

Metropolitan Transportation Commission

October 27, 2021

Agenda Item 13a - 21-1352

MTC Resolution 4481, Revised – ARP Phase 2 Programming Recommendation

Subject:

Proposed programming for Phase 2 of the American Rescue Plan Act (ARP) federal COVID-relief funding for public transportation.

Background:

Earlier this month at the Programming and Allocations Committee (PAC) meeting, staff alerted Commissioners of the Notice of Funding Opportunity (NOFO) released by the Federal Transit Administration (FTA) for \$2.2 billion in additional operating assistance, nationwide. Unlike CARES, CRRSAA and ARP funds distributed by formula, these funds are competitive, based on an evaluation framework at the discretion of USDOT. A requirement of the NOFO was that applicants needed to demonstrate that there were no unprogrammed COVID-relief funds in the Urbanized Areas that the applicant was eligible for, or those unprogrammed amounts would be assumed as available as financial assistance for the operator, thereby disadvantaging their application for a share of the additional assistance funds. This requirement was problematic for the Bay Area's original intent to program the ARP funds apportioned to the region in phases, with the later phase distribution occurring in December or January, and for the region's intent to set aside funds for Blue Ribbon Transit Recovery Action Plan initiatives as well as for specific cases of operator Hardships or Focused Recovery Strategies.

Updated Phase 2 Approach:

At PAC, staff informed Commissioners of its intent to recommend moving ahead with the programming of Phase 2 operating assistance at the October Commission meeting, including the programming of remaining set aside to MTC, for future expenditure on Blue Ribbon initiatives and Hardships or Focused Recovery Strategies.

Following the October PAC meeting, additional conversations with the FTA and transit operators have resulted in a refined recommendation for ARP programming. The approach would:

- Expedite the distribution of ARP funding to all transit operators to address operating and service needs resulting from the pandemic using the formula developed for the July 2021 programming of Phase 1.
- Respond to specific hardship requests from SFMTA and VTA, as well as ensure that the correction of a data inconsistency impacting the Caltrain and WETA distribution carried forward to Phase 2.
- Ensure that transit funding planned for near-term Commission programming and allocation would support Blue Ribbon initiatives at the minimum amount of \$85 million. The near-term funding sources would include State Transit Assistance and FTA formula funding.
- Respond to requirements and clarifying direction regarding the FTA's NOFO for the \$2.2 billion in competitive COVID relief additional assistance, and the ability of our region to effectively participate in that application process.

Hardship Funding:

- Based on Commissioner input at October PAC and further justification made by SFMTA staff related to the agency's share of transit dependent riders and the impact that insufficient operating funding has on their ability to provide adequate service to that population, staff proposes programming \$29.7 million of the remaining hardship funds to SFMTA.
- To further address the impacts of the May 2021 tragedy at VTA's light rail facility and round out financial assistance provided through the ARP set-aside in September, \$1.8 million in remaining hardship funds is proposed to be programmed to VTA. The supplemental hardship funds would assist with revenue losses associated with the temporary elimination of light rail service resulting from the tragedy and would bring the total hardship funding programmed to VTA to \$30.4 million.
- Staff recommends programming a total of \$2.4 million in hardship funds to Caltrain and WETA to reconcile an under-distribution of funding in Phase 2, caused by a data inconsistency and carried over from the Phase 1 distribution.

Attachment A to this item summarizes staff's recommendation following this approach. Attachment B includes an illustration of how \$85 million in alternate near-term revenue sources would provide equivalency for Blue Ribbon initiative funding by operator and in aggregate to the augmented ARP distribution. To be clear, this recommendation does not change the formula or overall net funding for operators, with the exception of hardship funding augmentation, it simply adjusts the timeframe and sources available to fund Blue Ribbon initiatives for the purpose of expediting ARP funding distribution.

Staff believes this recommendation would best position the Bay Area to be competitive for the \$2.2 billion in FTA additional assistance funding while also preserving the ability to deliver on important customer-facing outcomes developed collaboratively through the Blue Ribbon Transit Recovery Task Force.

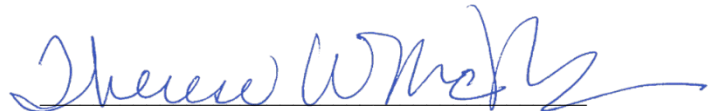
As the deadline for operators to apply for the \$2.2 billion in additional assistance is in early November, the Commission will need to take action on the ARP funding this month in order to retain competitiveness for Bay Area operators submitting applications for additional assistance.

Recommendations:

1. Adopt MTC Resolution No 4481, Revised.
2. Direct staff to work with transit operators to reserve an equivalent amount of funding intended for Blue Ribbon initiatives (\$85 million) from near-term programming/ allocation actions.

