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November 3, 2025

The Honorable Dave Cortese, Chair
Senate Transportation Committee
State Capitol, Room 405
Sacramento, CA 95814

The Honorable Scott Wiener, Chair
Senate Budget & Fiscal Review Committee
1020 N Street, Room 502
Sacramento, CA 95814

The Honorable Lori Wilson, Chair
Assembly Transportation Committee
1020 N Street, Suite 112
Sacramento, CA 95814

The Honorable Jesse Gabriel, Chair
Assembly Budget Committee
1021 O Street, Suite 8230
Sacramento, CA 95814

RE: California State Transportation Agency's Transit Transformation Task Force Report

Chairs Cortese, Wiener, Wilson and Gabriel:

On behalf of the California Transit Association, I write to you today to respond to the Transit Transformation Task Force (Task Force) report, submitted by the California State Transportation Agency (CalSTA) to the Legislature, as required by state law.

The report is the culmination of nearly two years of work by the 25-member Task Force, established by CalSTA pursuant to Senate Bill 125 (Committee on Budget and Fiscal Review) [Chapter 54, Statutes of 2023], to solicit and develop recommendations to grow transit ridership and improve the transit experience for all transit riders. As required by law, the Task Force report includes a detailed analysis of the services provided by California transit operators, transit ridership demographics, existing transit funding sources and their eligible uses, the cost to maintain and operate the public transit network, the cost of federal and state mandates, workforce recruitment and retention, state and local policies that impact service efficiency, transit performance measures and oversight, as well as recommendations on 12 topics that represent hours of discussion, and ultimately, compromise between Task Force members.

As detailed further in this letter, the Association views the report's analysis, as presented in the Executive Summary, Chapters 1-3, and Appendix A, as comprehensive and fully consistent with the requirements of SB 125. By contrast, the Association views the report's recommendations, as presented in Chapter 4 and Appendix B, including on the topics of transit funding and Transportation Development Act (TDA) reform, as topically consistent with the requirements of SB 125, but insufficiently detailed, failing short of providing the Legislature with its requested roadmap for legislative action.

Association's Engagement Approach: As the organization that led the effort in 2023 to secure \$5.1 billion in emergency relief from the State of California for transit operators statewide and develop, in partnership with the Legislature, accountability requirements for this funding, the Association participated productively in the Task Force to inform its analysis and recommendations.

Of the Task Force members, 12 members are affiliated with the Association, including:

- **Kome Ajise**, Executive Director, Southern California Association of Governments
- **Rashidi Barnes**, CEO, Eastern Contra Costa Transit Authority
- **Alix Bockelman**, Chief Deputy Executive Director, Metropolitan Transportation Commission
- **Sharon Cooney**, Chief Executive Officer, San Diego MTS / Chair, Executive Committee, California Transit Association
- **Amy Hance**, Deputy Director General Services, City of Clovis
- **Kate Miller**, Executive Director, Napa Valley Transportation Authority (Retired)
- **Lorelle Moe-Luna**, Multimodal Services Director, Riverside County Transportation Commission
- **Seamus Murphy**, Executive Director, San Francisco Bay Water Emergency Transportation Authority
- **Michael Pimentel**, Executive Director, California Transit Association
- **Robert Powers**, General Manager, San Francisco Bay Area Rapid Transit District
- **Michael Turner**, Executive Officer – Government Relations, Los Angeles County Metropolitan Transportation Authority
- **Carl Sedoryk**, CEO, Monterey-Salinas Transit District

To inform the Association's participation on the Task Force, we established a 14-member internal Transit Transformation Advisory Committee (TTAC) in March 2024, comprised of the 8 transit operator representatives on the Task Force and 6 additional Association members sourced from our Executive and State Legislative Committees. Upon convening this body, we coordinated with our sister association, the California Association for Coordinated Transportation (CALACT), on a survey delivered to our joint membership in May 2024, which asked transit operators statewide to identify policy barriers and recommendations for the topics scheduled to be reviewed by the Task Force. In the months that followed, we directed this body to reviewing and vetting the survey results, the findings of academic literature and case studies, our past legislative programs, as well as Task Force meeting materials to develop the consensus recommendations we would bring, as an industry, to the Task Force at each meeting. The TTAC met a total of 17 times from March 2024 to September 2025.

