

# MTC Transit Operating Programs Update

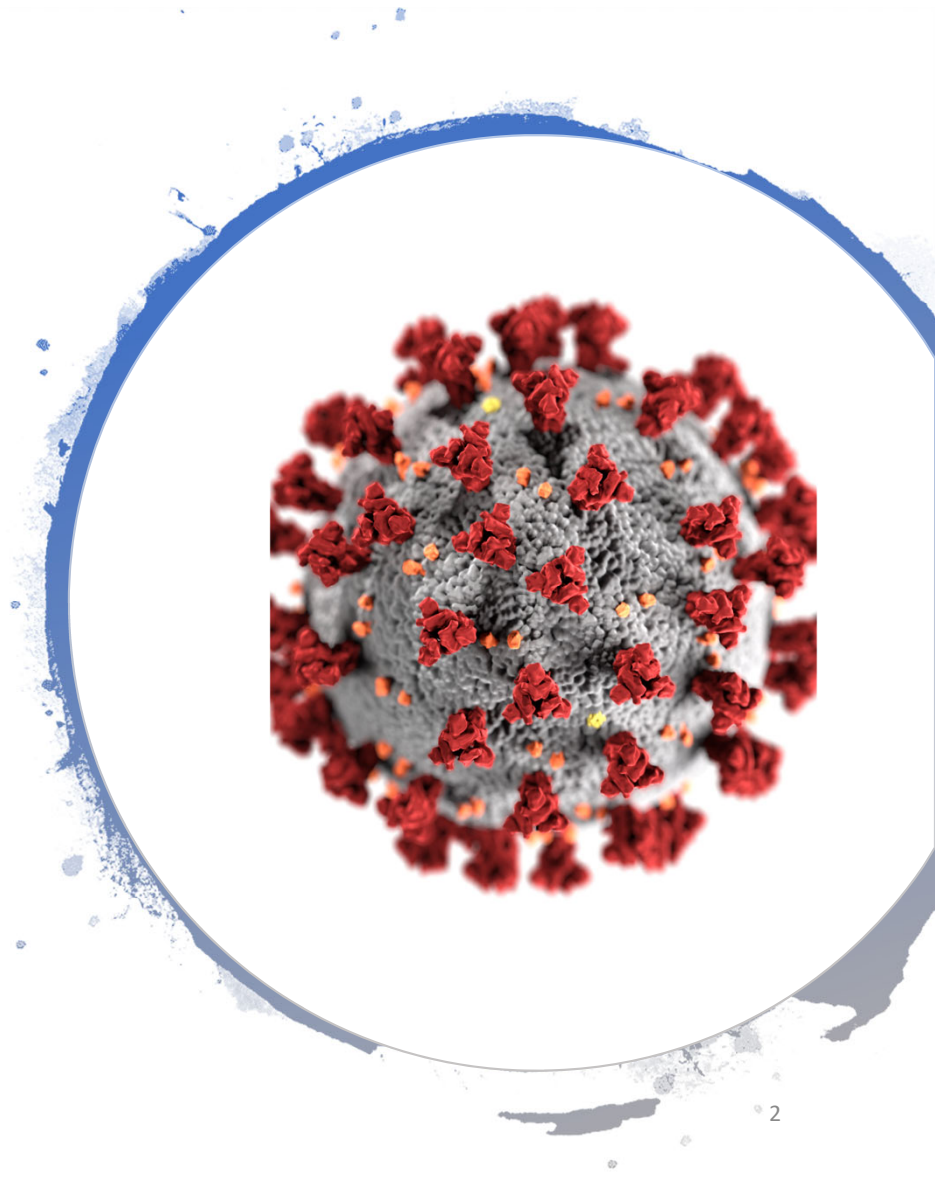
Programming & Allocations  
Committee

May 13, 2020



# Economic Background

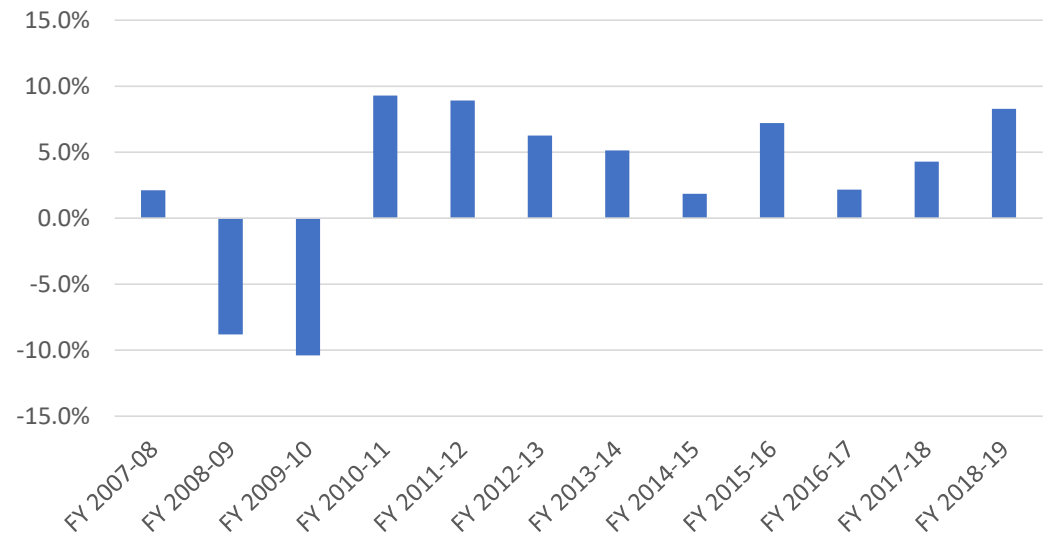
- Dramatic decreases in public transit ridership resulting from COVID-19 and the associated Shelter in Place (SIP) order
- Immediate and anticipated longer term impacts on crucial transit operating revenues
- Reliable data on which to base assumptions about longer term revenue impacts is not readily available