Attachments:

- Attachment A: ARP Phase 2 Programming Recommendation
- Attachment B: Illustration of Blue Ribbon Near-Term Funding Alternatives



Therese W. McMillan

Attachment A
Proposed ARP Phase 2 Programming

Operator	Phase 2 Formula	Recommended Hardship/Focused Recovery Set-Aside	\$85M Set-Aside Distribution***	Proposed Total Phase 2 Programming
AC Transit	\$ 44,067,879		\$ 6,175,442	\$ 50,243,321
ACE	\$ 2,391,486		\$ 335,130	\$ 2,726,616
BART	\$ 220,565,994		\$ 30,908,967	\$ 251,474,961
Caltrain	\$ 27,398,890	\$ 1,931,029	\$ 3,839,537	\$ 33,169,456
CCCTA	\$ 3,917,087		\$ 548,920	\$ 4,466,007
ECCTA	\$ 1,273,243		\$ 178,426	\$ 1,451,669
GGBHTD	\$ 38,464,945		\$ 5,390,277	\$ 43,855,222
LAVTA	\$ 3,820,049		\$ 535,322	\$ 4,355,371
Marin Transit*	\$ 1,738,420		\$ 243,613	\$ 1,982,033
NVTA	\$ 1,547,182		\$ 216,814	\$ 1,763,996
SamTrans	\$ 10,422,241		\$ 1,460,519	\$ 11,882,760
SFMTA	\$ 192,113,716	\$ 29,328,526	\$ 26,921,813	\$ 248,335,529
Solano County Operators**	\$ 4,375,728		\$ 613,192	\$ 4,988,920
Sonoma County Operators	\$ 6,195,908		\$ 868,262	\$ 7,064,170
TJPA	\$ 1,200,000		\$ -	\$ 1,200,000
Union City Transit	\$ 302,168		\$ 42,344	\$ 344,512
VTA	\$ 37,124,904	\$ 1,800,000	\$ 5,202,490	\$ 44,127,394
WCCTA	\$ 1,931,190		\$ 270,627	\$ 2,201,817
WETA	\$ 8,907,891	\$ 514,678	\$ 1,248,305	\$ 10,670,874
MTC -- Blue Ribbon Initiatives***	\$ -	\$ -	\$ -	\$ -
Total	\$ 607,758,921	\$ 33,574,233	\$ 85,000,000	\$ 726,304,628

*Marin Transit will also receive \$2,000,000 in Hardship/Focused Recovery Set-Aside per September 2021 Commission Action.

** \$3,668,000 distributed to Solano County County operators in Phase 1 remains unprogrammed and will be added to Phase 2 programming.

***Alternate near-term revenue sources (likely STA and FTA Formula funds) will be programmed/allocated to provide equivalency for Blue Ribbon initiative funding by operator and in aggregate to the augmented ARP distribution.

Attachment B
Illustration of Blue Ribbon Near-Term Funding Alternatives

		Illustrative Near-Term Alternative Fund Source Options for Blue Ribbon Initiatives			
Operator	\$85M Set-Aside Distribution	STA Population-Based	STA Revenue-Based	TCP/FTA Formula	Total
AC Transit	\$ 6,175,442	\$6,175,442	\$ -	\$0	\$6,175,442
ACE	\$ 335,130	\$0	\$ 335,130	\$0	\$335,130
BART	\$ 30,908,967	\$851,330	\$ 15,028,818	\$15,028,818	\$30,908,967
Caltrain	\$ 3,839,537	\$0	\$ 1,919,769	\$1,919,769	\$3,839,537
CCCTA	\$ 548,920	\$548,920	\$ -	\$0	\$548,920
ECCTA	\$ 178,426	\$178,426	\$ -	\$0	\$178,426
GGBHTD	\$ 5,390,277	\$1,414,009	\$ 1,988,134	\$1,988,134	\$5,390,277
LAVTA	\$ 535,322	\$535,322	\$ -	\$0	\$535,322
Marin Transit	\$ 243,613	\$243,613	\$ -	\$0	\$243,613
NVTA	\$ 216,814	\$216,814	\$ -	\$0	\$216,814
SamTrans	\$ 1,460,519	\$1,460,519	\$ -	\$0	\$1,460,519
SFMTA	\$ 26,921,813	\$3,853,147	\$ 11,534,333	\$11,534,333	\$26,921,813
Solano County Operators	\$ 613,192	\$613,192	\$ -	\$0	\$613,192
Sonoma County Operators	\$ 868,262	\$868,262	\$ -	\$0	\$868,262
TJPA	\$ -	\$ -	\$ -	\$ -	\$0
Union City Transit	\$ 42,344	\$42,344	\$ -	\$0	\$42,344
VTA	\$ 5,202,490	\$5,202,490	\$ -	\$0	\$5,202,490
WCCTA	\$ 270,627	\$270,627	\$ -	\$0	\$270,627
WETA	\$ 1,248,305	\$0	\$ 1,248,305	\$0	\$1,248,305
Total	\$ 85,000,000	\$22,474,456	\$32,054,490	\$30,471,054	\$85,000,001

Note: Alternative fund sources will be programmed to MTC directly for Blue Ribbon initiatives; or to transit operators at MTC's direction to carry out specific initiatives, consistent with prior Commission action of such investment.

