

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

Presentation to SPUR  
April 13, 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



Shaping the state budget ask



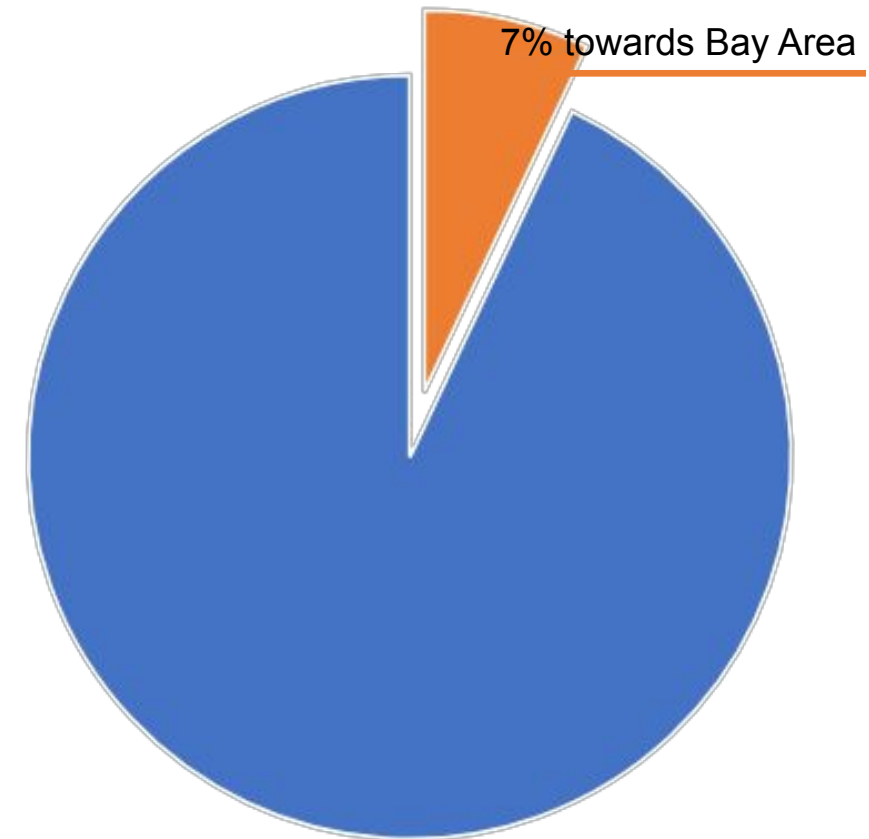
Photo: Jim Mauer

# 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**

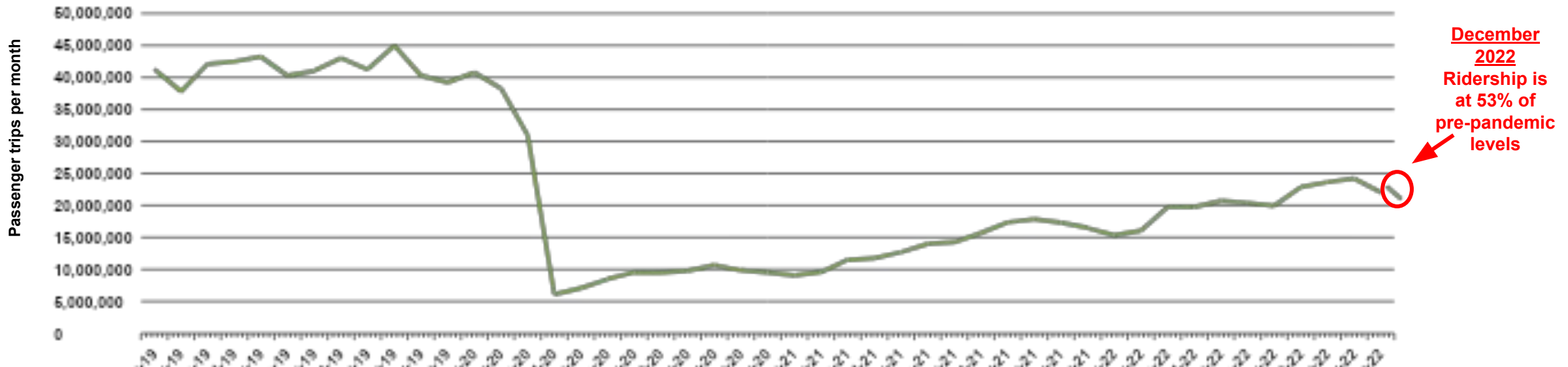




# Transit Ridership – All Bay Area Operators

Transit ridership across the Bay Area remains at only 54% of pre-pandemic levels. But an average of more than 21 million passenger trips were still taken on transit December '22-Feb '23.

