

# CARES Act Public Transit Distribution Principles and Funding

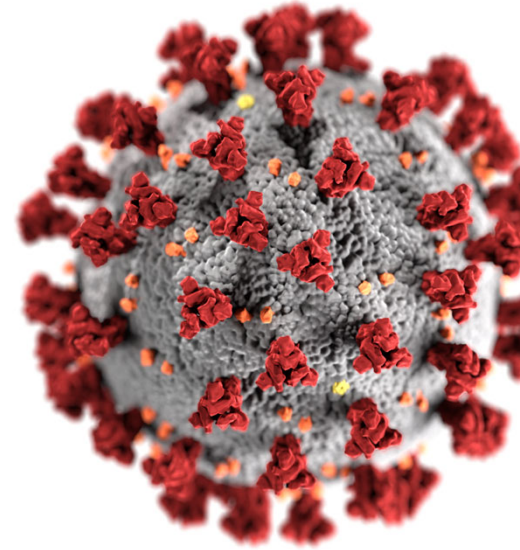
MTC Commission

April 22, 2020



# Background

- March 19, 2020: California Issues “Stay at Home” order as a result of the COVID-19 Outbreak [six Bay Area counties issued “Stay at Home” order on March 16<sup>th</sup>]
  - Transit ridership drops by 90% on many systems
  - Multiple bus operators go “fare free”
  - Transit service begins to be scaled back
  - Transit operators experience extreme budget strain
- March 27, 2020: President signs the CARES Act, providing \$2 trillion for programs to respond to and prepare for the COVID-19 pandemic
  - \$1.3 Billion in public transit funding directed to Bay Area operators through Federal Transit Administration (FTA) formulas (Sections 5307 and 5311)
- MTC has been working closely with Bay Area operators to understand impacts to service and revenues, and to develop a consensus on CARES Act funding distribution



# Transit Operator Status

## *Bay Area Transit Operator Status As of April 14, 2020*

Operator	Ridership	Service Status	Collecting Fares?
AC Transit	-83%	Modified "Sunday" level of service <u>Suspended</u> : Transbay, weekday only routes, school service, Oakland Broadway Shuttle	No
BART	-93%	Operating reduced service with trains every 30 minutes	Yes
Caltrain	-90%	Modified weekday schedule; 42 trains/day vs. 92 <u>Suspended</u> : Limited and Baby Bullet service	Yes
Golden Gate	-90% to -99%	Reduced service on most bus routes. Significantly reduced ferry service <u>Suspended</u> : Weekend and Chase Center/Oracle ferry service	Yes
SFMTA	-83%	Operating only 17 of 68 lines. <u>Suspended</u> : All rail service	Yes
SamTrans	-80%	Weekday service operating on a regular, non-school day schedule. Weekend service is unchanged.	No
VTA	-75%	Operating a reduced bus service with 14 lines. Light rail trains every 30 min. <u>Suspended</u> : School service	No
Small Operators	-70% to -90%	Significantly reduced service for most operators; Some operators replacing fixed route with on-demand or dial-a-ride; Providing meals on wheels deliveries and transport of unhoused to hotels	Very Few

# Distribution Principles

*MTC Staff continues to work with operators to ensure CARES Act funding achieves intended objectives and can address longer term needs*

1. **Move quickly** to distribute the first allocation of funds to operators as soon as possible
2. Distribute funding in a manner that **best addresses operators' needs** arising from the COVID-19 crisis
3. **Allow flexibility** to enable the region to address uncertainty/changed circumstances
4. **Address urbanized area (UZA) constraints** associated with federal funds with a needs-based funding distribution of any COVID-19 **supplemental state funds**
5. **Pending Additional Review**: Future distribution(s) will be subject to a comprehensive COVID-19 **recovery strategy** for each operator that considers any recommended regional adjustments to ensure network connectivity, lifeline service needs, and financial sustainability.

# Funding Distribution

*Transit operator consensus is to distribute CARES Act funding multiple tranches to allow flexibility to adjust to uncertain revenue impacts*

## Phase 1 Distribution- \$781 M (61%)

- **Intended to provide funding for immediate needs and revenue losses**
- Preserves flexibility to make up for revenue losses not yet known
- Hybrid formula recognizes variation in revenue mix that operators rely on:
  - 1/3 - Share of Operating Costs as Budgeted for FY 2019-20
  - 1/3 - FY 2020-21 State Transit Assistance (STA) Revenue-based formula (inclusive of AB1107 sales tax)
  - 1/3 - Share of Farebox Revenue as Budgeted for FY 2019-20
- Guarantees small and medium-sized operators receive at least 17% of FY 2019-20 operating costs

## Subsequent Distribution - \$507 (39%)

- Distribution: TBD
  - **Reconcile Phase 1 distribution with actual needs and revenue losses that are not yet known**
  - **Will consider the larger transit recovery strategy to be fully defined and guided by Principle 5**
- Targeted for July Commission Approval

# Phase 1 Distribution

*Initial distribution provides a backstop to immediate revenue losses*

Operator	\$ Amount
AC Transit	80,366,395
BART	251,637,050
Caltrain	49,292,725
Golden Gate	30,163,006
SFMTA	197,190,672
SamTrans	28,519,037
VTA	73,023,596
Smaller Operators/MTC	70,649,149
<b>Total</b>	<b>\$ 780,841,629</b>



# Key Questions for Recovery Strategy (Principle 5)

*Overarching questions that staff believes warrant comprehensive consideration of and direction on:*

1. How do we approach a public transportation operating environment post COVID-19 in terms of ridership demand and revenue stability?
2. How does the region ensure that the most vulnerable of our public transit riders— those with limited options – receive priority consideration in the recovery period?
3. How should environmental goals, including reduction in vehicle use and greenhouse gases, be achieved with the restoration of public transit and how do access options like telecommuting fit in?

# Next Steps

- Continue coordinating with regional FTA representatives and operators to ensure streamlining of the grant process and speedy receipt of funds
- A recommendation on revised language for Principle 5 will be presented to the Programming and Allocation Committee in May
- Staff will work closely with operators on strategies for a focused regional recovery strategy that will inform the next distribution of CARES Act funding