Date: July 28, 2021
W.I.: 1512
Referred By: Commission
Revised: 09/22/21-C
10/27/21-C

ABSTRACT

Resolution No. 4481, Revised

This resolution approves the process, establishes the criteria, and programs projects for Federal Transit Administration (FTA) Sections 5307 Urbanized Area Formula and 5311 Rural Area formula funds apportioned to the San Francisco Bay Area pursuant to the American Rescue Plan Act of 2021 (ARP) (H.R. 1319).

This resolution includes the following attachments:

Attachment A – American Rescue Plan Act FTA Formula Funds Program of Projects
Attachment B – Principles for the Distribution of Transit Funding from the American
Rescue Plan Act of 2021 in the San Francisco Bay Area Region
Attachment C – American Rescue Plan Act FTA Formula Funds Programming Policy

This resolution was revised via Commission Action on September 22, 2021 to program Phase 1 amounts to operators in Solano and Sonoma Counties and to program funding out of the Specific Hardships and Focused Recovery Strategies categories.

This resolution was revised via Commission Action on October 27, 2021 to program Phase 2 amounts and to program funding out of the Specific Hardships and Focused Recovery Strategies categories.

Further discussion is contained in the Metropolitan Transportation Commission Summary Sheets dated May 26, 2021 and June 23, 2021, and the Programming and Allocations Committee Summary Sheets dated May 12, 2021, June 9, 2021, July 14, 2021, September 8, 2021, and October 13, 2021.

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

RE: San Francisco Bay Area American Rescue Plan Act FTA Formula Funds Programming and Policy

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4481

WHEREAS, the Metropolitan Transportation Commission (MTC) is the regional transportation planning agency for the San Francisco Bay Area pursuant to Government Code Sections 66500 et seq.; and

WHEREAS, MTC is the designated Metropolitan Planning Organization (MPO) for the nine-county Bay Area; and

WHEREAS, the American Rescue Plan Act of 2021 (ARP) (H.R. 1319) has been signed into law in response to the nationwide Coronavirus pandemic, which provides supplemental appropriations for Emergency Transit Operations Assistance through the Federal Transit Administration (FTA) Section 5307 Urbanized Area and Section 5311 Rural Area formula programs; and

WHEREAS, MTC is the designated recipient of the FTA Section 5307 Urbanized Area Formula Program funds for the large urbanized areas of San Francisco-Oakland, San Jose, Concord, Antioch, and Santa Rosa, and has been authorized by the California Department of Transportation (Caltrans) to select projects and recommend funding allocations subject to state approval for the FTA Section 5307 funds for the small urbanized areas of Vallejo, Fairfield, Vacaville, Napa, Livermore, Gilroy-Morgan Hill, and Petaluma in MTC's Federal Transportation Improvement Program and for the Section 5311 funds in non-urbanized areas; and

WHEREAS, the projects to be funded are set forth in the detailed project listings in Attachment A, which are incorporated herein as though set forth at length; and

WHEREAS, this Commission approved Principles and Approach to the Distribution of Transit Funding from the American Rescue Plan Act of 2021 on May 26, 2021, as set forth in Attachment B; and

WHEREAS, the Policy to be used for the distribution of funds is set forth in Attachment C, which is incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC adopts the American Rescue Plan Act FTA Formula Funds Program of Projects to be funded as set forth in Attachment A; and, be it further

RESOLVED, that MTC approves the American Rescue Plan Act FTA Formula Funds Programming Policy as set forth in Attachment C; and, be it further

RESOLVED, that MTC will use the Policy as set forth in Attachment C to program supplemental FTA Sections 5307 and 5311 formula funds appropriated in the American Rescue Plan Act as provided under statute; and, be it further

RESOLVED, that the Executive Director of MTC, or their designee, is authorized and directed to modify the Program of Projects as listed in Attachment A to meet requirements of FTA; and, be it further

RESOLVED, that the Executive Director of MTC, or their designee, is authorized and directed to forward a copy of this resolution to FTA or other such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION



Alfredo Pedroza, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on July 28, 2021.

