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Funding the Future of Transit: Transportation Systems in Crisis

Juan Matute, Deputy Director, UCLA Institute of Transportation Studies

Agenda

1. **This stop**
2. Fiscal cliff
3. Revenue options
4. Congestion pricing focus
5. Mobility wallet
6. Regional governance and Bay Area
7. What's already in motion

Last stop

The Transit Fiscal Cliff is Here *for some*

- **Present Concurrent Cliffs:**
  - Exhaustion of Federal Pandemic Relief
  - Ridership reduction from shifting travel patterns disproportionately affecting higher-fare agencies
  - Operating expense escalation
- **Short-lived intervention:** $590 Million Bay Area Emergency Transit Loan (AB 117 / 2026)
- **Long-Term Structural Concerns**
  - **Motor Vehicle Fuels Tax & State Transit Assistance Erosion**
  - **Cap-and-Invest Volatility and Uncertainty**
  - **Innovative Clean Transit** cost pressures for ZEB vehicle acquisition, depot charging/fueling infrastructure, & associated costs.

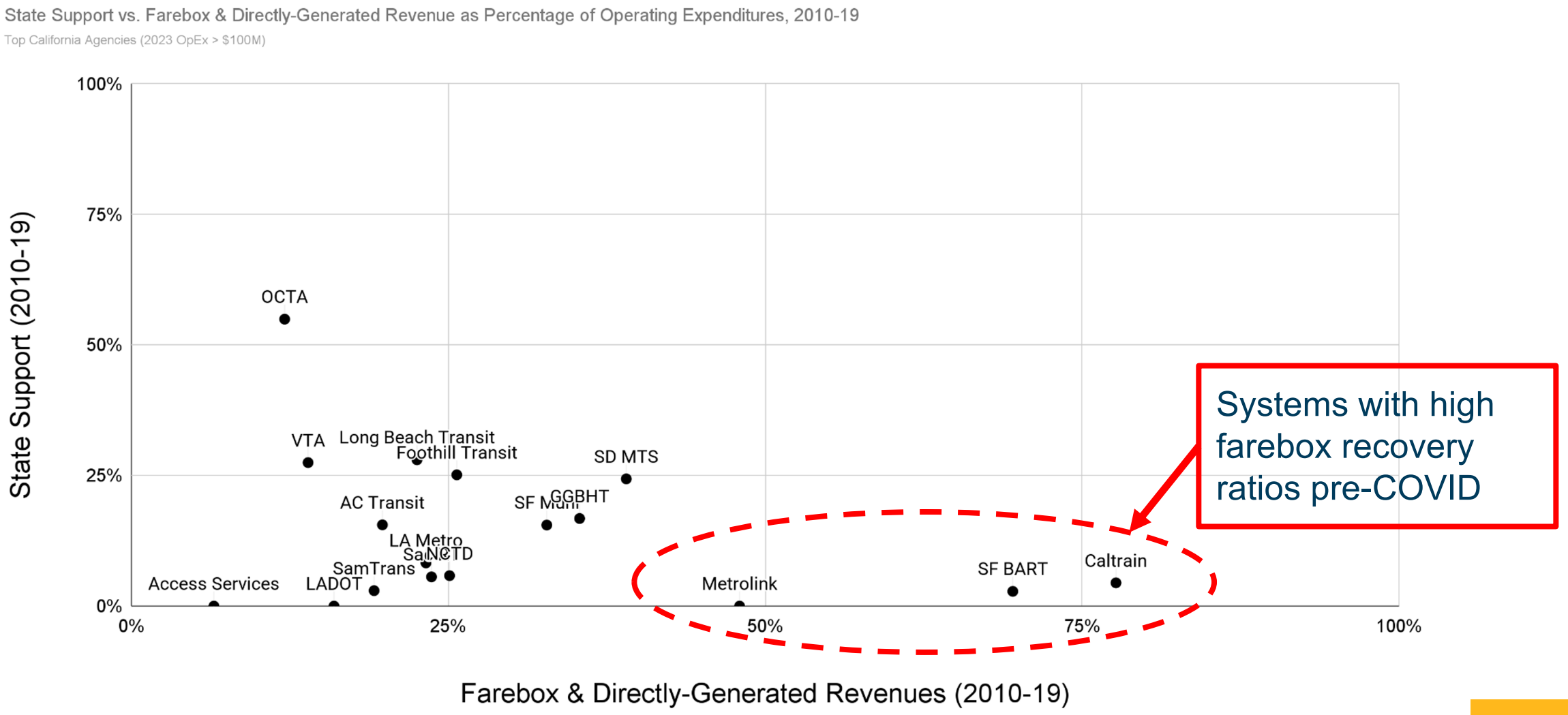


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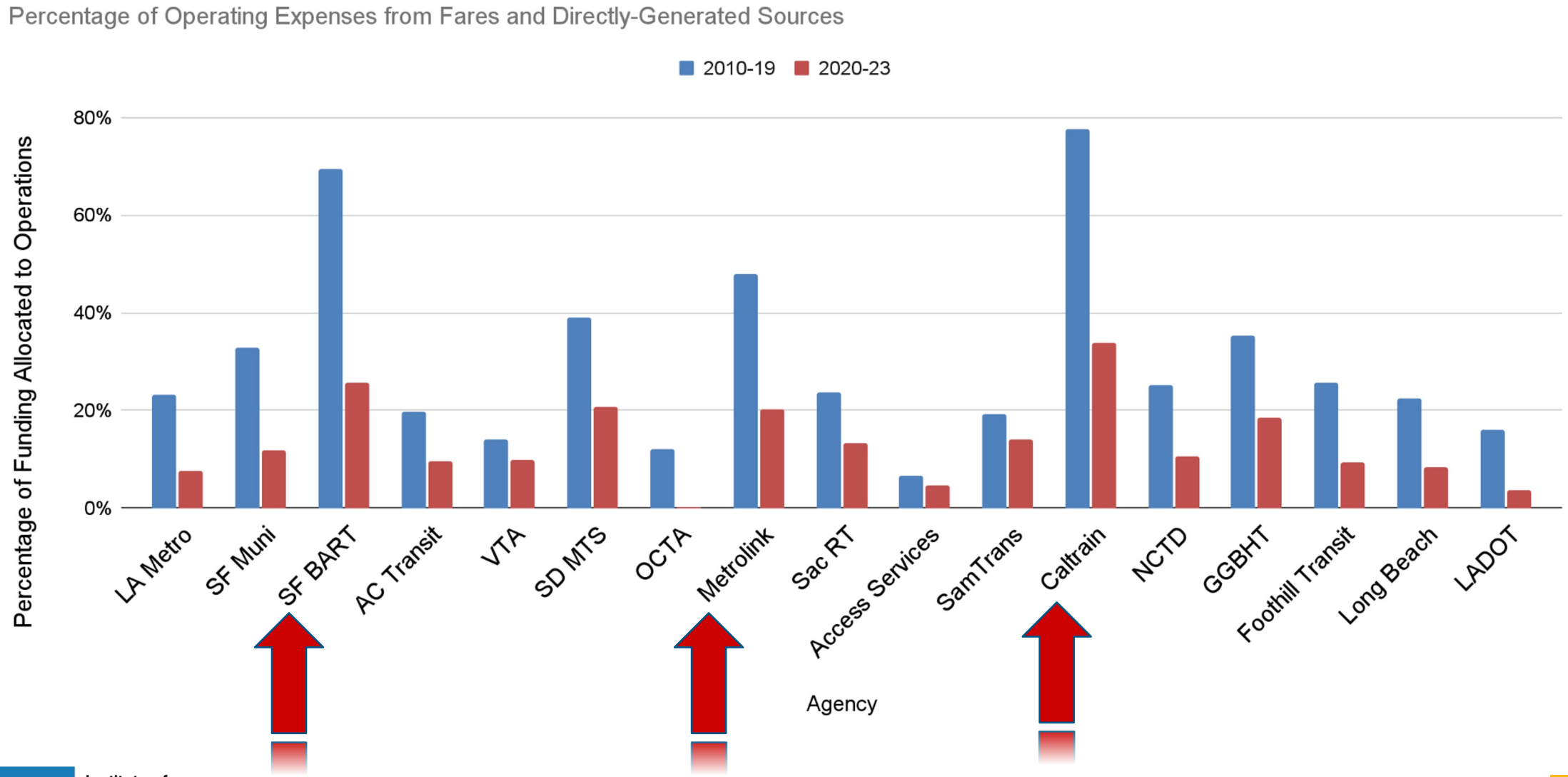


