

# POLITICO

# California Currents

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BY ALEX NIEVES

*With help from Camille von Kaenel*

## TOP OF THE DAY



All aboard! Or none aboard? | Jeff Chiu/AP

**TRANSIT TURMOIL:** California’s cash-strapped public transit agencies say they’re getting perilously close to a fiscal cliff. Gov. **Gavin Newsom**’s budget isn’t making things any easier.

Bus and rail operators, transit advocates and their allies in the Capitol are scrambling to fill a budget hole after Newsom’s latest proposal excluded \$690 million in emergency funding. That would have been the final payment from a \$5.1 billion deal hashed out in 2023 to bail out systems languishing from pandemic-era ridership declines.

Those same groups [are also pressuring state finance officials](#) to preserve roughly \$600 million in transit dollars generated annually by the state’s carbon auction revenues. That’s a funding pot that legislative analysts warn could dry up after air quality officials weakened the cap-and-invest program last month in an effort to lower costs for oil refiners.

“Unfortunately, the budget, which is a statement of our values, doesn't indicate that transit is a very high priority,” said Sen. **Catherine Blakespear**, who chairs the Senate Environmental Quality Committee.

The funding problem is particularly bad for transit operators in regions like Southern California, where there are no clear alternatives. Los Angeles’ legislative delegation [failed last year](#) to secure new state dollars for systems like LA Metro, which faces a \$2.3 billion deficit through 2030.

And while Bay Area voters will have the chance to bankroll the region’s transit agencies through a tax measure on the November ballot, that tactic isn’t being employed elsewhere.

Southern California transit advocates are now warning state leaders that the budget crisis has shifted from a theoretical problem to a real one after a series of service cuts and system closures — just two years before the region hosts the Olympic Games.

“This is the canary in the coal mine for transit agencies,” said **Eli Lipmen**, executive director of Move LA, a nonprofit focused on mass transit. “If one agency is saying we're closing up shop and not running service anymore, what's to stop another one?”

The Anaheim Transportation Network, a 30-year-old bus service that provided around 8 million rides annually to destinations such as Disneyland, announced in March that it would shutter and sell off its fleet. That decision came as ATN faced a \$730,000 monthly deficit, and just three years after its leaders announced plans to become one of the first all-electric bus fleets in the state.

Metrolink, a commuter rail line that serves six counties across Southern California, announced last month that it would indefinitely extend a 20 percent reduction in weekday service as it tries to close a \$30 million deficit.

“It is really important for transit agencies to have a long-term sense of stability in their funding sources,” said **Laurel Paget-Seekins**, a senior transportation policy advocate for Public Advocates, a nonprofit organization. “They can't turn on a dime, in terms of making service decisions.”

The fate of the more than \$1 billion in state transit dollars will play a central role in budget negotiations that are expected to drag on through the summer, after Senate leaders rejected most of Newsom's proposal for dividing up climate dollars. More than [two dozen](#)

[lawmakers](#) signed a letter to the governor earlier this month calling on him to restore the funding.

A Department of Finance spokesperson declined to discuss the status of transit talks, noting that they are part of ongoing negotiations between the administration, Senate and Assembly.

While some of the immediate focus has shifted away from the Bay Area after Newsom [signed a \\$590 million loan](#) for the region's four major transit operators in February and organizers qualified the regional tax measure that will be on the ballot in five counties, operations like Bay Area Rapid Transit and Muni are not out of the woods yet.

San Francisco voters last month rejected a proposed tax increase on highly paid corporate executives, at the same time that a sales tax measure across the bay in Contra Costa County fell short.

Those defeats in traditional progressive strongholds raise serious questions about voters' appetites for approving transit taxes at a moment when cost-of-living issues are dominating headlines.

"I do worry about that, absolutely," Blakespear said. — **AN**

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