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Attachment A
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American Rescue Plan Act FTA Formula Funds Program of Projects

Operator Formula, Phase I					
TIP ID	Operator	Project Description	Total FTA Program	FTA Section 5307	FTA Section 5311
		Apportionments	1,676,840,094	1,676,840,094	-
NEW	AC Transit	ARP-eligible Projects	66,101,819	66,101,819	-
NEW	ACE	ARP-eligible Projects	3,587,230	3,587,230	-
NEW	BART	ARP-eligible Projects	330,848,991	330,848,991	-
NEW	Caltrain	ARP-eligible Projects	41,098,334	41,098,334	-
NEW	CCCTA	ARP-eligible Projects	5,875,630	5,875,630	-
NEW	ECCTA	ARP-eligible Projects	1,909,865	1,909,865	-
NEW	GGBHTD	ARP-eligible Projects	57,697,418	57,697,418	-
NEW	LAVTA	ARP-eligible Projects	5,730,074	5,730,074	-
NEW	Marin Transit	ARP-eligible Projects	2,607,631	2,607,631	-
NEW	NVTA	ARP-eligible Projects	2,320,772	2,320,772	-
NEW	SamTrans	ARP-eligible Projects	15,633,362	15,633,362	-
NEW	SFMTA	ARP-eligible Projects	288,170,574	288,170,574	-
	Solano County Operators*				-
NEW	City of Fairfield		1,455,592	1,455,592	
NEW	Solano County Transit		1,440,000	1,440,000	
	<i>Solano Express Set-aside - Operator TBD</i>		3,668,000	3,668,000	
	Sonoma County Operators*				-
NEW	City of Petaluma	ARP-eligible Projects	896,268	896,268	
NEW	City of Santa Rosa	ARP-eligible Projects	2,469,827	2,469,827	
NEW	SMART	ARP-eligible Projects	3,151,221	3,151,221	
NEW	Sonoma County Transit	ARP-eligible Projects	2,776,544	2,776,544	
NEW	Transbay Joint Powers Authority	ARP-eligible Projects	1,800,000	1,800,000	-
NEW	Union City Transit	ARP-eligible Projects	453,251	453,251	-
NEW	VTA	ARP-eligible Projects	55,687,355	55,687,355	-
NEW	WCCTA	ARP-eligible Projects	2,896,784	2,896,784	-
NEW	WETA	ARP-eligible Projects	13,361,837	13,361,837	-
Phase I Subtotal			911,638,379	911,638,379	-
Fund Balance			765,201,715	765,201,715	-

*Final amounts for specific Solano and Sonoma county operators were approved in September. For Phase I of programming, Solano County was programmed \$6,563,592 and Sonoma County was programmed \$9,293,860; operator-specific amounts were finalized in collaboration with the County Transportation Authorities.

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10/27/21-C

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Operator Formula, Phase II					
TIP ID	Operator	Project Description	Total FTA Program	FTA Section 5307	FTA Section 5311
		Apportionments	1,676,840,094	1,676,840,094	-
NEW	AC Transit	ARP-eligible Projects	44,067,879	44,067,879	-
NEW	ACE	ARP-eligible Projects	2,391,486	2,391,486	-
NEW	BART	ARP-eligible Projects	220,565,994	220,565,994	-
NEW	Caltrain	ARP-eligible Projects	27,398,890	27,398,890	-
NEW	CCCTA	ARP-eligible Projects	3,917,087	3,917,087	-
NEW	ECCTA	ARP-eligible Projects	1,273,243	1,273,243	-
NEW	GGBHTD	ARP-eligible Projects	38,464,945	38,464,945	-
NEW	LAVTA	ARP-eligible Projects	3,820,049	3,820,049	-
NEW	Marin Transit	ARP-eligible Projects	1,738,420	1,738,420	-
NEW	NVTA	ARP-eligible Projects	1,547,182	1,547,182	-
NEW	SamTrans	ARP-eligible Projects	10,422,241	10,422,241	-
NEW	SFMTA	ARP-eligible Projects	192,113,716	192,113,716	-
NEW	Solano County Operators*	ARP-eligible Projects	4,375,728	4,375,728	-
NEW	City of Fairfield	ARP-eligible Projects	1,147,538	1,147,538	-
NEW	Solano County Transit	ARP-eligible Projects	960,000	960,000	-
NEW	<i>SolanoExpress</i>	ARP-eligible Projects	2,268,190	2,268,190	-
NEW	Sonoma County Operators*	ARP-eligible Projects	6,195,908	6,195,908	-
NEW	City of Petaluma	ARP-eligible Projects	377,331	377,331	-
NEW	City of Santa Rosa	ARP-eligible Projects	1,711,309	1,711,309	-
NEW	SMART	ARP-eligible Projects	2,183,438	2,183,438	-
NEW	Sonoma County Transit	ARP-eligible Projects	1,923,830	1,923,830	-
NEW	Transbay Joint Powers Authority	ARP-eligible Projects	1,200,000	1,200,000	-
NEW	Union City Transit	ARP-eligible Projects	302,168	302,168	-
NEW	VTA	ARP-eligible Projects	37,124,904	37,124,904	-
NEW	WCCTA	ARP-eligible Projects	1,931,190	1,931,190	-
NEW	WETA	ARP-eligible Projects	8,907,891	8,907,891	-
Phase II Subtotal			607,758,921	607,758,921	-

