



## Questions & Answers About AC Transit's Financial Situation

**Why is there a deficit and how much is it?** The deficit is primarily the result of unprecedented, large cuts in state funding and a decline in sales-tax revenue due to the recession. If no pro-active steps are taken, by current projections AC Transit will face a \$57 million deficit by the end of June 2010.

**What's happened with the state funding?** This year the District was entitled to receive \$26 million in State Transit Assistance (STA) funds but was given only \$3.4 million. But even worse, the state has declared that there will be no more STA funds for transit agencies for at least the next five years.

**Voters passed the Measure V V parcel tax last November and AC Transit is raising fares in July. Why isn't this enough?** The parcel tax will bring in about \$14 million a year and the fare increase will likely bring in another \$5.7 million a year. Without these new funds the deficit would be even larger.

**Isn't AC Transit getting federal stimulus money?** Yes, about \$26 million for one year. Again, without this help the deficit would be even larger.

**Can't AC Transit reduce expenses without cutting service?** Budget development for the next two fiscal years (beginning July 1, 2009) is underway now. Staff will be identifying every administrative and operating cost savings it can in order to preserve as much service on the street as possible.

**Are you going to talk to the public before you decide on service cuts?**

Yes. In addition to a formal public hearing (most likely in August), AC Transit has set up a series of community workshops in May throughout the District to get riders' opinions on different general scenarios and ask for their help as we review services. It's important to note that these workshops are intended to assess what services are critical and important to our riders, and that we will not be discussing specific service change proposals.

**Why is AC Transit still proposing a Bus Rapid Transit system, given your current fiscal crisis?**

The proposed Bus Rapid Transit (BRT) program is being funded by local, state, and federal grant money available only for that purpose. The project grew out of long-range transit studies that outlined the region's future transit needs and traffic congestion. The idea is to mitigate what will otherwise be virtually impassable streets in the years to come. Additionally, building the BRT will bring much needed jobs to the East Bay at a time when the economy will still be in recovery.

**Why is AC Transit still spending money to purchase new buses if there is a deficit?**

Similar to the BRT funding, the money used to purchase buses is specifically earmarked for that purpose (known as "capital improvements") and cannot be spent for operations



(such as maintenance, fuel, and salaries). So even if the District refused to buy new buses, the money could not be used to ease the operating deficit.

Additionally, when the District replaces buses, they are nearly always more than 12 years old. Just like a private automobile, the older a vehicle is the more maintenance and upkeep it requires. By replacing old buses with new buses, AC Transit is pro-actively reducing its maintenance costs.

**Why don't you use smaller buses? Wouldn't that save money?**

When fuel, maintenance, drivers' salaries, etc., are factored in, there is actually no significant cost difference between operating a small bus and larger one. That said, we do use smaller, 30-foot buses whenever we can, most notably on lines in the hills with narrow, winding streets. Even then, smaller buses are not always practical, given ridership volume. For instance, Line 53 has tremendous ridership between Fruitvale BART and MacArthur Blvd., but light ridership in the hills above MacArthur. Because it would be inefficient to split the line into two, we need to use 40-foot buses along the entire route.