LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY

STAFF REPORT

SUBJECT: Adoption of LAVTA's Alternative Service Plan

FROM: Christy Wegener, Executive Director

DATE: July 6, 2026

Action Requested
Staff requests the Board approve Resolution 36-2026, adopting LAVTA's Alternative Service Plan.

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 or if the Connect Bay Area Measure fails in November, 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 and utility costs have also added to the structural deficit. As of now, it is unknown how long fuel prices will remain high; additionally, long-term impacts of the Administration's tariffs on the supply chain are unknown.

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. Additionally, beginning in FY27, LAVTA is no longer receiving BART Feeder bus funding. 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. In light of this contingency, staff is seeking Board direction on measures that it should take in preparation for the event that no such new funding source is identified.

Based on the forecast revenues and expenses for the next five fiscal years, without new operating funding and should the Connect Bay Area Measure fail this November, LAVTA will need to reduce its annual operating budget by $4M beginning in FY29. To achieve this magnitude of cost reduction 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 operations commensurate with significantly lower service levels, as well as consider utilizing part-time operators to support school service. LAVTA's Paratransit service policy should also be re-evaluated under any alternative as there would be additional cost savings if the policy was modified to more strictly align with the minimum requirements of the Americans with Disabilities Act (ADA).

To develop a service reduction plan, staff first developed two alternative frameworks, ridership and coverage, that can be utilized to prioritize allocation of service and resources. It should be noted that this magnitude of route reductions/eliminations would trigger LAVTA's Major Service Change policy and would need to go through a public input and hearing process, with subsequent Board approval.

Framework 1: Ridership
This framework focuses on serving the highest number of riders by providing the most frequent service on the highest-ridership routes. Routes that are fully funded through grant or alternative funding streams would be maintained (30R). 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.

Framework 2: Coverage
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/eliminated. Minimal route coverage on Weekends would be provided. No school tripper service would be provided under this framework.

Projects and Services Committee Feedback
Staff presented the alternative service reduction frameworks to the Projects and Services Committee at their June 22, 2026, meeting for feedback and discussion. The Committee provided the following feedback:

- Committee members wanted a little more detail about expected levels of service but in general favored the ridership focused framework. Staff estimate this framework would enable us to serve up to 80% of LAVTA's current ridership.
- LAVTA should look to opportunities to reduce costs earlier than FY29 in order to realize greater savings.
- If there is a reduction in service levels, it is likely LAVTA will not need to purchase the number of buses that are currently programmed for replacement in FY28/29; this would reduce the draw on the agency's reserves.

Discussion
Based on Committee feedback, staff are advancing a ridership focused Alternative Service Plan for Board consideration and approval. The Plan will include the following elements:

- Maintain current weekday frequency on the four-highest ridership routes, including
  - The Rapid routes at every 20-minutes on weekdays
  - Local routes (14 and 15) every 40/60 minutes on weekdays
  - No Service on Weekends
  - A map is included as Attachment 2
- Maintain school tripper service
  - Service would be limited to regular bells times; modifications for early outs and deviations for non-regular school bell times would end due to staffing limitations
- Early Cost Saving Measures
  - As early as FY28, staff would advance administrative-related savings through the elimination/consolidation of LAVTA positions, a salary freeze, and a reduction in marketing and advertising.

- Future Capital Work
    - A reduction in service would have an impact on the number of buses needed for peak service; however, maintaining the resource-intensive school-tripper routes as well as the frequent Rapid service would only result in a slight reduction on the peak bus pull. The reduction in the number of buses needed to operate peak service would likely be 5-10.

Next Steps

If approved by the Board, and should the Connect Bay Area Measure fail in November, staff will begin to operationalize the Alternative Service Plan by first incorporating Early Cost Savings Measures into the FY28 budget. Staff will then develop a public outreach plan that will be executed in FY28 to gain public input on the proposed service reductions. The final service reduction plan would require a public hearing and subsequent Board approval.

Staff would also begin to study paratransit service alternatives and would present any changes for Board consideration/approval in FY28.

Recommendation:

Staff recommend the Board adopt Resolution 36-2026, approving LAVTA's Alternative Service Plan.

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.

Attachments

1. Resolution 36-2026
2. Map of Alternative Service Plan

RESOLUTION NO. 36-2026

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY ADOPTING THE ALTERNATIVE SERVICE PLAN

WHEREAS, the Livermore Amador Valley Transit Authority (Authority) has a structural financial deficit, which began in fiscal year (FY) 2025, where the cost of service has begun to outpace available revenues; and

WHEREAS, the Authority has utilized reserves to balance the FY26 and FY27 budgets, but it is a practice that cannot be sustained over the long term as the Authority policy is to maintain a reserve balance of 3-6 months operating funding; and

WHEREAS, based on a five-year projection of revenues and expenditures, the reserve balance will fall below the Authority policy levels beginning in FY30; and

WHEREAS, without new funding (including if the Connect Bay Area Measure fails in November 2026), it will be necessary that LAVTA implement $3-4M per year in cost reductions beginning in FY29 to balance the budget within available resources and maintain the Reserve balance; and

WHEREAS, at their June 2026 meeting, in order to address this contingency, the Projects and Services Committee discussed two Alternative Service Plan frameworks for identifying service reductions, ridership and coverage, and recommend the ridership-focused framework that will retain the highest number of riders; and

WHEREAS, applying the ridership framework, staff developed the Alternative Service Plan which includes maintaining existing Weekday service levels on the Authority's four-highest ridership routes, Rapid routes 10R and 30R (20 minutes) and Routes 14 and 15 (40-60 minutes), retaining school-tripper service with scheduling adjustments, and eliminating weekend service; and

WHEREAS, the Alternative Service Plan includes early cost-savings measures to be implemented in FY28, including elimination/consolidation of administrative positions, a salary freeze, and a reduction in marketing and advertising spending; and

WHEREAS, the Alternative Service Plan also includes a reduction in the number of replacement buses purchased at the next bus procurement cycle commensurate with the reduction in service levels.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LIVERMORE AMADOR VALLEY TRANSIT AUTHORITY that the Board of Directors adopts the Alternative Service Plan that will be implemented beginning in FY28 should no additional funding be identified or if the Connect Bay Area Measure fails in November 2026.

BE IT FURTHER RESOLVED that, if the Alternative Service Plan is being implemented, the Board of Directors directs staff to conduct the required Major Service Change public outreach process and analyses associated with the service reductions identified in the Alternative Service Plan prior to implementation.

PASSED AND ADOPTED this 6th day of July 2026.

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Dave Haubert, Chair

ATTEST:

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Christy Wegener, Executive Director

Map of Alternative Service Plan Routes