

Metropolitan Transportation Commission Programming and Allocations Committee

July 8, 2020

Agenda Item 4b - 20-0728

MTC Resolution No. 4420, Revised

Subject: Programming of \$507.5 million of FTA formula funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to support Bay Area transit operations in response to the COVID-19 pandemic.

Background: The Bay Area is receiving nearly \$1.3 billion in supplemental Federal Transit Administration (FTA) Urbanized Area Formula (Section 5307) and Rural Area Formula (Section 5311) program funds to support transit agency operations impacted by COVID-19 through the CARES Act (signed on March 27, 2020). MTC is responsible for programming the region's FTA Section 5307 program funds and for working with Caltrans for programming of regional Section 5311 program funds.

The \$1.3 billion in total CARES Act funding is being distributed in 2 phases to allow for the provision of immediate relief as well as to preserve flexibility to more accurately match and reconcile revenue losses. In April 2020, the Commission approved the first Phase 1 distribution of approximately \$781 million in federal funds to Bay Area transit agencies, equivalent to 61% of the region's CARES Act funding. This month, a Phase 2 distribution proposal for approximately \$507 million, the remaining 39% balance of the CARES funding, is being presented for action. It is important to emphasize, the CARES Act funds will only stabilize the transit systems – more funding will be needed to address the significant financial challenges faced by transit as a result of the COVID-19 pandemic.

CARES Act Distribution Principles and Operator Recovery Strategies

The first distribution of CARES Act funding was guided by four principles developed in consultation with transit operators. Principles 1 through 4 dealt with the need to act quickly to provide transit operators with funding to address revenue losses, yet retain flexibility in the distribution process to address changing circumstances. Principle 5 applies to the distribution of Phase 2 funds, which is to be guided by transit operator recovery strategies with consideration given to network connectivity, financial sustainability, and transportation system equity.

In early June, transit operators submitted their recovery strategies to MTC. In response to the statewide shelter in place order, transit operators have been focused on retaining routes for the most vulnerable and transit dependent and have been monitoring ridership to make necessary adjustments as needed. The recovery strategies indicate that the transit operators will continue to develop plans, but they are still operating under significant uncertainty. In summary the recovery plans outline the following:

- Financial Sustainability – There is insufficient funding to support pre-COVID service levels, and significant funding uncertainty makes it difficult to develop operating budgets and service plans. Operators are

using the CARES Act funds to retain their labor forces, however, labor comprises about two-thirds of operator budgets and long term sustainability of current staff levels is uncertain.

- Network Connectivity – Rapidly changing schedules and different service change processes and timelines, make coordination challenging between systems. As service stabilizes, it will be easier to coordinate on connectivity.
- Equity - Operators focused on retaining service on routes that serve essential services and vulnerable populations and when restoring service plan to prioritize high demand routes that tend to serve the same vulnerable populations. Some agencies have enhanced non-fixed route solutions (on demand, taxi voucher, shuttle) to ensure access for transit dependent riders.

Phase 2 Distribution Framework: 5307 funding

Guided by the Blue Ribbon Transit Recovery Task Force and in close consultation with transit operators, staff are proposing to distribute the Phase 2 CARES Act funding in a manner that takes into account the funding each operator received in Phase 1 and their total anticipated revenue losses over a ten-month period. The proposed approach is summarized below:

- Seek to fully backfill operators' lost revenue due to COVID-19 through December 31, 2020 across both Phase 1 and Phase 2.
- Use 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
- "True-Up" total anticipated revenue loss over the ten-month period of March to December and calculate the total amount of CARES Act funding an operator needs across both Phase 1 and Phase 2.
- Because the projected revenue loss across all operators of \$1.42 billion is greater than the total CARES Act funds of \$1.288 billion, the revenue loss for each operator must be scaled down by 9.87% to allow the March to December need to fit within the available CARES Act funds across both Phase 1 and Phase 2.

Equity Adjustment

To provide additional support for operators that serve higher proportions of transit dependent customers, the staff proposal contains the application of an "equity adjustment" in the distribution formula:

- 25% of an operator's forecasted revenue losses are weighted by its ridership share of very low income. Very low income is defined as under \$50,000 household income.