The drop is not explained **solely** by remote work: Of those who are still commuting, the share taking transit fell from 14% in 2019 to 5% in 2021. (2022 data not yet available). That gap is a clear opportunity.

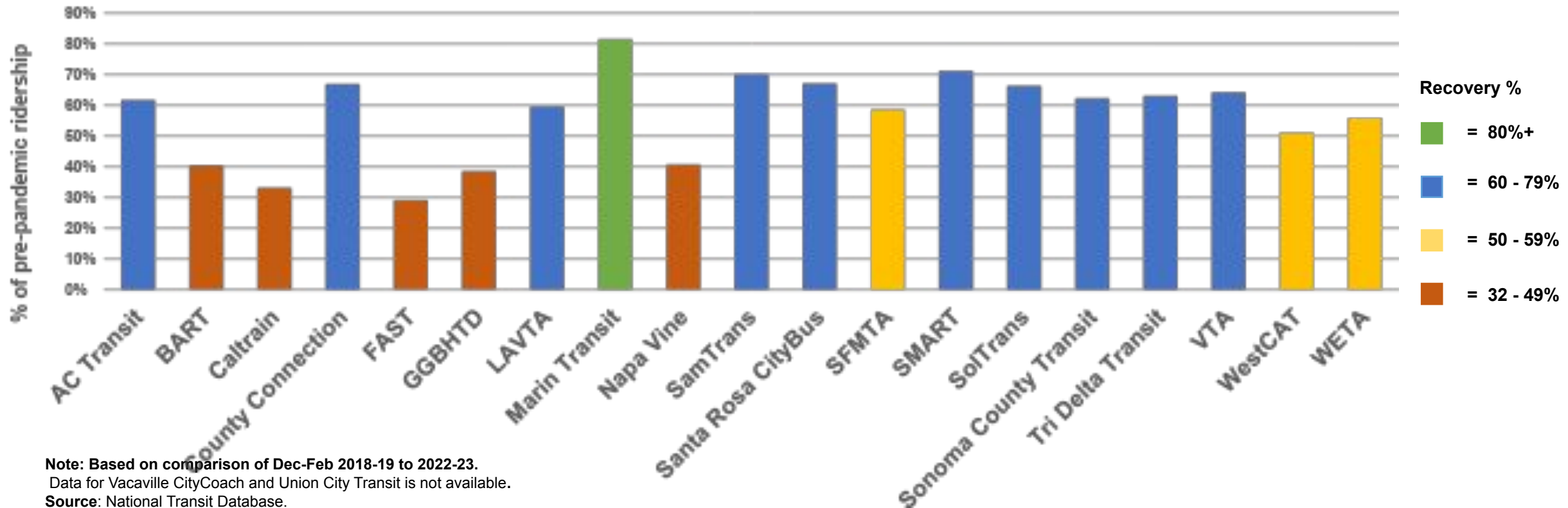


Source: National Transit Database

# Ridership Recovery Varies Greatly by Operator



Ridership recovery by operator reflects the type of destinations served and the demographics of riders of each agency. Operators that serve the San Francisco commute have seen the greatest drop in ridership.



**Note:** Based on comparison of Dec-Feb 2018-19 to 2022-23.  
Data for Vacaville CityCoach and Union City Transit is not available.  
**Source:** National Transit Database.