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Post-pandemic ridership effects on revenue greatest at pre-covid high farebox recovery ratio agencies

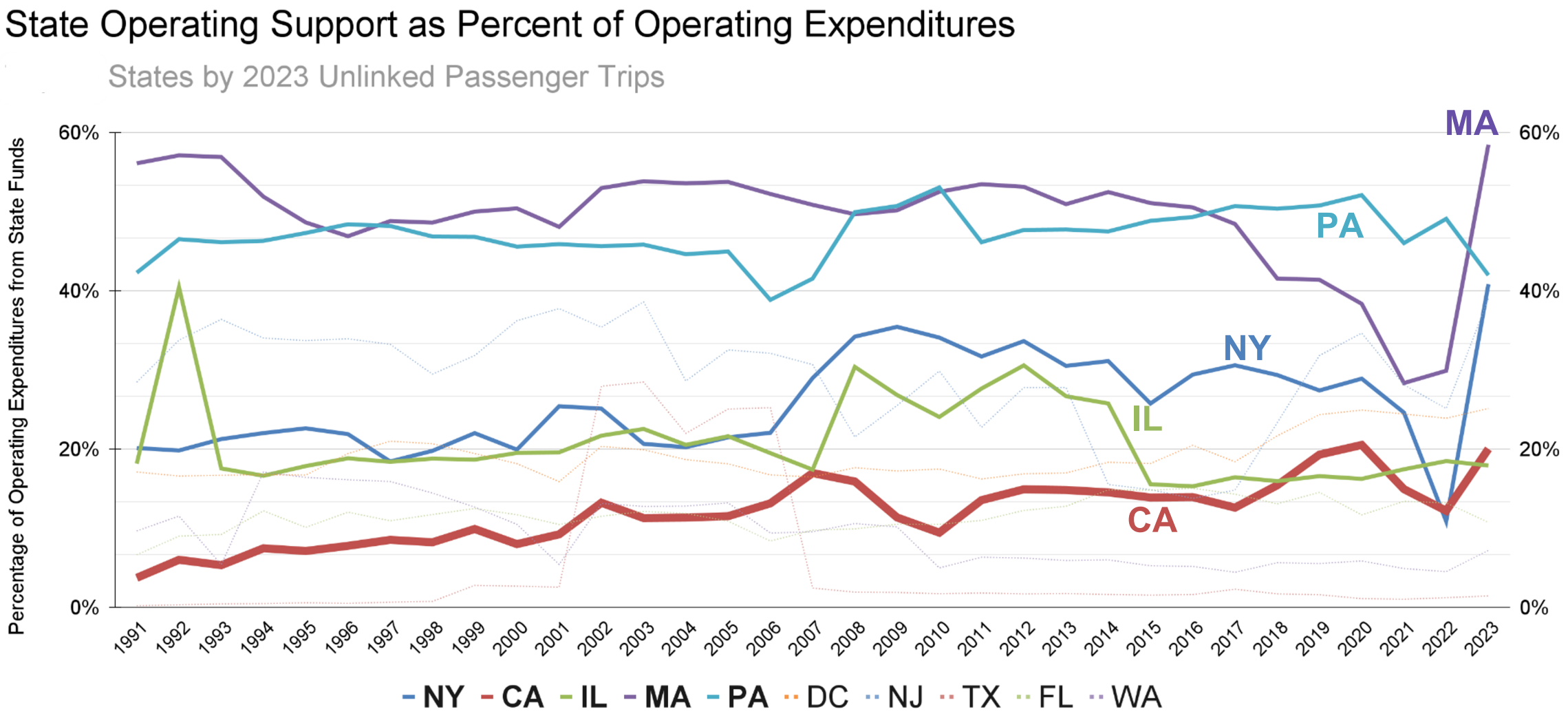


Post-pandemic ridership effects on revenue greatest at pre-covid high farebox recovery ratio agencies



