



American Rescue Plan Act Transit Formula Funds

Principles to Guide the Distribution of Funds



Programming and Allocations Committee
May 12, 2021
Agenda Item 4b

Putting COVID-19 Relief Funds to Work

\$1.3 billion

CARES Act

Funds Allocated by MTC in April & July 2020

+

\$1 billion

CRRSAA

Funds Allocated by MTC in January & March 2021

=

\$2.3 Billion

Total Relief Funds Allocated

Up to \$1.8 billion

Total estimated revenue losses for all operators from
March 2020 to June 2021

Putting COVID-19 Relief Funds to Work

\$1.3 billion

CARES Act

Funds Allocated by MTC in April & July 2020

+

\$1 billion

CRRSAA

Funds Allocated by MTC in January & March 2021

=

\$2.3 Billion

Total Relief Funds Allocated

\$500 million

Federal Relief Funds Already Allocated in Excess of
Transit Agency Revenue Losses Through June 2021

Up to \$1.8 billion

Total estimated revenue losses for all operators from
March 2020 to June 2021

Putting COVID-19 Relief Funds to Work

\$1.3 billion

CARES Act

Funds Allocated by MTC in April & July 2020

+

\$1 billion

CRRSAA

Funds Allocated by MTC in January & March 2021

=

\$2.3 Billion

Total Relief Funds Allocated

\$1.68 billion

American Rescue Plan (ARP)

Apportionments Released by FTA on March 29, 2021



Up to \$1.8 billion

Total estimated revenue losses for all operators from
March 2020 to June 2021

\$3.9 Billion

Total Federal COVID-19 Relief Funds for Transit in the Bay Area

American Rescue Plan (ARP) Act

An Opportunity to Look Ahead Towards Transit Recovery

The distribution of CARES and CRRSAA funds was a process based primarily on looking back in the rear-view mirror view of transit agency finances and service.

As ARP funds may be the last significant federal operating relief funding it is critical that we look forward – to strategically position these funds to ensure transit service across the Bay Area is both restored and enduring.



Front-Facing Strategy is Shared by Others

“First among our suggested principles is a recommendation that the Legislature take the time to define its goals and develop a plan for allocating the federal funds. This principle underpins our guidance because in addition to being of a once-in-a-generation magnitude, the ARP does not require the state to spend the federal resources immediately.”