Fund Balance	157,442,794	157,442,794	-
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Operator Hardship and Disparities, and Other Focused Recovery Strategies					
TIP ID	Operator	Project Description	Total FTA Program	FTA Section 5307	FTA Section 5311
NEW	VTA	ARP-eligible Projects	30,400,000	30,400,000	-
NEW	Caltrain	ARP-eligible Projects	4,827,573	4,827,573	-
NEW	Marin Transit	ARP-eligible Projects	2,000,000	2,000,000	-
NEW	SFMTA	ARP-eligible Projects	29,328,526	29,328,526	-
NEW	WETA	ARP-eligible Projects	1,286,695	1,286,695	-
NEW	SMART	ARP-eligible Projects	1,621,040	1,621,040	-
NEW	Sonoma County Transit	ARP-eligible Projects	1,428,300	1,428,300	-
NEW	City of Santa Rosa	ARP-eligible Projects	1,270,520	1,270,520	-
NEW	City of Petaluma	ARP-eligible Projects	280,140	280,140	-
Setaside Subtotal			72,442,794	72,442,794	-

Fund Balance	85,000,000	85,000,000	
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Date: July 28, 2021
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Revised: 09/22/21-C
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Remaining Set-Aside Funds					
TIP ID	Operator	Project Description	Total FTA Program	FTA Section 5307	FTA Section 5311
NEW	AC Transit	ARP-eligible Projects	6,175,442	6,175,442	-
NEW	ACE	ARP-eligible Projects	335,130	335,130	-
NEW	BART	ARP-eligible Projects	30,908,967	30,908,967	-
NEW	Caltrain	ARP-eligible Projects	3,839,537	3,839,537	-
NEW	CCCTA	ARP-eligible Projects	548,920	548,920	
NEW	ECCTA	ARP-eligible Projects	178,426	178,426	
NEW	GGBHTD	ARP-eligible Projects	5,390,277	5,390,277	
NEW	LAVTA	ARP-eligible Projects	535,322	535,322	
NEW	Marin Transit	ARP-eligible Projects	243,613	243,613	
NEW	NVTA	ARP-eligible Projects	216,814	216,814	
NEW	SamTrans	ARP-eligible Projects	1,460,519	1,460,519	
NEW	SFMTA	ARP-eligible Projects	26,921,813	26,921,813	
NEW	Soltrans	ARP-eligible Projects	613,192	613,192	
NEW	Sonoma County Operators*	ARP-eligible Projects	868,262	868,262	-
NEW	City of Petaluma	ARP-eligible Projects	52,877	52,877	
NEW	City of Santa Rosa	ARP-eligible Projects	239,814	239,814	
NEW	SMART	ARP-eligible Projects	269,595	269,595	
NEW	Sonoma County Transit	ARP-eligible Projects	305,976	305,976	
NEW	Union City Transit	ARP-eligible Projects	42,344	42,344	-
NEW	VTA	ARP-eligible Projects	5,202,490	5,202,490	-
NEW	WCCTA	ARP-eligible Projects	270,627	270,627	-
NEW	WETA	ARP-eligible Projects	1,248,305	1,248,305	-
Setaside Subtotal			85,000,000	85,000,000	-

Note: Alternate near-term revenue sources (likely State Transit Assistance and FTA Formula funds) will be programmed and allocated to provide equivalency for Blue Ribbon initiative funding by operator and in aggregate to the augmented ARP distribution.

Fund Balance	-	-
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Attachment B
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Principles for the Distribution of Transit Funding from the American Rescue Plan Act of 2021 in the San Francisco Bay Area Region

- 1. Stabilize and Sustain Transit** – Funds should be used to ensure the financial stability of the region’s transit operators.
 - a. Distribute funds to operators with demonstrated financial need, where layoffs or furloughs would be likely without support. Adequate staffing is critical to the region’s ability to restore service. American Rescue Plan (ARP) Act funds were enacted with the intent that agencies preserve jobs to allow for transit service to be restored as demand begins to recover.
 - b. Recognize that there have been uneven revenue impacts, changes in ridership, and changes in expenses. Account for the fact that based on these uneven impacts and changes, some operators have received more federal relief funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) than their financial need indicates. As articulated through guiding principles and commitments from both CARES and CRRSAA, the distribution of ARP Act funds will seek to place each operator on an equal financial footing to facilitate a sustainable recovery during FY 2021-22.
 - c. In order to support an equitable, adaptable, sustainable, and customer-focused recovery of transit service across the Bay Area, MTC will make multiple allocations of ARP Act funds to transit operators over the course of FY 2021-22 and potentially into FY 2022-23, to assure operators that potential revenue losses due to the impacts of the COVID-19 pandemic do not limit the ability of transit operators to restore service in FY 2021-22. Specifically, operators should take action to swiftly amend budgets to accommodate allocations as they are made available, to address operating adjustments in a timely manner.
- 2. Restore and Reimagine Service** – Funds should be distributed on the condition that operators take measures to restore service to at least match current demand, and to plan to deploy additional service in a way that advances equity and at a level necessary to support increased local and regional transit demand by September 2021. Although there remains uncertainty about financial sustainability in the medium to long term, transit must be there for riders now, or riders will not be there for transit.