Revenue Loss Assumptions

The following assumptions guided staff's calculations of revenue loss for use in the distribution approach described above. These assumptions were refined through discussions with the region's transit operators. Although significant uncertainty remains, they represent a reasonable expectation of the impacts of COVID-19 on revenue generation. Amounts shown are a percentage reduction below what the fund source generated prior to COVID-19.

March – August 2020	September – December 2020
Fares -90%	Fares -70%
Sales taxes -45%	Sales taxes -30%
BATA bridge tolls -60%	BATA bridge tolls -25%
Golden Gate Bridge tolls -60%	Golden Gate Bridge tolls -40%
SFMTA Parking -90%	SFMTA Parking -15%
SFMTA General Fund -20%	SFMTA General Fund -20%
Park n Ride revenues -90%	Park n Ride revenues -75%
State Transit Assistance -32%	State Transit Assistance -40%
State Rail Assistance -32%	State Rail Assistance -40%

FTA Urbanized Area Eligibility: The Transit Capital Priorities Policy (MTC Resolution 4242, Revised), through which FTA Section 5307 funds are typically distributed, provides a limited urbanized area (UZA) eligibility based on several factors:

- FTA guidance
- National Transit Database (NTD) reporting
- Geographic service area
- Negotiated agreements among operators

Similar to Phase 1, the Phase 2 proposal would program CARES Act funds to operators on the broadest possible eligibility based on NTD reporting and geographic service areas in order to meet the principle of programming funds on the basis of need. This methodology preserves a spirit of fairness and equity among the operators so that all operator needs can be met as best possible.

Final Distribution: 5311 Funding

As the Designated Recipient of approximately \$95 million in CARES Act FTA Section 5311 funds for transit services in rural areas, Caltrans is responsible for applying for and distributing these funds to operators throughout the state in coordination with appropriate stakeholders, including MTC. In an April 10, 2020 letter to Section 5311 recipients and partners, Caltrans announced a round 1 statewide distribution of 5311 funds equal to approximately 30% of the total available statewide. These amounts were reflected in the April programming action, treating the Section 5307 and Section 5311 funds as two pieces of the regional strategy to provide emergency transit operating relief. The second round of Caltrans' Section 5311 distribution is expected be made in coordination with MPOs like MTC, and the estimated regional share of the

state's apportionment (approximately \$3.4 million) is included in the total Phase 2 distribution proposed in this item. For both the round 1 distribution and any future rounds, operators will need to work with Caltrans directly for access to and use of those funds.

Expenditure of MTC Regional Transit Program CARES Act Funding

As stated above, 1% of the total CARES Act funding is proposed to be directed to MTC to support its Regional Transit Programs. In the Phase 1 distribution, MTC received about \$7.8 million, and is proposed to receive approximately \$5 million in Phase 2.

In June, the Programming and Allocations Committee approved the expenditure plan for the Phase 1 MTC Regional Transit Program CARES Act funding. Expenditures included backfilling lost revenue to support the Clipper program and the Clipper Start Means-Based Pilot program, implementation of the Regional Transit Connection card, and support for Vanpool services and transit recovery planning. Staff is proposing to amend the expenditure plan to direct MTC's Phase 2 share towards the Clipper Start Means-Based Pilot. The funding will allow for the expansion of the pilot to include operators beyond the four originally enrolled in the pilot. Expansion of the means-based pilot addresses equity in a forward-looking manner by making transit service more affordable for low-income riders.

The revised expenditure plan for MTC's share of the CARES Act funds, incorporating Phase 2, is shown in Attachment B to this summary.

Blue Ribbon Transit Recovery Task Force

One of the initial Task Force responsibilities was to guide the next CARES Act distribution formula and identify the categories to be funded. Over the course of three Task Force meetings, the members provided input and feedback for the proposed distribution. In parallel with the Task Force meetings, MTC staff consulted directly with the transit agencies to develop and refine the proposed distribution. Staff incorporated the feedback from the transit operators and the Task Force to the degree possible given the constraints.

