

Proposed “Guardrails” to Add to SB 1031 (Wiener/Wahab)

Summary of concerns raised in March 7, 2024 Operator Letter

- Control over operating budgets and fare policies
- Control over their funding sources
- Control over bargaining
- Control over individual logos/brands
- Control over schedule and service planning

Draft language proposed to be added to Government Code 66516

Nothing in this section authorizes the commission to do the following:

- 1) Restrict a transit agency’s access to funds not allocated by the commission.
- 2) Require a one-time or ongoing expenditure or policy that a transit agency has found would require it to take an action that the agency determines to be unacceptable with respect to its impact on transit service, staffing, maintenance, or other specified operational or state of good repair consideration. In advance of making a finding about the impact of a proposed expenditure or policy pursuant to this paragraph, a transit agency shall conduct an assessment that takes into consideration all funding anticipated to be available to the transit agency in the next fiscal year, including, but not limited to, any discretionary funding that the commission has identified to help offset the cost of the proposed expenditure or policy, any growth in fare revenue anticipated as a result of the expenditure or policy as well as potential adjustments to fares or fare policies the operator could make to increase revenue. The agency shall develop the assessment in consultation with staff from the commission and shall present it to the commission at a public meeting in advance of adopting a finding pursuant to this paragraph. At the request of the commission, a transit agency may be required to update its assessment and make a subsequent finding in future fiscal years.
- 3) Require an agency to implement policies or programs that would impede or interfere with its ability to comply with any legal obligations in existing transit labor contracts.
- 4) Restrict the use of an agency’s logo outside the scope of the commission’s regional mapping and wayfinding standards.

- 5) Require that a transit agency modify the schedule or route of a specific local route that the transit agency does not identify as primarily serving regional transit service.

Maintenance of Effort

Amend current Chapter 4: Expenditures, Section 66538.40 as follows

(f) (1) **Maintenance of Effort.** A public transit agency shall maintain its existing commitment of local funds under its control and formula-based regional, state, and federal funding contributions for transit operations to transit operations in order to be eligible for an allocation of funds approved by the voters pursuant to Chapter 3 (commencing with Section 66538.30). The expected level of funding, which shall be referred to as the maintenance of effort, will be calculated using the operator's average discretionary operating expenditures for the preceding three fiscal years, two years in arrears as reported to the State Controller in its annual Transit Operator Financial Transactions Report pursuant to Section 99243 of the Public Utilities Code. In order to be eligible for funding pursuant to this section, a public transit agency shall verify to the commission that it shall not supplant any sources of ~~its~~ operating revenue under its control or allocated by the commission that were used for transit operations in the preceding three fiscal years as reported to the Controller in the most recent fiscal year pursuant to Section 99243 of the Public Utilities Code before the election approving the revenues imposed pursuant to Chapter 2 (commencing with Section 66538.20).

(2) Notwithstanding paragraph (1), a transit agency may reduce the amount of funding contributed towards ~~their~~ its operating budget in proportion to any reduction in operating costs or reduction in operating revenue based on as a result of factors outside the control of the transit agency, including, but not limited to the expiration of a voter-approved revenue source or the determination based on a statistically valid poll that an expiring ballot measure lacks sufficient support to warrant placement on the ballot.

(3) A transit agency may request the commission grant an exception to this requirement for the purpose of transferring operating funds to state of good repair needs for assets owned and operated by the transit agency or compliance with a state or federal law or regulation.