

Metropolitan Transportation Commission Programming and Allocations Committee

June 10, 2020

Agenda Item 3a - 20-0806

Proposed Expenditure of MTC Share of CARES Act Funding

Subject: Staff will provide an overview of the proposed expenditure of the \$7.8 million MTC Regional Transit Program Share of Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) - CARES Act funding.

Background: At its April 22nd meeting, the Commission approved the distribution of approximately \$781 million dollar in CARES Act funding to support Bay Area transit operations in response to the COVID-19 pandemic. This distribution was the first programming action taken for the \$1.3 billion in CARES Act funding that has been directed to the Bay Area through supplemental apportionments of Federal Transit Administration (FTA) formula programs. The next programming action to distribute remaining CARES Act funds is tentatively scheduled to be considered at the July 2020 Programming and Allocation Committee (PAC) meeting.

One percent of funds from the initial \$781 million distribution was reserved for MTC Regional Transit Programs and expenses related to support of transit recovery efforts.

Expenditure Principles

In similar fashion to the principles developed to guide the distribution of CARES Act funding for Bay Area transit operators, staff have developed principles to guide the expenditure of CARES Act funds by MTC. These principles are contained in full in **Attachment A**, and in summary include:

1. Use funds to directly support public transit operations and the public transit customer;
2. Use funds for projects and initiatives that support public transit recovery with a focus on equity and financial sustainability; and
3. Use funds to address COVID-19 related revenue shortfalls; and

Proposed Expenditure

Staff proposes to use the CARES Act funds to support five projects and initiatives. The expenditure plan can be found in detail in **Attachment B**. A summary of proposed expenditures is below:

1. Address the revenue shortfall caused by COVID-19 by replacing lost funding for Clipper Operations;
2. Provide for the upgrade of data systems used for implementation and operation of the Regional Transit Connection discount card for persons with disabilities;
3. Support the preservation and on-going operation of Vanpool services;

4. Fully preserve the planned operator subsidy for the Clipper Start Means-based Fare Discount Pilot program; and
5. Support transit recovery planning and public outreach efforts.

Issues: The next distribution of federal CARES Act funding is scheduled for July. Should MTC receive a subsequent share of CARES Act funding for regional projects and initiatives, staff will provide an amended expenditure plan to the Committee for consideration.

Recommendation: Committee approval of the MTC CARES Act Expenditure Plan.

Attachments: Attachment A –Principles for Expenditure of MTC CARES Act funds
Attachment B – MTC CARES Act Funding Expenditure Plan



Therese W. McMillan

Proposed Principles for Expenditure of MTC Share of CARES Act (H.R. 748)
Supplemental Federal Transit Funds

Principles	Proposed Action
1. Use funds for operating expenditures that provide or directly support the customer and public transit services.	<p>In addition to direct public transport by transit operators, CARES Act funds should be used to support the suite of customer-facing public transit services that MTC provides to the Bay Area including, but not limited to:</p> <ul style="list-style-type: none">• Clipper• 511/Mobility Management Services• Regional Transit Discount Card (RTC) Administration• Vanpool• Means-Based Program
2. Use funds for operating projects or initiatives that will facilitate and support transit recovery with a focus on equity and financial sustainability.	<p>Support efforts to re-envision, reorganize, or transform the Bay Area's transit system – via greater coordination, fare integration, operations streamlining/efficiencies. Ensure that transit recovery efforts include a renewed emphasis on equity and consideration for the transit dependent.</p>
3. Use CARES Act funds to address revenue shortfalls caused by the impacts of COVID-19.	<p>Consistent with the intent of the CARES Act, where possible, use CARES Act funds to backfill lost revenues and eliminate the need to tap into funding reserved for future-year anticipated program needs.</p>

Proposed Expenditure of MTC Share of CARES Act (H.R. 748)
Supplemental Federal Transit Funds

The following matrix proposes expenditure categories and funding amounts for the \$7,808,416 in CARES Act funding directed to MTC.