After hearing comments and concerns from each other as well as public and stakeholder comments at the June 29 Task Force meeting, a majority of the Task Force members voted to support (some supported with reservations) the proposed staff recommendation. A small subset of the Task Force members were reticent to support the proposed distribution and two members voted to block the proposal because of a fundamental disagreement with the proposal. In particular, VTA believes the sales tax assumptions proposed are not conservative enough; that sales tax decreases will be more severe and hence the financial impact to VTA is more than what staff is projecting based on the consistent set of revenue loss assumptions. Staff has considered these concerns and has taken this into account in balancing the assumptions for the multitude

of revenue sources that are factors in the distribution formula. Staff believes the assumptions proposed are the best available given the uncertainties.

Issues:

Sales Tax Assumption Concerns: At the June 29 Blue Ribbon Transit Recovery Task Force meeting, several members raised fundamental concerns with the MTC staff proposal. In particular, VTA would like the distribution formula revised to reflect more conservative assumptions on sales tax decreases in the future.

Equity Considerations Should be Forward Looking: As the shelter in place orders begin to ease, more information will become available on populations that are reliant on public transportation in the post-COVID-19 environment. At the June 29 Blue Ribbon Transit Recovery Task Force meeting, members advised that this “forward-looking” equity information should be used to inform future funding decisions, network planning, and transformative actions.

Need for Additional Emergency Funds for Transit: The transit operators and the Task Force agree that more funding is needed to ensure a financial sustainable, connected and equitable transit system going forward. Operators are expected to reach a financial cliff absent additional funding given the likely severity and duration of the pandemic.

Final 5311 Apportionment: As of the writing of this memorandum, the final regional distribution methodology for the state’s apportionment of FTA Section 5311 Rural Area Formula Program funds has not been released by Caltrans; it is anticipated to be provided mid- to late-July. When the final distribution and programming methodology is provided by Caltrans, the Executive Director is authorized and directed by MTC Resolution No. 4420 to modify the programming of the region’s CARES Act funds to meet FTA requirements, including fiscal constraint. Staff will return to the Commission as appropriate to take any additional needed action or to provide an update on the program.

Recommendation: Refer MTC Resolution No. 4420, Revised, to the Commission for approval

Attachment: Attachment A: Phase 2 CARES Act Funding Distribution Summary
Attachment B: MTC CARES Act Expenditure Plan, Revised
MTC Resolution No. 4420, Revised (Attachment A)


Therese W. McMillan

Transit Operator	April 2020 MTC Resolution 4420 CARES Act Phase 1 Distribution	Proposed CARES Act Phase 2 Distribution	Total CARES Act Allocation (Phase 1 + Phase 2)	Total CARES Act Allocation Percent Share (Phase 1 + Phase 2)
AC Transit	\$80,366,395	\$33,791,067	\$114,157,462	8.95%
BART	\$251,637,050	\$125,407,348	\$377,044,397	29.56%
Caltrain	\$49,292,725	\$15,343,056	\$64,635,781	5.07%
GGBHTD	\$30,163,006	\$21,416,217	\$51,579,223	4.04%
SFMTA	\$197,190,672	\$176,583,108	\$373,773,780	29.30%
SamTrans	\$28,519,037	\$17,359,961	\$45,878,998	3.60%
VTA	\$73,023,596	\$68,548,709	\$141,572,305	11.10%
Subtotal	\$710,192,481	\$458,449,465	\$1,168,641,945	91.62%
ACE ¹	\$2,680,453	\$0	\$2,680,453	0.21%
CCCTA	\$7,067,680	\$4,744,717	\$11,812,397	0.93%
City of Dixon (5311)*	\$305,302	\$84,961	\$390,263	0.03%
ECCTA	\$3,891,364	\$4,133,082	\$8,024,446	0.63%
City of Fairfield	\$2,002,985	\$1,935,736	\$3,938,721	0.31%
LAVTA	\$3,501,369	\$3,317,589	\$6,818,958	0.53%
Marin Transit	\$5,438,809	\$4,737,254	\$10,176,062	0.80%
NVTA	\$2,701,734	\$1,675,433	\$4,377,166	0.34%
City of Petaluma	\$498,342	\$562,579	\$1,060,920	0.08%
City of Rio Vista (5311)*	\$119,328	\$38,508	\$157,836	0.01%
SMART	\$10,375,471	\$4,576,702	\$14,952,173	1.17%
City of Santa Rosa	\$2,493,979	\$1,581,591	\$4,075,570	0.32%
Solano County Transit	\$2,590,800	\$2,940,915	\$5,531,715	0.43%
Sonoma County Transit	\$3,014,482	\$2,757,974	\$5,772,456	0.45%
Transbay Joint Powers Authority	\$0	\$583,273	\$583,273	0.05%
Union City Transit	\$922,560	\$1,023,804	\$1,946,364	0.15%
City of Vacaville	\$488,659	\$1,301,185	\$1,789,844	0.14%
WCCTA	\$2,218,204	\$1,799,546	\$4,017,750	0.31%
WETA	\$12,529,212	\$6,227,194	\$18,756,406	1.47%
Subtotal	\$62,840,733	\$44,022,044	\$106,862,776	8.38%
Total	\$773,033,213	\$502,471,508	\$1,275,504,722	100%
Regional Transit Programs/Support (1%)	\$7,808,416	\$5,075,470	\$12,883,886	N/A
GRAND TOTAL	\$780,841,629	\$507,546,979	\$1,288,388,608	N/A

