LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

STAFF REPORT

SUBJECT: LAVTA's Alternative Service Plan Framework

FROM: Christy Wegener, Executive Director
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DATE: June 22, 2026

Action Requested
Staff requests the Projects and Services Committee review and provide feedback on the Alternative Service Plan Framework.

Background
LAVTA faces a structural deficit where costs are growing at a faster rate than available revenues. For the past two fiscal years, LAVTA has relied on drawing from reserves to achieve a balanced operating budget. In FY27 and FY28, LAVTA will receive $2M/year in one-time operating revenue from Alameda CTC, which will help to reduce the draw on reserves and enable the agency to sustain current levels of service. However, without new revenues identified, as early as FY29 LAVTA will need to make significant cuts to service in order to balance available resources.

Costs have been driven higher for several reasons, including the new FY26 Fixed Route Operations and Maintenance Contract, which resulted in an approximate 20% increase in costs compared to the previous contract, and includes a cumulative 30% increase in contractor costs over the seven-year life of the new contract. Staff also anticipate an increase in costs with the next paratransit contract, which will begin July 1, 2027. In addition to increases in purchased transportation costs, rising fuel costs have also added to the structural deficit. As of now, it is unknown how long fuel prices will remain high; additionally, it is unknown long-term impacts of the Administration's tariffs on the supply chain.

On the revenue side, LAVTA heavily relies on sales tax revenues for its operating budget, which has widely fluctuated since COVID and has not kept in line with inflation. Passenger fares are relatively flat, and even with the modest fare increase implemented in April 2026, regional initiatives like Clipper START, Bay Pass and Free/Reduced transfer programs will continue to strain LAVTA's fare revenue.

LAVTA's reserve projection beginning in FY27 is $49.8M; while LAVTA's policy requires 3-6 months of operating revenue to be held in reserves (approx. $6.25-$12.5M), there will be a significant draw on the reserve balance over the next several fiscal years to pay for ongoing and upcoming capital projects, rolling stock, and to fund the local match required for the grant for the construction of the new the Operations and Maintenance Facility at Atlantis.

The following tables outline LAVTA's 5-year projections for expenses, revenue and reserves:

Operating Expenses and Revenues

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Expenses	$28,128,874.00	$29,424,207.60	$30,528,671.98	$31,785,364.73	$33,489,876.42
Revenues	$27,347,466.00	$27,369,884.12	$25,391,400.59	$25,419,111.82	$25,453,036.39
Deficit	**$781,408.00**	**$2,054,323.48**	**$5,137,271.39**	**$6,366,252.91**	**$8,036,840.02**

Reserves:

	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Beginning of Year Reserves	$49,867,961	$44,792,272	$27,079,884	$20,681,025	$8,703,498
Operating	$(781,408)	$(2,054,323)	$(5,137,271)	$(6,366,253)	$(8,036,840)
Capital	$(4,294,281)	$(15,658,065)	$(1,261,587)	$(5,611,274)	$(5,758,538)
Anticipated End of Year Reserves	$44,792,272	$27,079,884	$20,681,025	$8,703,498	$(5,091,880)

If no new funding source is identified, the reserve balance will fall below the minimum balance per the reserve policy beginning in FY30, necessitating a reduction in service the year prior. This staff report presents the potential framework for those budgetary reductions should the Connect Bay Area Transit Act fail in November.

Discussion

Based on the forecasted revenues and expenses for the next five fiscal years, LAVTA will need to reduce its annual operating budget by $4M beginning in FY29. To achieve a $4M/year reduction in expenses will require a service reduction of 30-40%. Along with planned service reductions, there would be a need to rebid the Fixed Route Operations and Maintenance Contract after the end base term to re-size staffing commensurate with significantly lower service levels. Staff have therefore developed two alternative service reduction frameworks for Committee feedback and discussion.

<u>Framework 1: Ridership</u>

This option would focus on retaining the highest number of riders by providing the most frequent service on the highest-ridership routes. Service would be maintained on all the school tripper routes in Dublin and Pleasanton, but tailored service for non-regular service days would end. Finally, under this framework, there would be no weekend service provided.

<u>Framework 2: Coverage</u>

This framework would provide the most coverage throughout the Tri-Valley but routes would operate at reduced service frequency seven-days a week. Many routes would operate every 60 minutes during peak-times only and midday service would be reduced or eliminated. Minimal route coverage on Weekends would be provided. No school tripper service would be provided under this framework.

Paratransit Impacts

Staff would also recommend evaluating a modification of LAVTA's paratransit policy to more closely align with ADA minimum requirements, which would produce additional cost savings.

BART Alternative Service Plan

The BART Board of Directors adopted an Alternative Service Plan earlier in 2026 which outlines necessary service reductions should the Connect Bay Area Measure fail in November. The plan's first phase, which would begin in January 2027, would reduce train frequencies to every 30 minutes, end service after 9pm, and increase fares by 30%. The second phase, which would occur 6-months later at the beginning of the FY28 fiscal year, would close up to 15 stations and/or up to 25% of system track miles, with an additional fare increase. A potential third phase would occur at a date to-be-determined and would include the end of revenue service and a full system shutdown, using all available tax revenues to secure systems assets and other ongoing obligations.

Approximately 10% of LAVTA's current riders transfer to/from BART, so a reduction in service on the Blue Line would have a significant impact on LAVTA riders who rely on that transfer.

Fiscal Impact

Either framework will be sufficient to close the budget gap should the Connect Bay Area Measure fail in November.

Next Steps

After feedback is received from the Committee, staff will advance a final framework to the Board of Directors for feedback and approval at the July meeting. It should be noted that any decisions for route reductions or eliminations would trigger LAVTA's Major Service Change policy and would need to go through a public input and hearing process. Specific route adjustments would be determined at that time.

Recommendation

Staff recommend the Projects and Services Committee review and provide feedback on the Alternative Service Plan Frameworks.

Strategic Plan Goals

Organizational and Financial Management: Produce a balanced budget every year.

Advocacy and Partnerships: Advocate for the upcoming regional transit funding measure.

Service Development: Determine how to distribute LAVTA fixed route transit resources to meet demand and coverage expectations; consider whether changes in levels of service may be required throughout the LAVTA service area.