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Most high transit-use states contribute more to transit operations than California



So Many Revenue Options *but varying political feasibility*



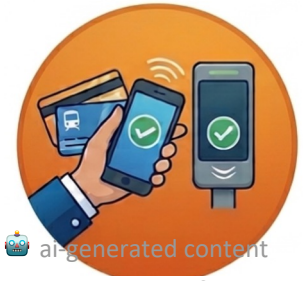
Road Mileage Fees & Roadway Pricing (RUC / Tolls/ Congestion Pricing)



Local Option Sales Taxes (LOSTs) & Special local levies



Value Capture, IFDs, & Real Estate Monetization



Passenger Fares & Bulk Pass Partnerships: Fares and bulk corporate and third-party funded discount passes



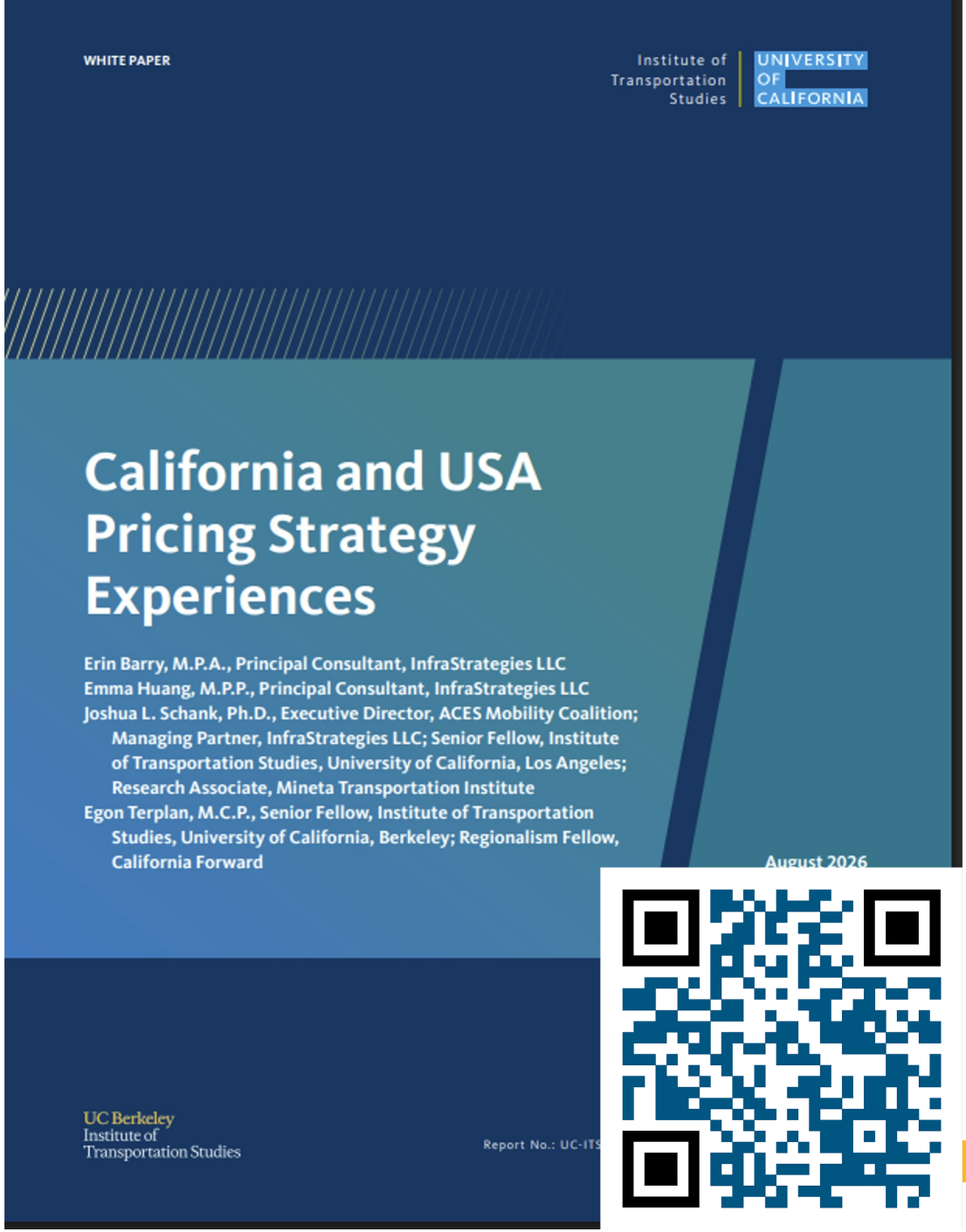
Creative Cross-Sector Social Program Funds such as Medi-Cal managed care transit reimbursements, state homelessness grants, and public safety funding.