# 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

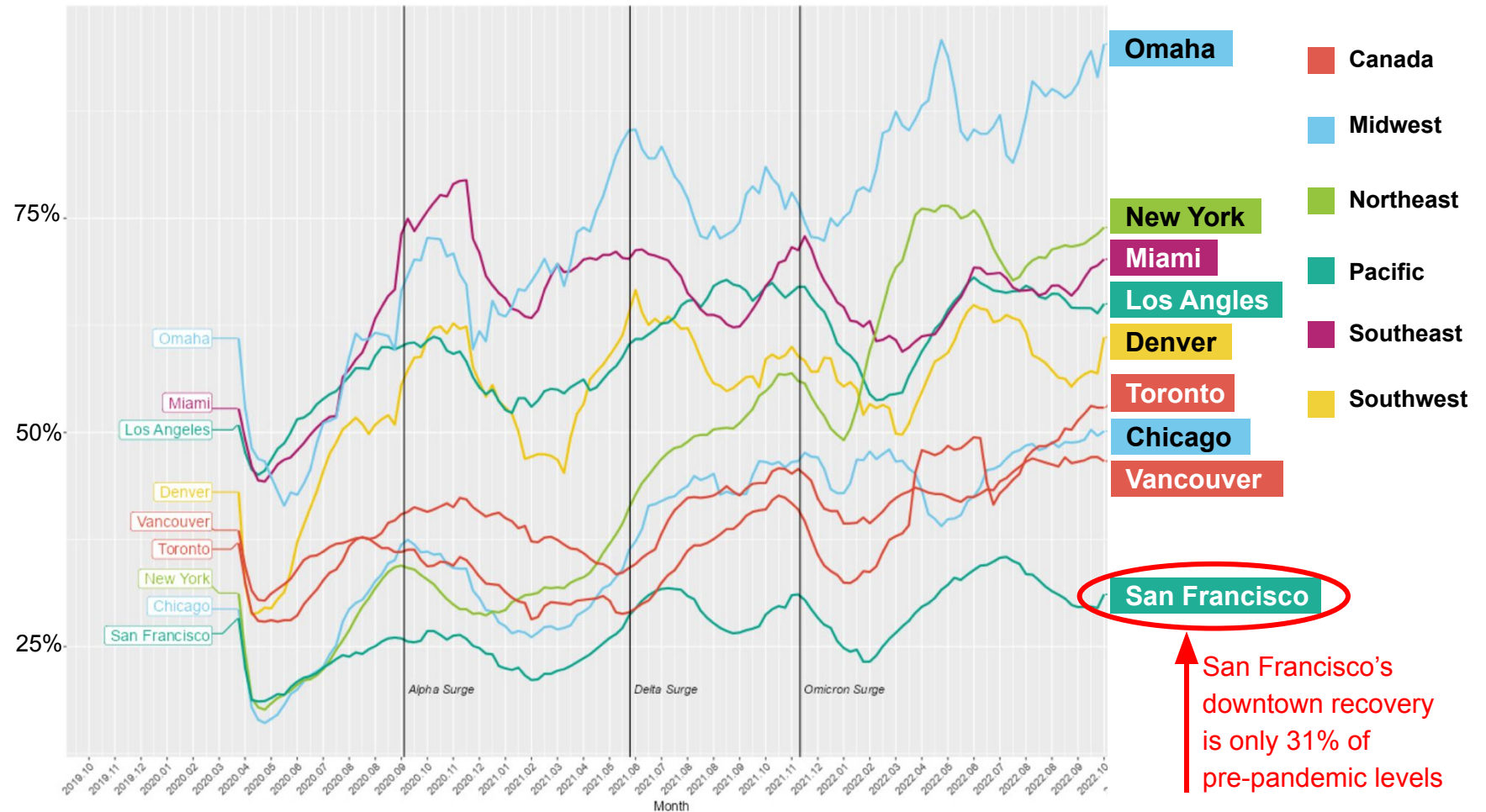
150,000 fewer people lived in the Bay Area 2022 than in 2015\*



