

BLUE RIBBON



TRANSIT RECOVERY
TASK FORCE

CARES ACT PHASE 2

FUNDING DISTRIBUTION

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ADOPTED FUNDING DISTRIBUTION PRINCIPLES

- 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.** 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.

CARES ACT FUNDING DISTRIBUTION

WHAT WAS HEARD AT LAST MEETING

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General Approach

- Priority and intent of CARES funding is to make funds available to operators as soon as possible
- Some concerned that the proposal does not reflect forward looking factors on network connectivity, financial sustainability, and equity.

Distribution Options (as presented)

- General support for service horizon approach, consistent with the intent of Principle 5 to reconcile with Phase 1 distribution.
- Without seeing the funding distribution amounts to operators, it is hard to understand the impact of the proposed options.
- Equity is a requirement not a consideration; any option should have an equity factor, ideally “forward looking”

Additional Suggestions or Inputs

- Suggest refining and validating the assumptions
- Fare loss is important and is different for Rail vs. Bus modes



(Jim Maurer)

CARES ACT PROPOSED APPROACH

Phase 1 — \$781 million

Distribution Approach

- 33% based on percentage share of FY 2020 -21 State Transit Assistance Revenue-Based Formula (inc. AB 1107 sales tax)
- 33% Based on percentage share of farebox revenue
- 33% based on percentage share of FY 2019-20 Operating Costs