*Phase 2 amounts for operators eligible for FTA Section 5311 funds are estimated. Caltrans expects to release FTA Section 5311 programming amounts before mid-July which will determine exact amounts.

¹ Using the proposed needs-based methodology, ACE's need is met when considering the Phase 1 allocation from the MTC region (\$2.7M) and Stockton UZA contributions (\$17.5M). Future emergency funding will necessitate a review of their need and funding.

Transit Operator	April 2020 MTC Resolution 4420 CARES Act <u>Phase 1</u> Distribution Operator % Share	Proposed CARES Act <u>Phase 2</u> Distribution Operator % Share	Total CARES Act Allocation Percent Share (Phase 1 + Phase 2)
AC Transit	10.40%	6.72%	8.95%
BART	32.55%	24.96%	29.56%
Caltrain	6.38%	3.05%	5.07%
GGBHTD	3.90%	4.26%	4.04%
SFMTA	25.51%	35.14%	29.30%
SamTrans	3.69%	3.45%	3.60%
VTA	9.45%	13.64%	11.10%
Subtotal	91.87%	91.24%	91.62%
ACE ¹	0.35%	0.00%	0.21%
CCCTA	0.91%	0.94%	0.93%
City of Dixon	0.04%	0.02%	0.03%
ECCTA	0.50%	0.82%	0.63%
City of Fairfield	0.26%	0.39%	0.31%
LAVTA	0.45%	0.66%	0.53%
Marin Transit	0.70%	0.94%	0.80%
NVTA	0.35%	0.33%	0.34%
City of Petaluma	0.06%	0.11%	0.08%
City of Rio Vista	0.02%	0.01%	0.01%
SMART	1.34%	0.91%	1.17%
City of Santa Rosa	0.32%	0.31%	0.32%
Solano County Transit	0.34%	0.59%	0.43%
Sonoma County Transit	0.39%	0.55%	0.45%
Transbay Joint Powers Authority	0.00%	0.12%	0.05%
Union City Transit	0.12%	0.20%	0.15%
City of Vacaville	0.06%	0.26%	0.14%
WCCTA	0.29%	0.36%	0.31%
WETA	1.62%	1.24%	1.47%
Subtotal	8.13%	8.76%	8.38%
Total	100%	100%	100%

¹Using the proposed needs-based methodology, ACE's need is met when considering the Phase 1 allocation from the MTC region (\$2.7M) and Stockton UZA contributions (\$17.5M). Future emergency funding will necessitate a review of their need and funding.

**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 **\$12,883,886** 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. <i>MTC further proposes to augment planned funding for the Clipper Start program by approximately \$5.1 million to allow for the expansion of the pilot to operators beyond the four currently enrolled.</i> 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 \$6,775,470
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:			\$12,883,886

Date: April 22, 2020
W.I.: 1512
Referred By: Commission
Revised: 05/27/20-C
07/22/20-C

ABSTRACT

Resolution No. 4420, 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 Coronavirus Aid, Relief, and Economic Security Act (H.R. 748) for FY2019-20 Emergency Transit Operations Assistance.

