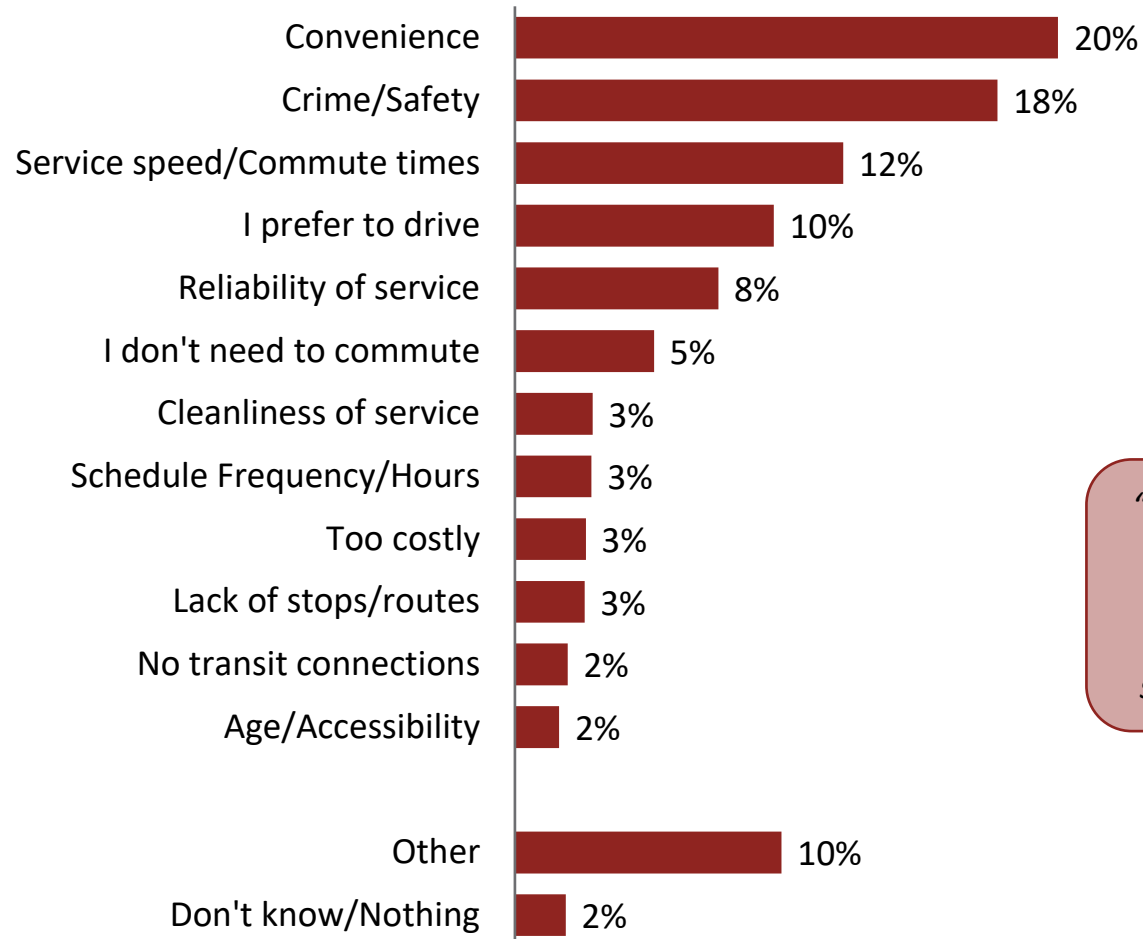
Some non-riders are adamantly anti-transit for their own usage, but many are very open. Convenience is a significant factor.



Q43-46. Please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree with each of the following statements.

# Barriers to Public Transportation

*Convenience, speed and safety are significant barriers for many to using transit.*



*"I have to walk out of my neighborhood to get to it and hope its on time and I could already be [at my destination] in the time it takes for all that."*

*"I have to drive my car to get to [public transportation]. It means that I could just drive since I'd already be in my car."*

*"It seems dangerous at night, not frequent enough bus service so can't go where I want to go unless I want to spend a lot of time waiting."*

*"Lack of safety especially at night. As a mid-30s woman it's really hard to feel confident and comfortable taking the bus anytime"*

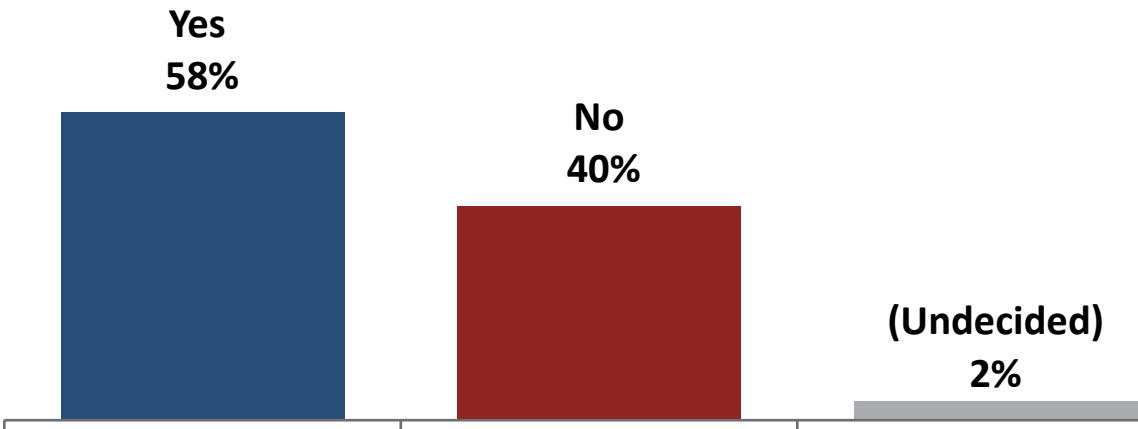
*"Usually it takes longer or just as long as driving."*

# Potential Housing Bond

*Support for a housing bond is above 55% both with and without including the estimated levy.*

## Full Detail

To address housing affordability/homelessness by providing: stable housing for homeless children/families; housing with mental health/substance abuse services; and local housing that is affordable for vulnerable people including seniors, veterans, and persons with disabilities; shall the measure by the Bay Area Housing Finance Authority issuing up to \$10,000,000,000 in general obligation bonds with an estimated levy of 35 cents/\$1,000 of assessed value (generating \$670,000,000 annually) while bonds are outstanding, subject to oversight and audits, be adopted? **(75 words)**



## Excluding AB195 Required Detail

To address housing affordability/homelessness by providing: stable housing for homeless children/families; housing with mental health/substance abuse services; and local housing that is affordable for vulnerable people including seniors, veterans, and persons with disabilities; shall the measure by the Bay Area Housing Finance Authority issuing up to \$10,000,000,000 in general obligation bonds, subject to oversight and audits, be adopted? **(57 words)**