	Expenditure Category	Description	Funding Amount
1.	Clipper Operations	Support the implementation and operation of the Region's fare payment card. CARES Act funds are needed to replace significant revenue reductions to State Transit Assistance (STA) and Regional Measure 2 funding that support the Clipper operating budget.	\$4,200,000
2.	Regional Transit Connection (RTC) Card	An RTC Discount ID Card is made available to persons with qualifying disabilities and is used as proof of eligibility to receive discount fares on fixed-route public transit in the Bay Area. CARES Act funding will support the upgrade of data systems used to implement the program and the transfer of RTC operations to MTC.	\$1,000,000
3.	Vanpool	CARES Act funds would provide a replacement subsidy to Commute by Enterprise to support the continued operation of 130 Vanpool vehicles that have been idled due to the COVID-19 pandemic and Shelter in Place Order. Without this funding, vehicles may be permanently taken out of service and the expense to restart operations would be prohibitive. Vanpool service is viewed to be an important part of economic and mobility recovery in the wake of the pandemic.	\$ 400,000
4.	Means-based Pilot Operator Subsidy	\$8 million in STA funding had been planned to be set-aside to support the 18-month Clipper Start Means-based Transit Fare Pilot, scheduled to begin in July 2020. Due to the estimated 40 percent reduction in STA funding for FY 2020-21, CARES Act funding is proposed to keep the set aside-for the pilot whole and continue the provision of operator subsidies for reduced fares at the originally planned level. For administrative ease of use, staff proposes to exchange CARES Act funds for STA Regional Coordination funds previously intended for Clipper operations, and re-direct an equal amount of those STA funds to the Means-based program.	\$1,700,000
5.	Transit Recovery Planning	CARES Act funding is proposed to support efforts related to public transit recovery necessitated by the COVID-19 crisis. Activities may include planning, surveying, public outreach, public information, and other efforts to support the work of the Blue Ribbon Transit Recovery Task Force.	\$ 508,416
Total:			\$7,808,416

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Proposed Expenditure of MTC Regional Transit Programs Share of CARES Act Funding



Background on CARES Act Funding

- On April 22nd, Commission approved the distribution of \$781 million out of \$1.3 billion total in CARES Act funding for Bay Area Transit operations
- The next programming action to distribute remaining CARES Act funding is targeted for the July Programming and Allocations Committee meeting
- One percent of funds from the first distribution of CARES Act funding (\$7.8 million) was reserved for MTC Regional Transit Programs and expenses related to transit recovery



Expenditure Principles for MTC Share of CARES Act Funding

Staff have developed principles to guide expenditure of CARES Act funds by MTC

1. Use funds for operating expenditures that provide or directly support the customer and public transit services
2. Use funds for operating projects or initiatives that facilitate and support transit recovery with a focus on equity and financial sustainability.
3. Use CARES Act funds to address revenue shortfalls caused by the impacts of COVID-19



Proposed Expenditure Plan for MTC Share of CARES Act Funds

Proposed categories and funding amounts for CARES Act funding directed to MTC

Expenditure Category	Description	Amount (In Millions)
Clipper Operations	Support the implementation and operation of the Region's fare payment card in light of revenue losses caused by COVID-19	\$4.2
Regional Transit Connection Card	Support the upgrade of data systems for implementation of the discount program and transfer of administration to MTC	\$1.0
Vanpool	Support continued operation of 130 Vanpool vehicles idled due to COVID-19 and Shelter in Place	\$0.4
Means-Based Pilot	CARES Act funds will be used to keep the planned operator subsidy for the Means-Based Fare Pilot whole, despite reductions in revenue used to support the program	\$1.7
Recovery Planning	CARES Act funding is proposed to support efforts related to public transit recovery necessitated by the COVID-19 crisis	\$0.5
Total		\$7.8