This resolution includes the following attachments:

Attachment A – Principles for Distribution of CARES Act (H.R. 748) Supplemental
Federal Transit Administration Formula Funds

Attachment B – FY2019-20 Emergency Transit Operations Programming Policy

Attachment C – FY2019-20 Emergency Transit Operations Program of Projects

On May 27, 2020, Attachment A was revised to incorporate proposed actions for Principle 5.

Attachments B and C were revised on July 22, 2020 to update the Policy and Programming for the Phase 2 distribution of CARES Act Emergency Transit Operations funding.

Further discussion is contained in the memoranda to the MTC Programming and Allocations Committee dated May 13, 2020 and July 8, 2020.

Date: April 22, 2020
W.I.: 1512
Referred By: Commission

RE: San Francisco Bay Area FY2019-20 Emergency Transit Operations Programming Policy

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4420

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 Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748) 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, MTC has worked cooperatively with the cities, counties and transit operators in the region to establish a set of principles to guide the development of the process and methodology for the initial distribution of CARES Act supplemental federal transit funds; and which provide for adjustments for subsequent distributions, as set forth in Attachment A, which is incorporated herein as though set forth at length; and

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

WHEREAS, the projects to be funded are set forth in the detailed project listings in Attachment C, which are incorporated herein as though set forth at length; now, therefore, be it

RESOLVED, that MTC approves FY2019-20 Emergency Transit Operations Programming Policy as set forth in Attachment B; and, be it further

RESOLVED, that MTC will use the Policy as set forth in Attachment B to program supplemental FTA Sections 5307 and 5311 formula funds appropriated in the CARES Act for Emergency Transit Operations Assistance as provided under statute; and, be it further

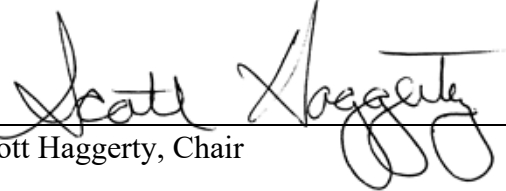
RESOLVED, that MTC will return to the Commission to consider and approve those criteria and factors that will be identified for and associated with Principle 5 as provided for in Attachment A, as a basis for subsequent distributions beyond the initial distribution; and, be it further

RESOLVED, that MTC adopts the FY2019-20 Emergency Transit Operations Program of Projects to be funded as set forth in Attachment C; 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 C 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 the Federal Transit Administration (FTA) or other such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION



Scott Haggerty, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a regular meeting of the Commission held in San Francisco, California on April 22, 2020.

Date: April 22, 2020
W.I.: 1512
Referred By: Commission
Revised: 05/27/20-C
07/22/20-C

Attachment A
Resolution No. 4420
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**Principles for Distribution of CARES Act (H.R. 748) Supplemental
Federal Transit Administration Formula Funds**

Principles	Proposed Action
1. Move quickly to distribute first allocation of funds to operators as soon as possible.	Recommend an allocation formula and distribution of an initial installment of funds for approval no later than at the regularly-scheduled MTC Commission meeting on April 22 nd .
2. Distribute funding in a manner that best addresses operators' needs arising from the COVID-19 crisis.	Pursue agreement with transit operators on a distribution framework that comes as close as possible to anticipated transit operator costs associated with COVID-19, consistent with the intent of the CARES Act to direct funding according to need. Recognize the different revenues that comprise operator budgets and that will be affected by the COVID-19 crisis.
3. Allow flexibility to enable the region to address uncertainty/changed circumstances.	Distribute the funds in multiple phases. Limit the initial distribution of funds to approximately 60% of the total funding, given the challenge of accurately predicting revenue losses. Return to the Commission in July with a second programming action to revisit the formula and make any necessary adjustments based on more accurate information on revenue losses and costs incurred from March through June, and more refined forecasts of revenue impacts through the remainder of 2020.
4. Address urbanized area (UZA) constraints associated with federal funds with a needs-based funding distribution of any COVID-19 supplemental state funds.	Because the federal funds are apportioned to the region by UZAs (5 large and 7 small), there may be limitations in how well a regionwide formula can distribute funds in accordance with operators' actual needs. MTC should take this into consideration in distributing any potential supplemental emergency state funds provided to the region that are under MTC discretion to best achieve a 'needs-based' distribution of the combined state and federal COVID-19 supplemental funds.