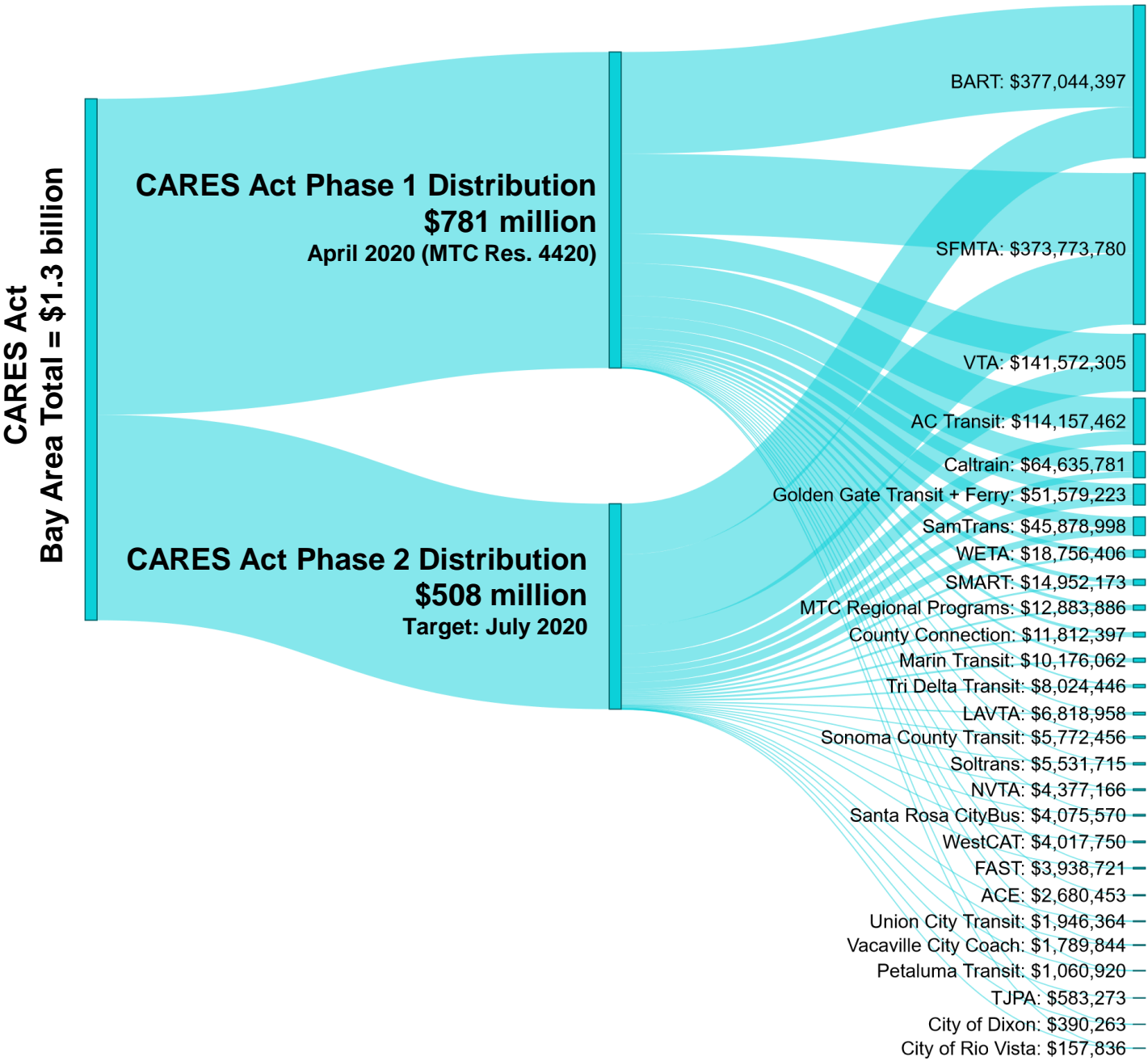
Phase 2 (Proposed) — \$508 million

Distribution Approach

- Seeks to fully backfill operators' lost revenue due to COVID-19 through a horizon of 12/31/2020 across both Phase 1 and Phase 2
- Able to meet 90% of estimated need through 12/2020
- Includes a “true up” as the approach looks at the total anticipated revenue loss over the ten month period of 3/2020 to 12/3030 and calculates the total amount of CARES Act funding an operator needs across both Phase 1 and Phase 2
- Uses a consistent set of revenue loss assumptions for all operators across two time periods (March to August 2020 and September to December 2020) to determine a monthly revenue loss amount

EQUITY CONSIDERATIONS

Equity adjustment is applied by weighting 25% of an operator's projected revenue losses to its ridership share of **very low income (under \$50,000 income per household) passengers**.



CONSISTENT REVENUE LOSS ASSUMPTIONS

- Revised assumptions (in *italics*) since last meeting, based on newest data, slightly more optimistic
- Unprecedented uncertainty remains a challenge
- Use of consistent assumptions across all operators allows for CARES Act distribution options to be considered on a level playing field
- Amounts shown below are a % reduction below what the fund source generated prior to COVID-19.

March – August 2020

- Fares **-90%**
- *Sales taxes* **-45%**
- BATA bridge tolls **-60%**
- Golden Gate Bridge tolls **-60%**
- SFMTA Parking **-90%**
- SFMTA General Fund **-20%**
- Park n Ride revenues **-90%**
- State Transit Assistance **-32%**
- State Rail Assistance **-32%**

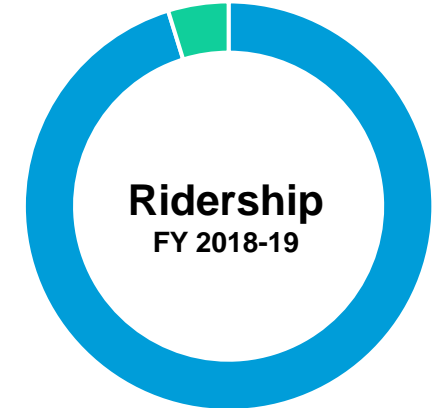
September – December 2020

- *Fares* **-70%**
- *Sales taxes* **-30%**
- *BATA bridge tolls* **-25%**
- Golden Gate Bridge tolls **-40%**
- *SFMTA Parking* **-15%**
- SFMTA General Fund **-20%**
- Park n Ride revenues **-75%**
- State Transit Assistance **-40%**
- State Rail Assistance **-40%**

CARES ACT PROPOSED DISTRIBUTION

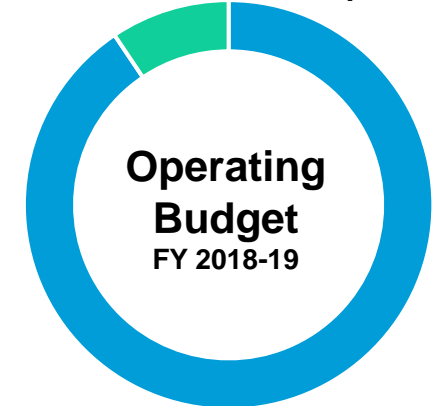
Transit Operator	Total CARES Act Allocation (Phase 1 + Phase 2)	Total CARES Act Allocation % Share (Phase 1 + Phase 2)
AC Transit	\$114,157,462	8.9%
BART	\$377,044,397	29.6%
Caltrain	\$64,635,781	5.1%
Golden Gate Transit + Ferry	\$51,579,223	4.0%
SFMTA	\$373,773,780	29.3%
SamTrans	\$45,878,998	3.6%
VTA	\$141,572,305	11.1%
Large Operator Total	\$1,168,641,945	91.6%
Small/Medium Operator Total	\$106,862,776	8.4%
Regional Transit Programs/Support	\$12,883,886	1% (off the top)
GRAND TOTAL	\$1,288,388,608	100%