- The changing economic landscape requires changes to MTC processes related to transit operating programs



# Sales Taxes

- Sales taxes generate about 40% of the revenue used to operate public transit
- Data on actual generation lags by at least two months
- Sales tax revenue could decline by up to 75% during the SIP period
- In the Great Recession, sales tax declined by 18% over two years, and took eight years to return to pre-recession levels

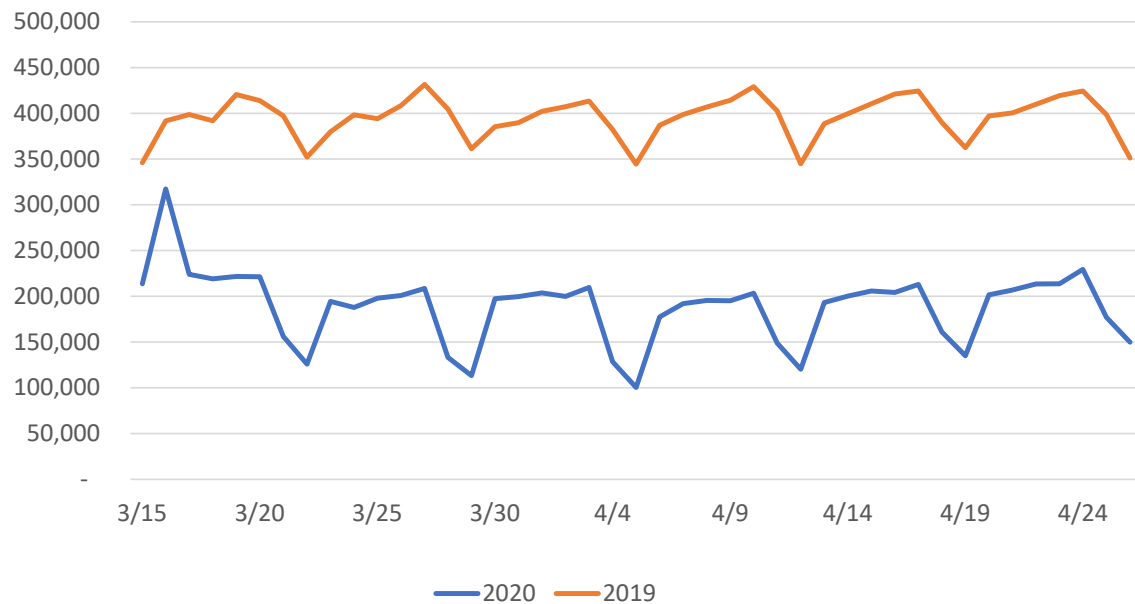
*Percent Change in Bay Area Sales Tax Revenue, FY 2007-08 to FY 2018-19*