Flexing Capital & Highway Funds such as STBG and CMAQ

Congestion Pricing Experience

- Regressive or progressive **impacts are determined by how toll revenue is reinvested**; if invested in public transit or Mobility Wallets social and mobility impacts is progressive.
- Even modest reductions in peak traffic volume enabled by **dynamic pricing** yield disproportionately large improvements in traffic flow
- **Cordon Pricing Delivers Broader Impacts Than HOT Lanes:** zone/cordon pricing (e.g., NYC's Congestion Relief Zone) achieves substantially larger and more immediate reductions in traffic volume, VMT, and greenhouse gas emissions while driving major gains in transit ridership and speed.
- **Political champions and state enabling legislation are critical preconditions.** Local agencies cannot bear the political costs of advancing road pricing alone
- No congestion pricing program reviewed in the study has been repealed once operational (Includes programs in CA)



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Michael Manville's Congestion Pricing Policy Trilogy



EXPLAINER ESSAY #1

Roads, Prices, and Shortages: A Gasoline Parable

Michael Manville, UCLA Institute of Transportation Studies
October 2020

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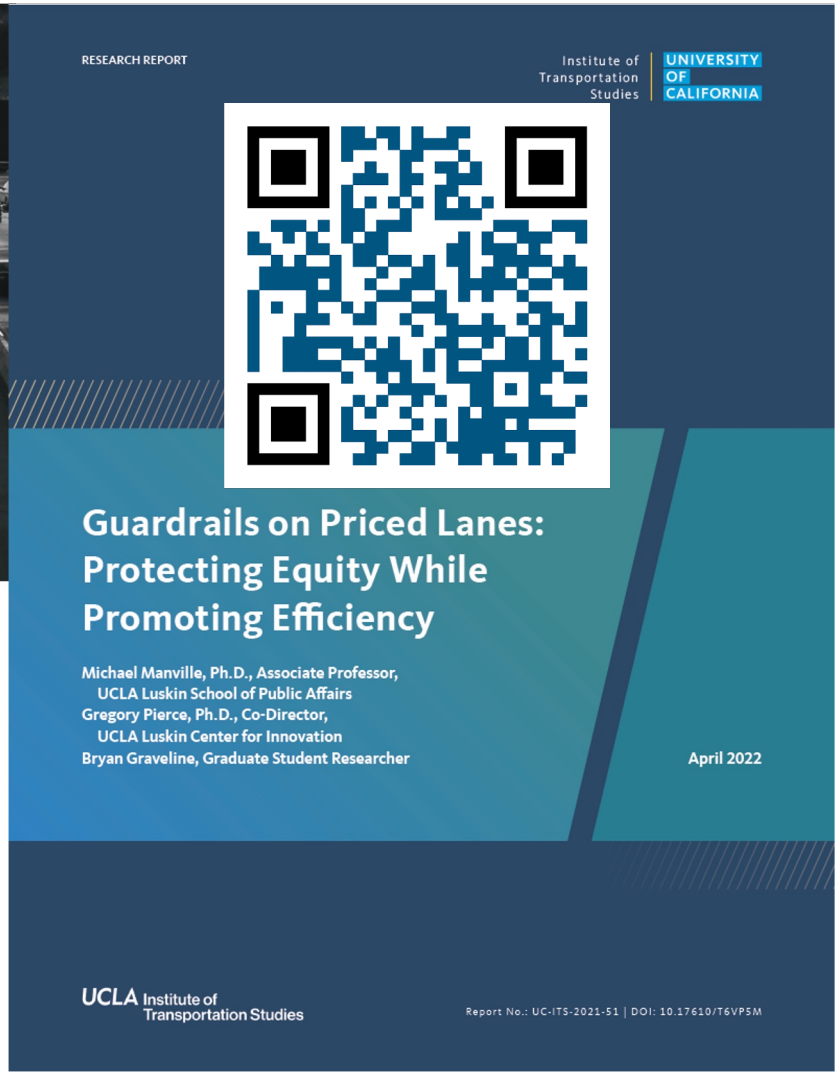