- a. ARP Act funds should be used to restore service and deploy operating staff in a manner that significantly reduces pass ups while physical distancing public health orders remain in place and eliminate persistent pass-ups entirely as soon as possible upon changes to physical distancing public health orders. We note that eliminating passenger pass-ups is of paramount importance to the traveling public, transit operators, and MTC. However, until physical distancing public health orders are lifted, the capacity constraints they impose on vehicle use make it nearly impossible to fully eliminate pass-ups in some circumstances.
 - b. Funds should be used to amend service levels to accommodate new ridership patterns, including increased demand for local service and the anticipated return to in-person school/community college/university in August/September 2021, as well as increased regional commute trips that require coordination among operators, as more workers return to workplaces.
 - c. While services levels should increase on aggregate, operators are encouraged to exercise flexibility, nimbleness, and creativity with where and how service is deployed. As ridership patterns and travel behaviors change, transit service must adapt and scale with these changes. Available resources, including ARP Act funds, should be deployed to maximize operators' ability to serve riders. To grow ridership in the long-run, transit must come back stronger and better than before the pandemic.
- 3. Improve Customer Experience** – Funds should be used to promote and sustain transit usage in the region. Transit needs to invest in welcoming riders back, or risk that habits and travel modes adopted during the pandemic will linger long after the public health risk has passed. To better compete with other modes of transportation, transit must be safe, reliable, affordable, and easy to use for riders.
- a. Funds should support the implementation of certain recommendations from the Blue Ribbon Transit Recovery Task Force that will increase value and enhance the experience for customers.
 - b. Funds should be made available to support creative, customer-oriented initiatives that support transit reliability and/or encourage ridership recovery.

Given the continuing fluidity and uncertainty about the economic, financial, and mobility impacts of COVID-19, these principles may be revised to respond to evolving conditions.

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

Attachment C
Resolution No. 4481
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**San Francisco Bay Area
American Rescue Plan Act
FTA Formula Funds Programming Policy**

Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105

I. About the Policy

- a. **Background:** The American Rescue Plan Act FTA Formula Funds Programming Policy applies to the programming of supplemental Federal Transit Administration Section 5307 Urbanized Area and 5311 Rural Area formula program funds apportioned to the San Francisco Bay Area in FY2020-21, pursuant to the American Rescue Plan Act of 2021 (ARP) (H.R. 1319).

This policy contains the rules for establishing a program of projects for eligible transit operators in the San Francisco Bay Area Region.

On March 11, 2021, the ARP was signed into law, providing supplemental appropriations for emergency transit operations in response to the global COVID-19 pandemic. These supplemental appropriations were provided via existing FTA Section 5307 and 5311 formula programs, and follow many of the same statutory guidelines and requirements. However, the funds are explicitly eligible for use for operating assistance and capital expenses related to transit operator response to the Coronavirus pandemic.

- b. **Goals & Objectives:** The goal of this policy is to ensure that all Bay Area transit operators receive enough relief funding to support meaningful and context-specific restoration of transit service and protect the jobs needed to deliver that service. As each transit operator has a unique revenue mix, each of which has been impacted differently by the economic impacts of the COVID-19 pandemic, the immediate need for additional relief funds varies considerably by agency.

II. The Policy

a. FTA Funds

- i. **Federal Eligibility:** In addition to the typical eligibility for capital and operating projects for the FTA Section 5307 Urbanized Area and FTA Section 5311 Rural Area Formula Programs as described in detail in MTC Resolution Nos. 4036, Revised (5311 Program Policy), and 4444 (Transit Capital Priorities Policy), ARP also makes these funds “*available for the operating expenses of transit agencies to prevent, prepare for, and respond to the coronavirus public health emergency, including, beginning on January 20, 2020—*

- (i) *reimbursement for payroll of public transportation (including payroll and expenses of private providers of public transportation);*
- (ii) *operating costs to maintain service due to lost revenue due as a result of the coronavirus public health emergency, including the purchase of personal protective equipment; and*
- (iii) *paying the administrative leave of operations or contractor personnel due to reductions in service.”*

Further, ARP provides this supplemental funding up to a 100% Federal share. Funds are available for obligation until September 30, 2024, and must be disbursed by

September 30, 2029.