<p>5. Future distribution(s) – beyond the initial phase – will be subject to a comprehensive COVID-19 recovery strategy that considers any recommended regional adjustments to ensure network connectivity, financial sustainability, and transportation system equity.</p>	<p>Each operator will develop and provide MTC with a COVID-19 recovery strategy. The recovery strategies will consider a) right sizing the services, including criteria for reinstating any service reductions undertaken; b) financial sustainability, including assumptions and rationale regarding how quickly and to what level ridership will recover; and c) how equity/lifeline services are being addressed, including identification of the most transit dependent riders and prioritization of their needs.</p> <p>The proposed actions for this principle will be further guided by the work and direction of the Blue Ribbon Transit Recovery Task Force.</p>
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Date: April 22, 2020
W.I.: 1512
Referred By: Commission
Revised: 07/22/20-C

Attachment B
Resolution No. 4420
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**San Francisco Bay Area FY2019-20 Emergency Transit Operations
Assistance 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 FY2019-20 Emergency Transit Operations Assistance 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 FY2019-20, pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act (H.R. 748).

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

On March 27, 2020, the President signed the CARES Act into law, providing supplemental appropriations for emergency transit operations in response to the global Coronavirus 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 provide emergency operating assistance to transit operators to mitigate lost fare revenues, reduced sales tax revenues, and other lost revenues, and increased costs associated with the Coronavirus pandemic; recognizing distinctions between initial responses to the crisis, and recovery efforts emerging from it;

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 4242, Revised (Transit Capital Priorities Policy), the CARES Act also makes these funds *“available for the operating expenses of transit agencies related to the response to a coronavirus public health emergency as described in section 319 of the Public Health Service Act, including, beginning on January 20, 2020, reimbursement for operating costs to maintain service and lost revenue due to the coronavirus public health emergency, including the purchase of personal protective equipment, and paying the administrative leave of operations personnel due to reductions in service.”* Further, the CARES Act provides this supplemental funding up to a 100% Federal share.
- 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. 4242, Revised) 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, 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)*, 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 2018 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 2018 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:

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

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. 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 needs for operators that are restricted to receiving funds in one UZA (e.g., SFMTA, WestCAT, CCCTA, etc.).
 2. Fund balance of operator needs 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 pandemic-related operator needs (further described in III.a.2. below), any remaining funds will be programmed for eligible recipients per the TCP Policy (MTC Resolution No. 4242, Revised), 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 two Phases:
 1. Phase 1: 60.6% of the region's apportionment will be assigned to operators in Phase 1. This phase is intended to roughly address estimated direct operating impacts as a result of the Coronavirus pandemic through June 30, 2020 (e.g., unrealized fare revenue as a result of decreased ridership, unrealized transit agency parking revenue, unrealized bridge toll revenue, increased expenses due to extra cleaning labor and supplies, etc.) using the methodology described in III.a.i., below.
 2. Phase 2: The remaining 39.4% of the region's apportionment will be assigned to operators following the Principles included in Attachment A, with emphasis on the recovery based considerations embodied in Principle 5, 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 Phases 1 and 2 will utilize separate methodologies in order to balance the impacts of the Coronavirus pandemic on the various operators in the region. This process recognizes the myriad revenue sources that go into different operator budgets, and seeks to provide equitable levels of funding to each across the region.
 - i. Phase 1 Methodology: The following process describes the methodology used to determine the funding targets to distribute the region's apportionment of CARES Act supplemental FTA funds in Phase 1:
 1. MTC 1% Take-down: 1% of the funds will be assigned to MTC for operating assistance.
 2. The remaining Phase 1 funds will be targeted to operators proportionally based on the following three factors, weighted equally, and with a floor applied such that the Small Operators, as defined above, receive an amount equal to at least 17% of their FY2019-20 operating costs:
 - a. Fare box revenues as reported in operators' FY2019-20 Transportation Development Act (TDA) Claims;
 - b. Operating costs, as reported in operators' FY2019-20 TDA Claims; and
 - c. STA Revenue-based formula qualifying revenues (PUC99314), without the AB 1107 sales tax exclusion.
 - ii. Phase 2 Methodology: The following process describes the methodology used to determine the funding targets to distribute the region's apportionment of CARES Act supplemental FTA funds in Future Phase(s):
 1. MTC 1% Take-down: 1% of the funds will be assigned to MTC for operating assistance.
 2. The remaining Phase 2 funds will be targeted to operators based on the funding each operator received in Phase 1 and their total anticipated revenue losses over a ten-month period. The proposed approach seeks to fully backfill operators' lost revenue due to COVID-19 through December 31, 2020 across both Phase 1 and Phase 2. Because the projected revenue loss across all operators is greater than the total CARES Act funds received, the revenue loss for each operator must be scaled down by 9.87% to allow the March to December need to fit within the available CARES Act funds across both Phase 1 and Phase 2.
 3. To provide additional support for operators that serve higher proportions of transit dependent customers, an "equity adjustment" has been applied to the funding distribution. 25% of an operator's forecasted revenue losses are weighted by its ridership share of very low income. Very low income is defined as under \$50,000 household income.