# Motor Vehicle Based Tolls & Taxes

- Diesel fuel taxes and bridge tolls are a major sources of transit operating funding
- VMT reduction estimates range from 40% to 80% during the SIP period
- Bridge toll crossings have decreased by 50% during the same period
- Diesel prices have declined less than gasoline due to continued demand for trucking & delivery

*Total Bridge Crossings - All BATA Bridges*



# Annual Fund Estimate Updates

*The Commission approved Annual Fund Estimate contains estimates of anticipated revenue for the current and upcoming fiscal years for key transit operating funds. It is typically updated twice after initial adoption.*

Timeframe	Document	Update
July 2020	FY 2020-21 Fund Estimate Revision #1	<ul style="list-style-type: none"><li>• Reconciliation of TDA and AB 1107 sales tax estimates with actual receipts for FY 2019-20</li></ul>
September 2020	FY 2020-21 Fund Estimate Revision #2	<ul style="list-style-type: none"><li>• Reconciliation of STA estimates with actual receipts for FY 2019-20</li><li>• Revised estimate of FY 2020-21 STA revenue based on Governor's Approved Budget</li></ul>
February 2021	Adoption of FY 2021-22 Fund Estimate	<ul style="list-style-type: none"><li>• Revised County Auditor estimates of FY 2020-21 TDA revenue and new revenue estimates for FY 2021-22</li></ul>

# Claims Process

*To better inform transit operator budgets and avoid end of year rescissions, MTC staff recommends setting limitations on allocations for certain funds for FY 2020-21*

- Staff recommends that transit operator claims be limited to 75% of sales tax based funding amounts shown to be available for allocation in the FY 2020-21
- Staff further proposes to limit allocations of State Transit Assistance funding to within the revised funding levels contained in the May Budget Revise
- Fund Sources not proposed to be limited:
  - 2% and 5% bridge toll funds (*not directly tied to actual toll revenue generation*)
  - Senate Bill 1 State of Good Repair Program funds
  - Low Carbon Transit Operating Program (*Cap & Trade program*) funds

# Regional Measure 2 (RM2) Operating

*The RM2 Operating Program receives 38 percent of the revenue generated from the \$1 RM2 toll*

- The RM2 Operating Program funds transit routes and regional services intended to promote mobility and ease congestion in the bridge corridors including:
  - Transbay/Express Bus Service
  - Late Night (OWL) Service
  - Transbay Terminal
  - Ferry Service
- Based on lower bridge traffic volumes, the RM2 Operating program is expected to see a revenue decline of approximately 15 percent from what was originally budgeted for FY 2019-20
- Anticipated revenue reduction from current year (pre COVID-19) levels is 30% for FY 2020-21

# Proposed Performance & Planning Waivers

*Given uncertainty surrounding funding and service needs, staff proposes changes to performance and planning requirements to provide time for transit operators and the Transit Recovery Task Force to develop local and regional recovery strategies*

- Staff proposes to waive RM2 operating performance requirements from FY 2018-19 through FY 2020-21
- Staff will continue to monitor the performance of RM2 Operating projects and will work with project sponsors to develop corrective actions for poorly performing routes
- As operators focus on the development of service plans to coincide with a post-COVID-19 environment, staff will allow transit operators scheduled to begin update of 10-year Short Range Transit Plans in the current and next fiscal years, to take a two-year hiatus from this requirement