We treated our engagement on the Task Force with the seriousness we believe you expected from our industry, recognizing that, in securing enactment of SB 125, we entered a compact with the state to use the short-term funding support provided by the bill as a runway to advancing policy and funding recommendations to further improve and transform public transit in our state. In our internal deliberations, we often spoke of the Task Force as providing a *"break the glass"* opportunity to elevate to the state the myriad challenges our industry faces, including the ways

in which the state's policy and regulatory landscape, the built environment, local control, and inadequate funding undermine the delivery of common sense and cost-effective solutions that could help transit operators deliver more effective and efficient service.

Association's Response to Background and Analysis: The Task Force report before you today benefits from the Association's input, and establishes a largely comprehensive landscape analysis of the challenges transit operators face, including the regulatory, administrative, and policy barriers that impede more effective transit project and service delivery; the external factors, like housing costs, land use decision-making, and remote work, impacting transit ridership; the external drivers of operational cost increases, like wages, insurance, and fuel; and the significant financial and operational impacts of transit operators' efforts to comply with the California Air Resources Board's Innovative Clean Transit regulation, which mandates that operators transition their bus fleets to dramatically more expensive zero-emission technologies without dedicated new funding support.

The Task Force report also appropriately outlines the near-term funding crisis faced by transit operators due to the continued prevalence of remote work, persistent inflation, and the state's mandated transition to zero-emission technology; the risk to once-stable transit funding sources, like the State Transit Assistance program which relies on the sales tax on diesel fuel; the potential cascading impacts of revenue losses on transit operators' financial stability; and the importance of new funding for transit operators to achieve financial stability and reach transformation – to the benefit of our riders, our communities, and our environment. The Task Force report also highlights an uncomfortable truth: in our current resource-constrained environment, the transition to zero-emission technology, which requires more expensive vehicles, new charging and refueling infrastructure, and the retraining and upskilling of our workforce, has begun to force, and will continue to force, operators to reallocate limited funds away from operations and exacerbate their already precarious fiscal positions.

Association's Response to Recommendations: The Task Force report provides, however, recommendations that are mixed in their benefit and impact to transit operators and the experience of our riders.

The report's recommendations on transit safety and security, transit prioritization, first-mile / last-mile connections to transit, land use and transit-oriented development reflect well our interests and input throughout the process, building on efforts we have led or supported at the state-level in previous years. These past efforts have largely sought to provide transit operators with new statutory and funding tools to address the safety and security issues experienced by our riders and workers, require coordination between the state and transit operators on transit prioritization projects, remove state and local barriers to transit project delivery, and incentivize greater coordination between localities and transit operators on housing and land-use decisions.

The report's recommendations on transit fleet and asset management, and reducing capital construction costs include a series of recommendations we support, including expanding master service agreements for rolling stock and transit technology, re-evaluating the impact of CARB's ICT regulation on transit operators as the state considers additional support to transit operators, expanding opt-in technical assistance, expanding the list of alternative procurement methods

available to transit operators, and streamlining permitting of transit projects, but otherwise advance solutions that we believe would have limited impact and benefit to our industry.

On the critical topics of transit funding and TDA reform, the Task Force report includes recommendations that are topically consistent with SB 125's requirements, but that we argue are insufficiently detailed to provide the Legislature with a roadmap for action in the years ahead. We believe that the lightness of these recommendations is the result of structural challenges associated with the Task Force process, including, the Task Force's scope of work; the Task Force's schedule for addressing these topics; and the Task Force's required adherence to Bagley-Keene, which deprived Task Force members of the opportunity to hold informal discussions and more regular meetings to debate policy frameworks and develop recommendations for consideration by the full Task Force.

We look forward to working with the Legislature in the years ahead to advance the many Task Force report's recommendations we support, further develop the Task Force recommendations we posit require additional direction and specificity, highlight the challenges associated with the Task Force report's recommendations with which we have concerns, and contextualize the comparative benefits of these recommendations overall (an analysis that is currently lacking in the Task Force's report). In this work, we will continue to emphasize the significant differences between transit operators – in funding and staffing resources, governance structure, and operating environment – and stress the importance of nuanced and flexibility state policies.