- ii. **Regional Eligibility:** Transit operators are required to submit annual reports to the National Transit Database (NTD). Service factors reported in large urbanized areas partially determine the amounts of FTA Section 5307 funds generated in the region. An operator is eligible to be programmed and apply to FTA for funds only in designated UZAs, as outlined in Table 1 below. Eligibility is based on geographical operations and 2018 self-reported NTD information and may be broader than the UZA eligibility for the Transit Capital Priorities (TCP) Program (MTC Resolution No. 4456) typically used for distribution of FTA formula funds, in which certain operator agreements are recognized. Additionally, MTC is an eligible recipient in each UZA in the region.

Table 1. Urbanized Area Eligibility

Urbanized Area	Eligible Transit Operators[†]
San Francisco-Oakland	Alameda-Contra Costa Transit District (AC Transit), Altamont Corridor Express (ACE)*, San Francisco Bay Area Rapid Transit District (BART), Peninsula Corridor Joint Powers Board (Caltrain), Fairfield and Suisun Transit (FAST)*, Golden Gate Bridge, Highway & Transportation District (GGBHTD), Marin County Transit District (Marin Transit)*, MTC, Napa Valley Transportation Authority (NVTA), San Francisco Municipal Transportation Authority (SFMTA), San Mateo County Transit District (SamTrans), Santa Clara Valley Transportation Authority (VTA), Solano County Transit (SolTrans)*, Sonoma-Marín Area Rail Transit (SMART)*, Transbay Joint Powers Authority (TJPA), City of Union City (Union City Transit)*, Water Emergency Transportation Authority (WETA)*, Western Contra Costa Transit Authority (WestCAT)*
San Jose	AC Transit, ACE*, Caltrain, MTC, VTA
Concord	ACE*, BART, Central Contra Costa Transit Authority (CCCTA)*, Eastern Contra Costa Transit Authority (ECCTA/Tri Delta Transit)*, Livermore-Amador Valley Transit Authority (LAVTA)*, MTC, SolTrans*
Antioch	BART, ECCTA/Tri Delta Transit*, MTC
Santa Rosa	GGBHTD, MTC, Santa Rosa CityBus*, SMART*, Sonoma County Transit*
Vallejo	FAST*, MTC, SolTrans*, WETA*
Fairfield	FAST*, MTC, SolTrans*
Vacaville	City of Vacaville (CityCoach)*, FAST*, MTC
Napa	MTC, NVTA/Vine*
Livermore	ACE*, LAVTA*, MTC
Gilroy-Morgan Hill	Caltrain, MTC, VTA
Petaluma	GGBHTD, City of Petaluma*, MTC, SMART*, Sonoma County Transit*

[†] Eligibility based on 2019 NTD Report Data

*Small Operator

The FTA Section 5311 Rural Area formula program provides funds to transit

operators for service in non-urbanized and rural areas. Operator eligibility is determined by non-urbanized service as provided in the 2012 Regional Transit Database, as explained in MTC Resolution No. 4036, and as self-reported in 2019 NTD reporting. Operators eligible to receive Rural Area formula program funds, based on their provision of rural and non-urbanized area service are as follows:

Caltrain	FAST	SamTrans
City of Dixon	LAVTA	SolTrans
City of Rio Vista	Marin Transit	Sonoma County Transit
ECCTA/Tri Delta Transit	NVTA/Vine	VTA

Per the State Management Plan for Federal Transit Funds, Caltrans makes final determination of project eligibility for Section 5311 Rural Area Formula funds.

b. Funding Distribution Methodology

- i. Regional Programming Approach: The Regional Programming Approach, as described below, is designed to prioritize funds to operators based on needs as well as to provide incentive to restore service and to invest in longer term pandemic recovery strategies. The approach assumes a regional programming perspective and constrains regional demands to the amount of funds available to the region, prior to programming funds to project. It then assigns funds from urbanized areas in the following order:
 1. Fund calculated shares for operators that are restricted to receiving funds in one UZA (e.g., SFMTA, WestCAT, etc.).
 2. Fund balance of operator shares among multiple UZAs, as eligibility allows, with the objective of fully funding needs (as defined in III.a., below) due to the Coronavirus to the maximum extent possible.
 3. Reduce operator funding proportionately in UZAs where needs exceed available funding.
 4. If, after Future Phase(s) funds are programmed to address intended purposes (further described in III.a.2. below), any remaining funds will be programmed for eligible recipients per the TCP Policy (MTC Resolution No. 4444), but using the UZA eligibility outlined in Table 1 to maintain maximum flexibility with these funds.
- ii. Phased Distribution of Funds: Funds will be distributed in at least two Phases:
 1. Phase 1: A first phase will be distributed as detailed in Attachment A to this resolution using the methodology described in III.a.i., below.
 2. Subsequent phase(s): The remaining funding from the region's apportionment will be assigned to operators following a process to be determined in consultation with regional partners and adopted by the Commission. The methodology for future phases is described in III.a.ii., below.