5% - Small/Med. Operators



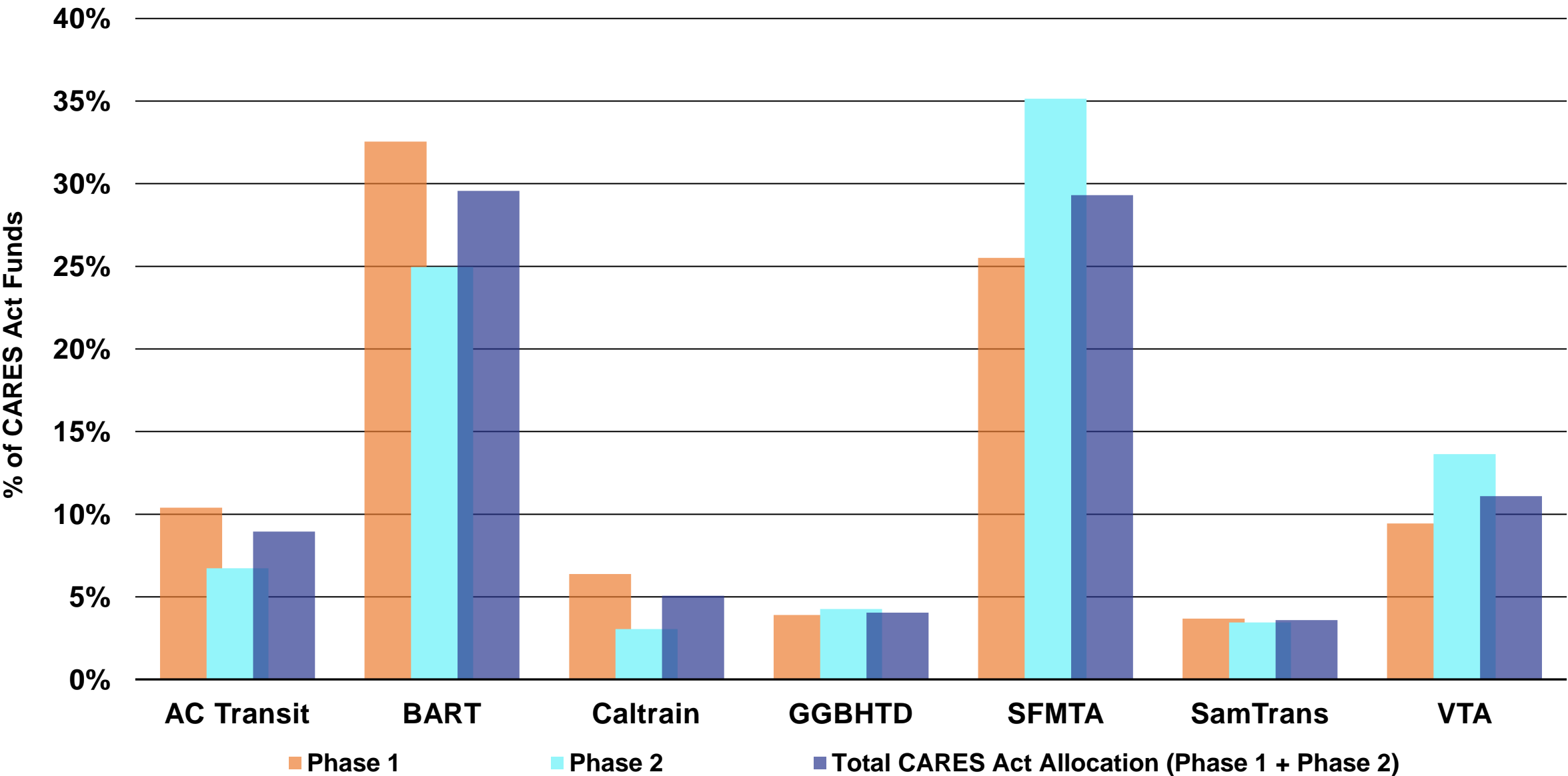
95% - Large Operators

9% - Small/Med. Operators

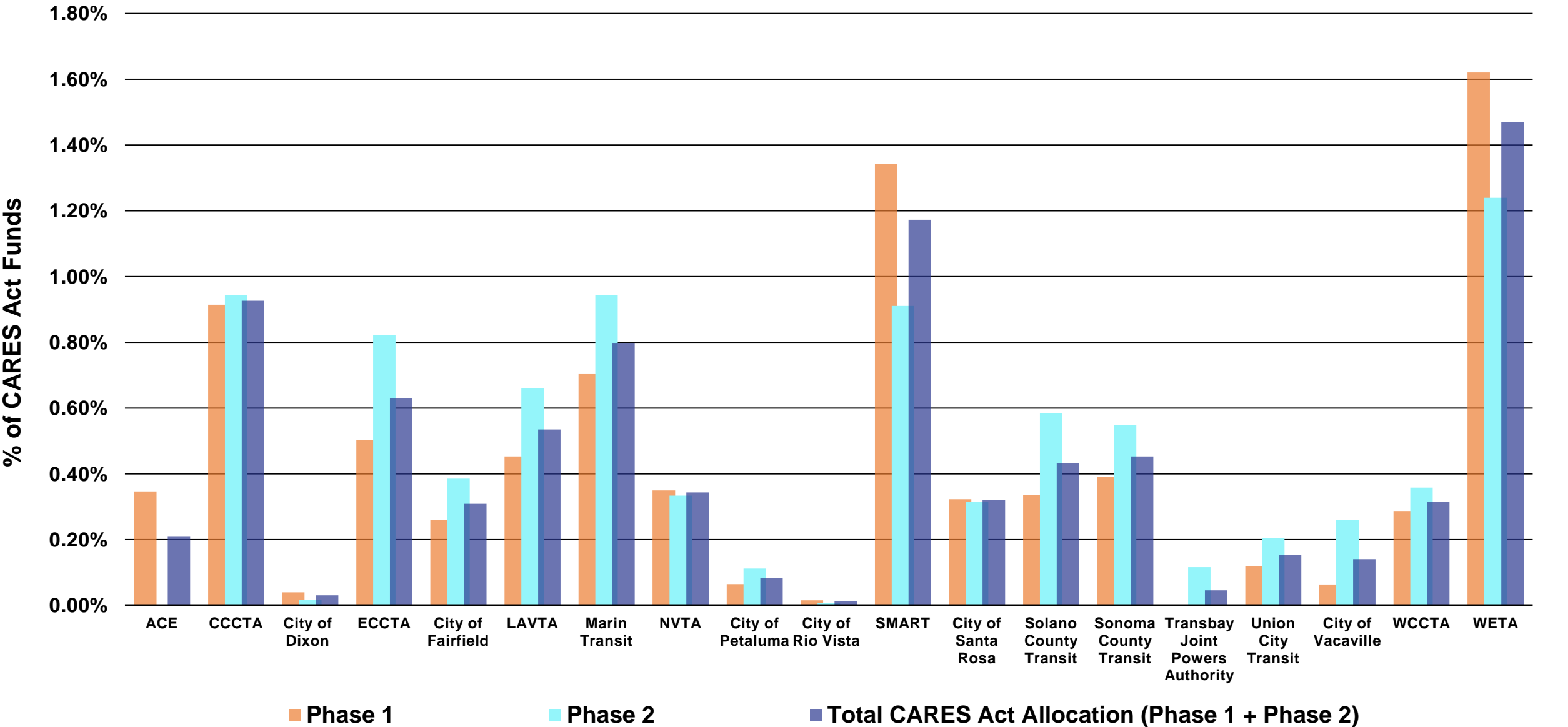


91% - Large Operators

CARES ACT % SHARES BY PHASE



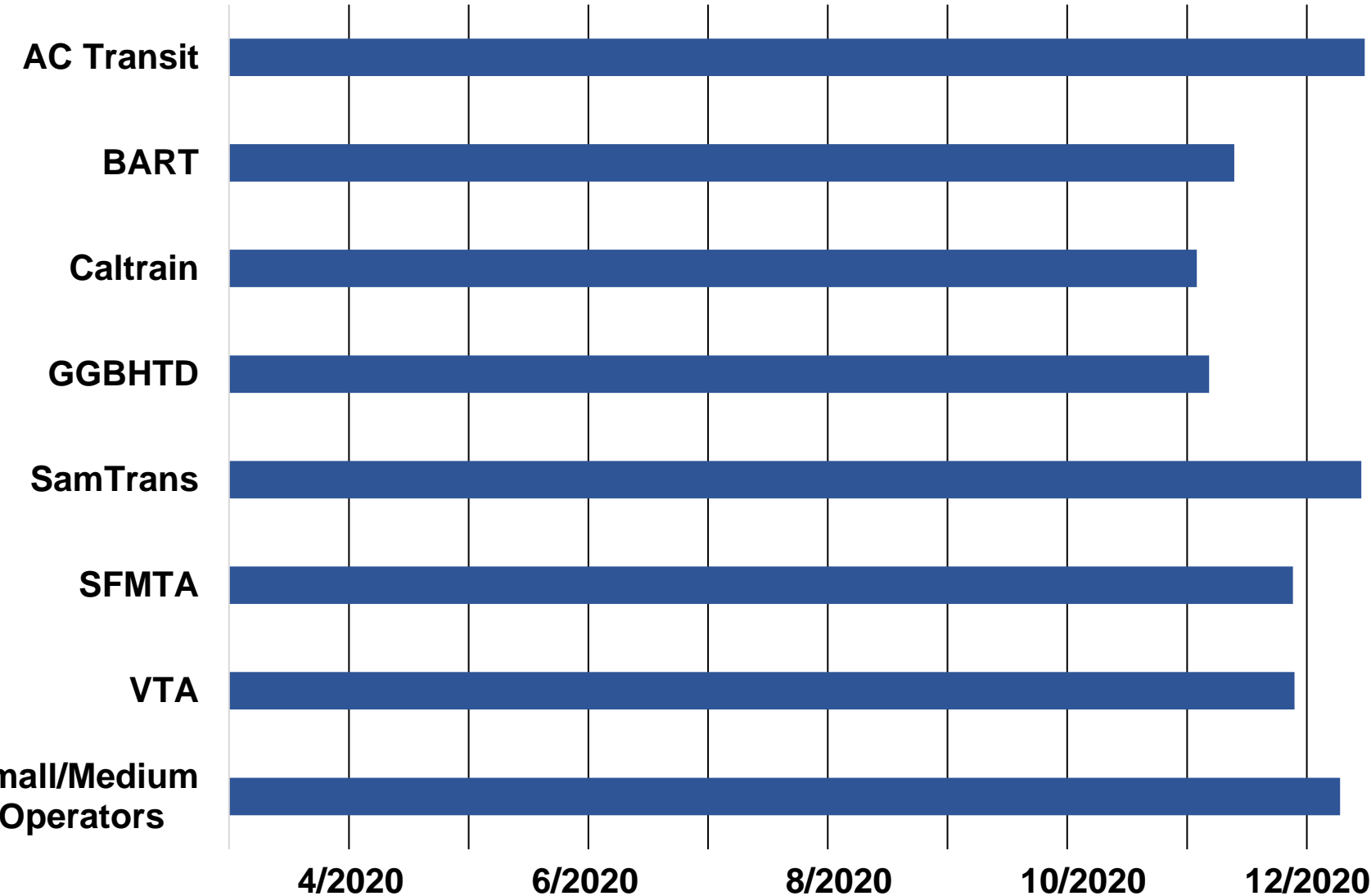
CARES ACT % SHARES BY PHASE, CONT.



IS THERE A FINANCIAL “CLIFF”?

How many months of revenue loss will the CARES Act backfill?

Note: Different length of bars reflects impact of equity adjustment, CARES Act covers 8.7 months of revenue loss region-wide



- Revenue loss is estimated, unprecedented uncertainty
- Agencies have reduced operating costs so CARES Act funding should stretch longer than shown here
- Recovery strategies restore service as demand returns
- HEROES Act, INVEST in America Act, FTA Formula funds, and state funding all present opportunities for further revenue loss backfills based on need

CARES ACT ONLY TAKES US SO FAR

CARES ACT funding was only intended to last through 2020

- Revenue losses will exceed the amount of funding available
- Difficult trade offs are unavoidable
- More federal/state funding will be needed

Service for those most in need

- As SIP eases in the Bay Area more data about who most needs transit now and where there are pressure points in the system will emerge which can help inform any future funding opportunities, transformative actions, and service restoration



SFMTA Muni Metro COVID-19 Core Service Map - Effective August 2020

NEXT STEPS

Now: Blue Ribbon Transit Recovery Task Force considers endorsement of **CARES Act** fund distribution approach

July 8, 2020: MTC Programming and Allocations Committee considers **CARES Act** fund distribution for Phase 2

July 20, 2020: Blue Ribbon Transit Recovery Task Force begins discussions on Phase 3 (Transformation Action Plan) of its work

July 22, 2020: MTC Commission considers **CARES Act** fund distribution for Phase 2



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THANK YOU.

www.mtc.ca.gov/mtc.ca.gov/blue-ribbon-transit-recovery-task-force