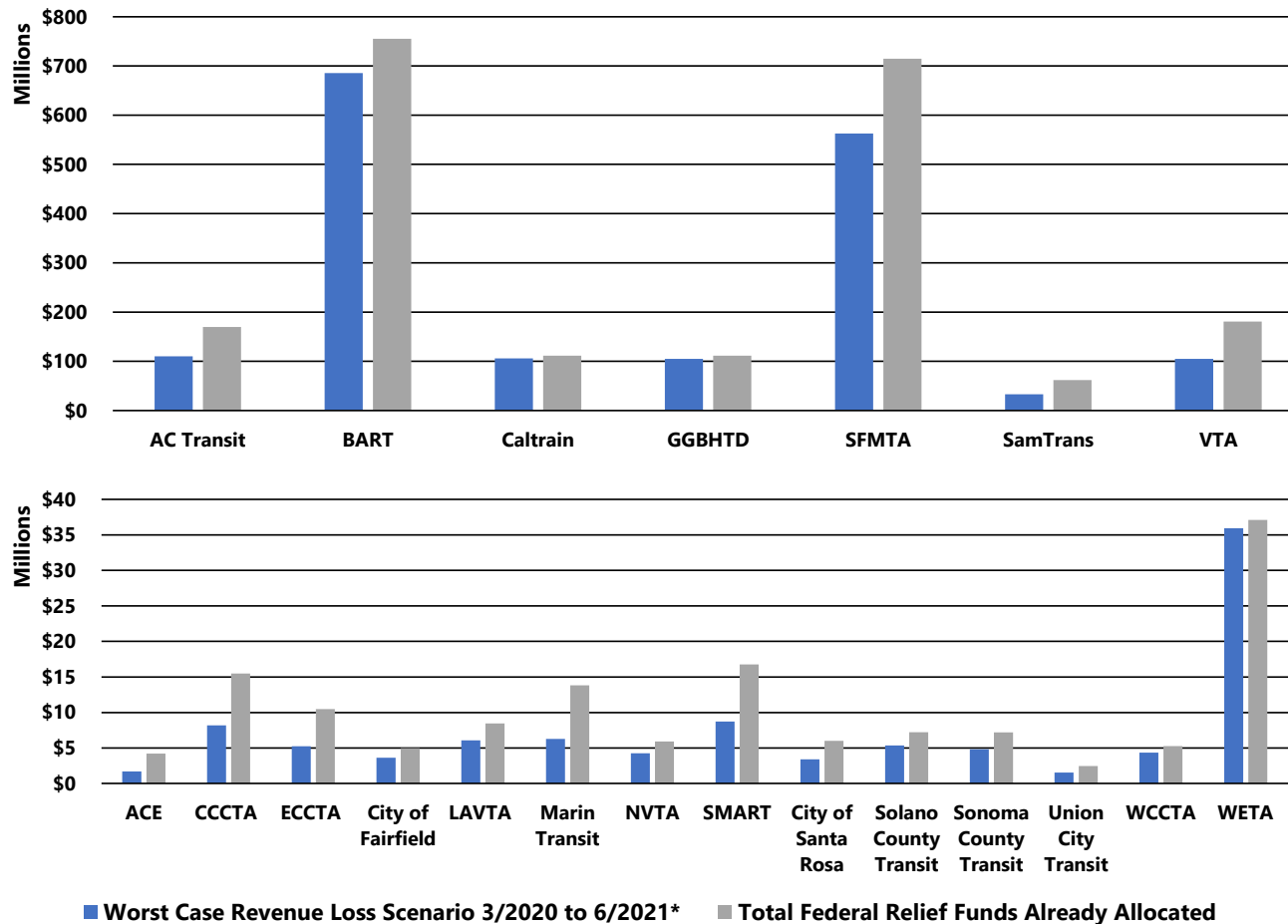
-Gabriel Petek, Legislative Analyst

California Legislative Analyst's Office (LAO)

[A Framework for Allocating Federal Recovery Funds](#) | May 4, 2021



Ensure APR Funds Are Allocated to Where They Are Most Needed



CARES Act and CRRSAA funds already allocated are sufficient to cover operating expenditures through at least the first quarter of FY 2021-22, and longer for many transit operators.

Because each transit operator has a unique mix of revenue sources, of which some sources have recovered rapidly from the pandemic, operators have received uneven amounts of federal relief funds relative to revenue losses from the CARES Act and CRRSAA.

Principles to Guide the Distribution of ARP Funds

To provide transit operators with a level of financial certainty for FY 2021-22, MTC and transit operators have jointly developed principles to guide the distribution of ARP funds.

Restoring service for those most dependent on transit is of paramount importance.

The assurance that transit agencies can deliver frequent, reliable service will be key to the recovery of the Bay Area economy.

Proposed Principles:

1. Stabilize and Sustain Transit
2. Restore and Reimagine Service
3. Improve Customer Experience



American Rescue Plan – Proposed Principles

- 1. Stabilize and Sustain Transit** - Funds should be used to ensure the financial stability of the region's transit operators.
 - As intended by legislation, use funds to prevent operator furloughs & layoffs;
 - Smooth imbalances among operators in regard to financial footing;
 - Allow for timely and proactive budgeting for increased service.

Funding Assurance for Transit Operators to Budget for FY 2021-22

Principle 1. (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.*

Please see details in the attached memo for Item 4b



American Rescue Plan – Proposed Principles, cont.

2. **Restore and Reimagine Service** - Funds should be distributed with the direction that operators take measures to restore service in a way that advances equity and to at least match current demand, and to plan to deploy additional service at a level necessary to support increased local and regional transit demand by September 2021.
- Ensure service is available to loyal passengers who rely on it most;
 - Encourage nimble and creative service planning;
 - Distribute funds in tranches to preserve ability to pivot based on better information, changing economic environments, and ridership patterns;

Restoring Service and Eliminating Passenger Pass-Ups

Principle 2. (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.



Please see details in the attached memo for Item 4b

American Rescue Plan – Proposed Principles, cont.

3. **Improve Customer Experience** - Funds should be used to increase and retain transit usage in the region. Transit needs to invest to welcome 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.
- Build back better;
 - Use more than one tranche of funding over a period of time to gauge ability to fund Blue Ribbon Transit Recovery Task Force recommendations and deliver on near-term improvements.

Promoting a Customer-Oriented Recovery

Principle 3. (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.



Please see details in the attached memo for Item 4b

Next Steps / Timeline

May 12th - Programming and Allocations Committee – Presentation of principles

May 26th - MTC Commission – Presentation of principles and possible action to adopt principles

June 9th (am) - Programming and Allocations Committee – Presentation on policy considerations to evaluate for the initial distribution of ARP funds

June 9th (pm) – Programming and Allocations Committee Workshop – Presentation and updates from transit operators regarding service plans for FY 2021-22, financial status, and other challenges facing recovery

June 23rd - MTC Commission – Summary of themes from 6/9 workshop and discussion of policy considerations for initial distribution of ARP funds

July 14th - Programming and Allocations Committee – Possible action to allocate initial distribution of ARP funds

July 28th - MTC Commission – Possible allocation of initial distribution of ARP funds.

Fall 2021 - ARP status update and discussion of second ARP distribution.