III. The Process

- a. The distribution of funds in Phase 1 and any subsequent phase(s) may utilize separate methodologies in order to balance the impacts of the Coronavirus pandemic on the various operators in the region, provide incentive to restore a meaningful level of service, and fund targeted recovery strategies and initiatives to improve transit service and ridership in the region.
 - i. Phase 1 Methodology*
 1. Funding needed for each operator to back-fill forecasted revenue losses for Fiscal Year (FY) 2021-2022, was calculated as 65% of the average estimated monthly revenue loss from March 2020 through June 2021 multiplied by 12 months.
 2. Incentive funding for each operator to be used to resume a meaningful level of pre-COVID service levels, was calculated as 95% of the difference in FY 2019 and FY2021 revenue vehicle hours (RVH), multiplied by the agencywide cost per RVH, capped at \$461/revenue vehicle hour.
 3. The total amounts calculated in numbers 1 and 2 above were summed for each operator.
 4. The difference between prior COVID relief received and actual/estimated revenue losses between March 2020 and June 2021 was deducted from the total amount calculated in number 3 above. This calculation did not include COVID relief funding operators received through the CARES Act "Equity Adjustment."
 5. A "floor" equivalent to 15% of an operator's reported FY 2018-19 operating cost was substituted for operators where that amount was greater than the total calculated using the methodology described in numbers 1 through 4 above.
 6. Total shares for operators in Solano and Sonoma counties were grouped to allow operators and County Transportation Agencies in those counties to collaboratively identify funding amounts per operator that best align with on-going coordination and integration efforts.
 7. The total shares calculated using the methodology described above was multiplied by 60% to determine the funding amounts for Phase 1.
 8. An amount was set aside to implement Blue Ribbon Transit Recovery Task Force initiatives and to respond to hardships or disparities and specific recovery strategies.

**Note: The total share determined for the Transbay Joint Powers Authority is based on a review of that agency's COVID-19 related financial impacts, and not the methodology described above.*

- ii. Subsequent Phase(s) Methodology:

1. Funds remaining to be programmed for transit agency operating assistance in Phase 2 were distributed in accordance with the total shares calculated for operators in Phase 1.

2. A total of \$72,442,794 was distributed to various operators from funds that had been set aside for specific hardships and specific recovery strategies.
 3. The remaining balance of funds set-aside for the implementation of Blue Ribbon Transit Recovery Task Force initiatives was distributed to operators using the methodology developed to distribute Phase 1 operating assistance funds. The distribution of set-aside funds for transit operations was done to best position Bay Area transit agencies to compete for additional FTA discretionary financial assistance that is available through ARP. Alternate near-term revenue sources (likely State Transit Assistance and FTA Formula funds) will be programmed and allocated to provide equivalency for Blue Ribbon initiative funding by operator and in aggregate to the augmented ARP distribution.
- iii. Funding: Once operator funding targets are determined by the methodology outlined above, the Phase 1 and subsequent phase(s) targets will be funded using the Regional Programming Model described in II.b.i, above.
- b. Annual Programming in the TIP: MTC, in cooperation with the state and eligible transit operators, is required to develop a Transportation Improvement Program (TIP) for the MTC Region. The TIP is a four-year programming document, listing federally-funded transportation projects, projects requiring a federal action, and projects deemed regionally significant. TCP programming in each year of the TIP will be financially constrained to the estimated apportionment level. Programming adjustments in the TIP will be done in consultation with eligible transit operators in the MTC region.
- ARP waives the typical requirement for TIP inclusion for the supplemental apportionments included in the Act used for operating assistance or to pay for capital expenses for emergency relief do not need to be included in the TIP/STIP unless the projects are for substantial functional, locational, or capacity changes. [23 CFR §§ 450.326(e)(5), 450.218(g)(5)]. Over time, MTC will work to incorporate all such funding from ARP into the TIP for fund monitoring purposes. However, inclusion in the TIP is not a precondition for receiving these funds.
- c. Process for Programming Revisions & Amendments: The attachments to this resolution will be revised at a later date to include Future Phase funding amounts for operators and to include more detail on the FTA Section 5311 process, as needed, once provided by Caltrans. MTC will consider revisions to an operator's programming as requested.
- d. Grant Applications:
- i. FTA Section 5307 Programs: Each operator is expected to complete their own Federal grant application using FTA's Transit Award Management System (TrAMS). MTC staff will review grant applications and submit concurrence letters or other required materials to FTA on behalf of project sponsors as needed.
 - ii. FTA Section 5311 Program: Operators are responsible for working with Caltrans, the designated recipient and grantee for the Section 5311 program, to respond to

calls for projects and submit required materials to access these funds. MTC will assist with the Regional Agency/Transportation Planning Agency (TPA) Certifications and Assurances and any other documentation, as needed.