Revenue Loss Assumptions

Amounts shown are a percentage reduction below what the fund source generated prior to COVID-19.

March – August 2020	September – December 2020
Fares -90%	Fares -70%
Sales taxes -45%	Sales taxes -30%
BATA bridge tolls -60%	BATA bridge tolls -25%
Golden Gate Bridge tolls -60%	Golden Gate Bridge tolls -40%
SFMTA Parking -90%	SFMTA Parking -15%
SFMTA General Fund -20%	SFMTA General Fund -20%
Park n Ride revenues -90%	Park n Ride revenues -75%
State Transit Assistance -32%	State Transit Assistance -40%
State Rail Assistance -32%	State Rail Assistance -40%

- iii. Funding: Once operator funding targets are determined by the methodology outlined above, the Phase 1 and Phase 2 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.

The CARES Act 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 the CARES Act in to 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 principles, policy, and associated programming (Attachments A, B, and C 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.

FY2019-20 Emergency Transit Operations Program of Projects

TIP ID	Operator	Project Description	Total FTA Program*	FTA Section 5307	FTA Section 5311*
Apportionments			1,288,388,608	1,283,243,071	5,145,537
Regional Transit Programs/Support					
REG190001	MTC	CARES Act-eligible Projects	12,883,886	12,883,886	
Available for Programming			1,275,504,722	1,270,359,185	5,145,537
Phase 1 Programming					
ALA190023	AC Transit	CARES Act-eligible Projects	80,366,395	80,366,395	
ALA190024	ACE ¹	CARES Act-eligible Projects	2,680,453	2,680,453	
ALA190025	BART	CARES Act-eligible Projects	251,637,050	251,637,050	
SM-190011	Caltrain	CARES Act-eligible Projects	49,292,725	49,292,725	
CC-190013	CCCTA	CARES Act-eligible Projects	7,067,680	7,067,680	
SOL190018	City of Dixon	CARES Act-eligible Projects	305,302	-	305,302
CC-190014	ECCTA	CARES Act-eligible Projects	3,891,364	3,891,364	
SOL190020	City of Fairfield	CARES Act-eligible Projects	2,002,985	2,002,985	
MRN190014	GGBHTD	CARES Act-eligible Projects	30,163,006	30,163,006	
ALA190026	LAVTA	CARES Act-eligible Projects	3,501,369	3,501,369	
MRN190013	Marin Transit	CARES Act-eligible Projects	5,438,809	5,199,037	239,772
NAP190005	NVTA	CARES Act-eligible Projects	2,701,734	2,461,683	240,051
SON190008	City of Petaluma	CARES Act-eligible Projects	498,342	498,342	
SOL190019	City of Rio Vista	CARES Act-eligible Projects	119,328	-	119,328
SF-190007	SFMTA	CARES Act-eligible Projects	197,190,672	197,190,672	
SM-190010	SamTrans	CARES Act-eligible Projects	28,519,037	28,341,472	177,565
SON190009	City of Santa Rosa	CARES Act-eligible Projects	2,493,979	2,493,979	
SOL190021	Solano County Transit	CARES Act-eligible Projects	2,590,800	2,590,800	
SON190007	Sonoma County Transit	CARES Act-eligible Projects	3,014,482	2,464,786	549,696
SON190010	SMART	CARES Act-eligible Projects	10,375,471	10,375,471	