EXPLAINER ESSAY #2

How and Why Would Congestion Pricing Work?

Michael Manville, UCLA Institute of Transportation Studies
February 2021

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Congestion Pricing + Mobility Wallet: Improved Mobility for All

- **Mobility Wallet:** Merchant or category-restricted prepaid debit card that allows for:
  - **Targeted Transfer:** CP and RUCs generate significant toll revenues; a portion is transferred directly into Mobility Wallets to offset user fee increases for low-income or transportation insecure households. UCLA ITS modeling indicates that 13% of households are both low-income and exposed to freeway pricing
  - **Preserving Price Signals:** Toll exemptions overcrowd managed lanes and increase prices; Mobility Wallets provide flexible credits
  - **Streamlined Safety-Net Administration:** automatic eligibility verification system possible through Statewide system (age/program eligibility)
- **San Mateo County** uses HOT revenues to fund the **Go Card** for income-eligible households, a prepaid MasterCard restricted to mobility payments (Fastrak, transit, paratransit, microtransit, bike share)
- **Los Angeles County** has a mobility wallet program for targeted neighborhoods with different expenditure categories (no tolls, yes ride-hail and bikeshops)

GO CARD
San Mateo County



Global Best Practices

Findings to improve rider satisfaction, ridership, and cost-efficiency:

- Coordinate front-end, customer-facing functions **marketing**, **fares**, **passenger information**, and **service planning** through a regional association or authority
- Leave back-end **service-production and delivery decentralized** among sub-regional operators
- Top-down blanket mergers often fail; best practice is many medium-sized operators, coordinated regionally
  - Mergers of smaller operators sometimes helps
  - Consolidating larger operators increases costs



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Governance Framework Findings

- Top-down “imposed” governance mechanisms include “sticks”
  - Transport for London 🥇
  - Île-de-France Mobilités (IDFM) — Paris Region, France
  - NITA - Northern Illinois Transit Authority emerging from this model
- Bottom-up voluntary agreements, with strong “carrot” incentives
  - Germany/Austria/Switzerland *Verkehrsverbund* (VV) Model 🥇 - eventually required statutory coordination with agency “votes”
  - MTC’s Regional Transit Network Manager fits here; SB 63 adds statutory coordination if $1B/year Regional Transit Measure passes
- Regional coordination is no easy task; transit operators typically resist loss of independence and local control to a regional coordinator

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🥇 = seen as global standard



Coordination In Flight

TTTF Report Strategy	Governor's Executive Order 07-26
Repeal Farebox Recovery from TDA (§ 1.f.4), Streamline and Automate Required Reporting (§ 1.f.5)	Administrative Modernization: Directs state agencies to automate data reporting pipelines and align operational funding guidelines to ensure fiscal sustainability without punitive operational constraints.
Network Integration & Regional Governance (1.f.1.A, 1.f.1.B)	**Statewide Mobility Manager**: Formally designates Caltrans as Statewide Mobility Manager. **Cal-ITP Expansion**: Institutionalizes the California Integrated Travel Project (Cal-ITP) to enable open-loop contactless payments and **automated discount eligibility verification statewide**.
New Options for Revenue Sources (1.f.6)	Forthcoming Caltrans and CTC guidance to toll operators on how to prioritize **excess toll revenues for unmet transit operational and capital needs**, including future managed lane facilities.

Final Takeaway

Make transit look, work, and feel like one, integrated network, even if many agencies operate it.

And then riders (and voters) will pay for it.



Thank You

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