## Workplace Changes

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

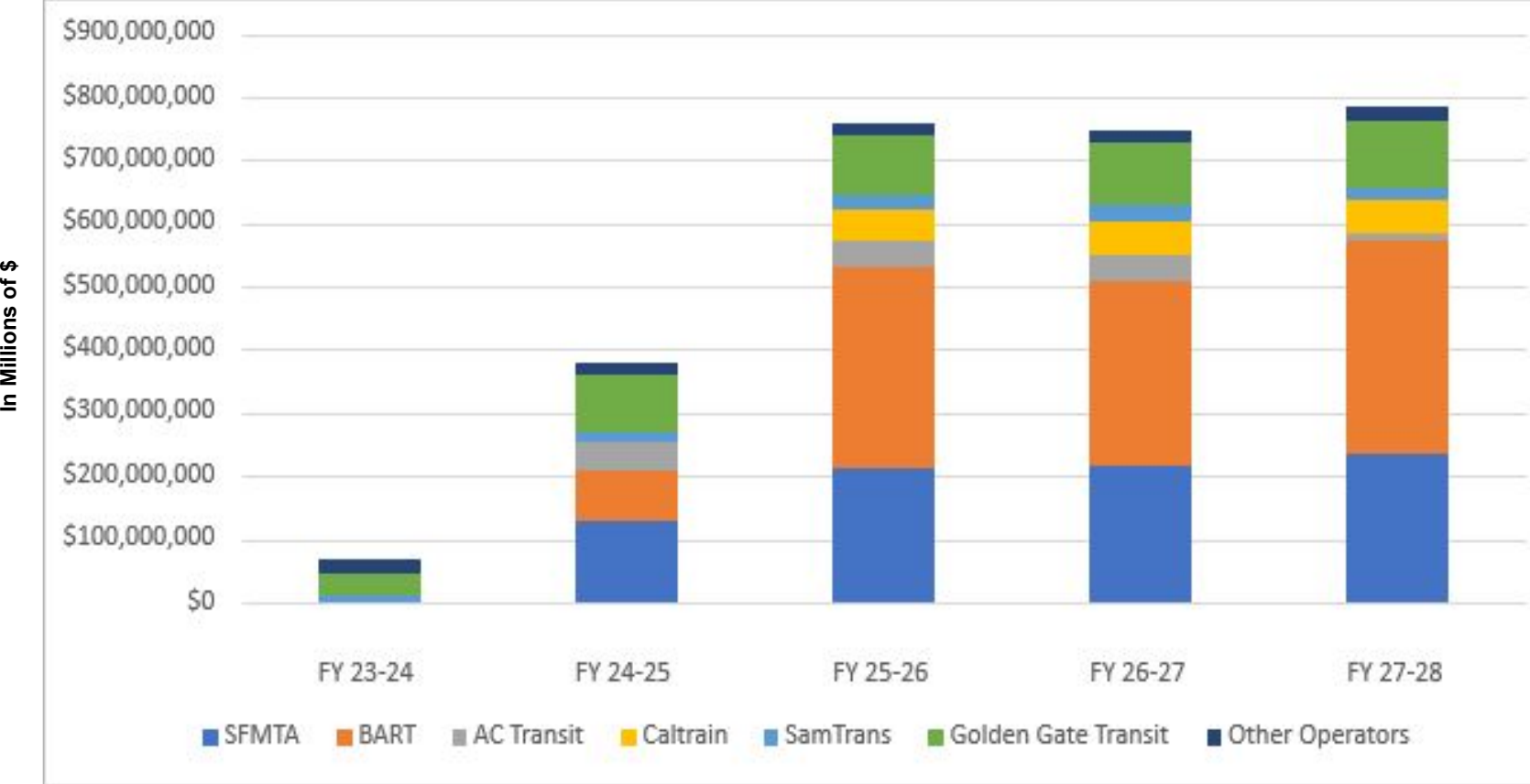
### UC Berkeley Downtown Recovery Quotient Trajectories in 9 Select North American Cities\*



San Francisco's downtown recovery is only 31% of pre-pandemic levels

\*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.**



# Transit is Foundational to California's Equity & Climate Goals

- Ridership is down, but over **21 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 Bay Area residents. Notably, transit riders are more likely to be renters.**
- Transit is **essential** to our **climate** goals
  - Plan Bay Area 2050 assumes an almost 50% increase in transit's share of commute
  - State's climate plans include reducing vehicle miles traveled as a key method to reduce 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.**

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

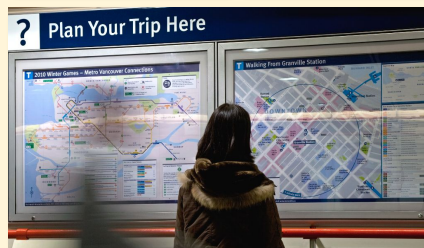
## I. Fares and Payment

Simpler, consistent, and equitable fare and payment options.



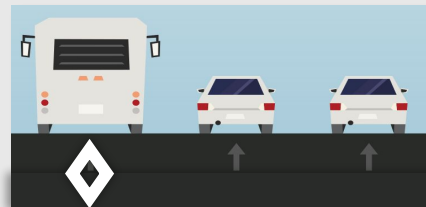
## II. Customer Information

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.



# Shaping the Ask Amidst Budget Challenges

To provide transit agencies the predictable funding they need, we are:

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

## Challenges

- Legislature wants to see that transit agencies are making hard choices too.
- Questions of accountability are predictably arising – how can Legislature ensure transit agencies are doing their best to bring back riders?
- Trade-offs – options on table to shift transit capital funding (TIRCP) to operating purposes among other potential “new” sources of transit funding.
- MTC making strong case for **new funding**.

An aerial photograph of a coastal town, likely Sausalito, California. The town is built on a hillside overlooking a bay. In the background, the Golden Gate Bridge is visible, along with a large mountain peak. The sky is clear and blue. The text "Questions & Discussion" is overlaid in the center of the image.

# Questions & Discussion