ALA190027	Union City Transit	CARES Act-eligible Projects	922,560	922,560	
SOL190022	City of Vacaville	CARES Act-eligible Projects	488,659	488,659	
SCL190038	VTA	CARES Act-eligible Projects	73,023,596	72,932,222	91,374
CC-190015	WCCTA	CARES Act-eligible Projects	2,218,204	2,218,204	
VAR190008	WETA	CARES Act-eligible Projects	12,529,212	12,529,212	
Phase 1 Program Total			773,033,213	771,310,125	1,723,088
Fund Balance			502,471,509	499,049,060	3,422,449
Phase 2 Programming					
ALA190023	AC Transit	CARES Act-eligible Projects	33,791,067	33,791,067	
ALA190025	BART	CARES Act-eligible Projects	125,407,348	125,407,348	
SM-190011	Caltrain	CARES Act-eligible Projects	15,343,056	15,343,056	
CC-190013	CCCTA	CARES Act-eligible Projects	4,744,717	4,744,717	
SOL190018	City of Dixon	CARES Act-eligible Projects	84,961	-	84,961
CC-190014	ECCTA	CARES Act-eligible Projects	4,133,082	4,133,082	
SOL190020	City of Fairfield	CARES Act-eligible Projects	1,935,736	1,935,736	
MRN190014	GGBHTD	CARES Act-eligible Projects	21,416,217	21,416,217	
ALA190026	LAVTA	CARES Act-eligible Projects	3,317,589	3,317,589	
MRN190013	Marin Transit	CARES Act-eligible Projects	4,737,254	1,438,274	3,298,980
NAP190005	NVTA	CARES Act-eligible Projects	1,675,433	1,675,433	
SON190008	City of Petaluma	CARES Act-eligible Projects	562,579	562,579	
SOL190019	City of Rio Vista	CARES Act-eligible Projects	38,508	-	38,508
SF-190007	SFMTA	CARES Act-eligible Projects	176,583,108	176,583,108	
SM-190010	SamTrans	CARES Act-eligible Projects	17,359,961	17,359,961	
SON190009	City of Santa Rosa	CARES Act-eligible Projects	1,581,591	1,581,591	
SOL190021	Solano County Transit	CARES Act-eligible Projects	2,940,915	2,940,915	
SON190007	Sonoma County Transit	CARES Act-eligible Projects	2,757,974	2,757,974	
NEW	Transbay Joint Powers Authority	CARES Act-eligible Projects	583,273	583,273	
SON190010	SMART	CARES Act-eligible Projects	4,576,702	4,576,702	
ALA190027	Union City Transit	CARES Act-eligible Projects	1,023,804	1,023,804	
SOL190022	City of Vacaville	CARES Act-eligible Projects	1,301,185	1,301,185	
SCL190038	VTA	CARES Act-eligible Projects	68,548,709	68,548,709	
CC-190015	WCCTA	CARES Act-eligible Projects	1,799,546	1,799,546	
VAR190008	WETA	CARES Act-eligible Projects	6,227,194	6,227,194	
Phase 2 Program Total			502,471,509	499,049,060	3,422,449
Total Programming (Phase 1 + Phase 2)			1,288,388,608	1,283,243,071	5,145,537
Fund Balance			-	-	-

Notes:

*Estimated amount. Final 5311 amount to be provided by Caltrans.

1. Programming for ACE equal to 50% of the calculated need; remaining 50% will be funded from the San Joaquin Region. Using the proposed needs-based methodology, ACE's need is met when considering the Phase 1 allocation from the MTC region (\$2.7M) and Stockton UZA contributions (\$17.5M). Future emergency funding will necessitate a review of their need and funding.