Funding: SB 125 requires the Task Force to identify *“new options for revenue sources to fund transit operations and capital projects to meet necessary future growth of transit systems for the next 10 years”* and *“strategies to achieve fleet and asset management goals and needs, including funding approaches.”*

As noted above, the Task Force report's background and analysis appropriately outline the existence of near-term funding challenges for California transit operators and the need for new transit funding for transit operators to achieve near-term financial stability and mid-to-long-term transformation. Unfortunately, the Task Force report does not identify transit operators' funding need through a primary analysis or reference to an existing and vetted needs assessment. Instead, the Task Force report identifies potential increases in operational and capital expenditures using for operational expenditures, assumptions for growth in vehicle revenue hours and cost efficiency; and for capital expenditures, assumptions for capital expenditure growth and the cost of new mandates. The Task Force report notes uncertainty in the future growth of transit funding streams and notes only *“the current level of funding may be adequate...or instead need to grow, at either historical, or above historical rates, to meet potential total costs.”*

We understand that CalSTA did not receive budget support to conduct such a needs assessment, but we continue to maintain that such analysis is foundational to scoping and delivering policy recommendations to address transit operators' funding needs. In the absence of this analysis and due to the limited opportunities afforded to Task Force members to develop and debate funding recommendations, the Task Report provides only limited funding recommendations to the Legislature for its consideration.

In short, these recommendations call on the Legislature to:

1. Establish new state transit funding to stabilize agencies in the near-term; support transformation, increased service levels, and capital needs in the mid-term; and deliver sustainable revenue models in the long-term.

Offers for consideration increases to the state-authorized sales tax, increases in fuel taxes, redirection of express lane toll revenue, and establishment of a hotel tax, personal income tax, corporate tax, or payroll tax.

2. Encourage or authorize regions to reprogram and refocus existing transportation revenue sources, including Local Transportation Funds, State Transit Assistance program funds, and Federal Highway Administration formula funds.
3. Consider establishing additional flexibility for transit operators to place measures on the ballot.
4. Establish new opportunities for transit operators to generate revenue through value-capture, including by selling air rights and through expanded increment financing tools.
5. Allow transit operators to generate new revenue by retaining residual grant funds derived from efficiencies.

The Association believes strongly, like other Task Force members, that reprogramming existing transportation revenue sources, supporting additional flexibility to achieve self-help, supporting value capture, and encouraging efficiencies will make only minor progress toward transit operators' short-to-long-term funding needs. We believe that the Legislature must continue to work with the Association to establish new state transit funding for transit operators.

***TDA Reform:** SB 125 requires the Task Force to identify recommendations for “reforming the Transportation Development Act, including, but not limited to, replacing the farebox recovery ratios and efficiency criteria with performance metrics that better measure transit operations.”*

The Task Force report's background and analysis highlights that the TDA consists of two primary funds, the Local Transportation Fund (LTF) and State Transit Assistance (STA), which rely on the farebox recovery ratio (FRR) and an operating cost per hour requirement as their primary performance metrics. These sections acknowledge that, in recent years, transit operators have struggled to meet the FRR and operating cost per hour requirement, which discourages service expansion and innovation. These sections further note that, when these measures are not met, transit operators are penalized under existing law and barred from having full usage of this funding for both operational and capital purposes. Finally, these sections note the importance, consistent with SB 125, of establishing alternative performance measures through TDA reform.

With a defined problem statement, the Task Force report's recommendations are generally specific. In short, these recommendations call on the Legislature to:

1. Remove farebox recovery penalty and instead require agencies establish plans to address any deficiencies through existing audit processes.
2. Eliminate the unmet needs process to require LTF funding to be spent on transit.
3. Establish a new working group with statutory deadlines to draft and finalize metrics and performance measure in lieu of farebox recovery and cost inflation penalties.

That said, we understand that these recommendations stipulate to still further process to draft and finalize metrics and performance measures to replace the existing performance measures under TDA. The Task Force's inability to advance a more substantive recommendation on alternative performance measures is, we believe, the direct result of the limited opportunities afforded to Task Force members to develop and debate such recommendations and the structure of the Task Force, which prevented necessary discussions between Task Force members and subject matter experts.

The Association believes strongly, like other Task Force members, that TDA reform, coupled with new funding, is essential to the long-term stability of public transit. We believe that the Legislature must continue to work with the Association to develop alternative performance measure to the FRR and operating cost per hour requirements in TDA.

In closing, while the Task Force report and process has delivered mixed results, please know that we remain deeply committed to continuing our engagement with the Legislature to improve and transform transit in California. Given the Task Force report's limitations, we look forward to working with the Legislature in 2026 to fill the gaps left by the report and to advance the recommendations on which we mutually agree. Together, we can deliver on the promise of a more equitable, sustainable, and efficient transit system that meets the needs of all Californians.

If you have any questions about this letter, please contact me at michael@caltransit.org or 916-446-4656 x1034.

Sincerely,



Michael Pimentel
Executive Director

cc: Members and Consultants, Senate Transportation Committee
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