

Metropolitan Transportation Commission Programming and Allocations Committee

July 14, 2021

Agenda Item 3a - 21-0909

MTC Resolution 4481 – American Rescue Plan Act of 2021 Phase 1 Distribution

Subject: Proposed programming of approximately \$912 million of American Rescue Plan Act of 2021 (ARP) funding to Bay Area transit operators to provide funding relief for revenue losses and ongoing financial uncertainty as a result of the COVID-19 pandemic.

Background: The American Rescue Plan (ARP) Act of 2021 appropriated \$30.5 billion to support public transit through the impacts of the COVID-19 pandemic. The Bay Area will receive \$1.68 billion in transit funding from the ARP across the 12 federally designated urbanized areas (UZAs) that constitute the nine county Bay Area region. These funds are apportioned by the Federal Transit Administration (FTA) using the Section 5307 transit formula. As the designated recipient of these funds, MTC is responsible for programming the funds to eligible transit operators in the Bay Area.

In May, the Commission adopted a set of principles to guide the distribution of ARP funding. These principles, in summary included:

1. **Stabilize and Sustain Transit** – Funds should be used to ensure the financial stability of the region’s transit operators.
2. **Restore and Reimagine Service** – Funds should be distributed on the condition that operators take measures to restore service to at least match current demand, and to plan to deploy additional service in a way that advances equity and at a level necessary to support increased local and regional transit demand.
3. **Improve Customer Experience** – Funds should be used to promote and sustain 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.

To further inform the distribution of ARP funds, in June, at the Programming and Allocations Committee staff proposed several questions for consideration ahead of the distribution of funds. Commissioners also had the opportunity to hear directly from transit operators on their agencies’ experience during the COVID-19 pandemic, as well as their outlooks for Fiscal Years (FY) 2022 and beyond at a special Programming and Allocations workshop held the same month.

Based on key takeaways from the special workshop presentations and ensuing discussion, staff provided several recommendations at the June Commission meeting including:

1. Distribute ARP funding in multiple tranches to allow operators to make significant near-term service improvements yet provide flexibility for MTC to gauge the recovery’s progress and fund sustainable service that best fits customer’s needs;
2. Maintain a needs-based framework that is conducive to sustaining Bay Area operators in a unique and unprecedented emergency-driven framework as opposed to distributing funds in proportion to the Urbanized Area formulaic

service provision factors that were used as vehicle to quickly get federal funds out to the regions; and

3. Set aside funds for future allocation to advance Blue Ribbon Transit Recovery Task Force (BRTF) initiatives.

Based on direction and input received since May, staff is proposing a Phase 1 distribution of ARP funds of approximately \$912 million, and a set-aside of approximately \$157 million for future allocation, to be used for BRTF initiatives, to respond to unexpected operator hardships or disparities, and for other focused recovery strategies.

The methodology used for the Phase 1 distribution and the rationale behind it is detailed in Attachment 1, and briefly summarized below:

1. Preserve the region's ability to pivot to alternative factors and distribution considerations by releasing only 60% of the total amount calculated.
2. Continue a needs-based focus by providing operators with relief from on-going pandemic related revenue losses in the next fiscal year, while assuming an improved level of economic and ridership recovery.
3. Look forward to service restoration and recovery by providing a funding incentive, on top of revenue loss back-fill, for operators to make meaningful and context-specific service provision improvements.
4. Provide a more level financial footing across operators by taking into account the amount of prior COVID relief funding received in comparison to actual/estimated revenue losses. Further, allow all operators, regardless of prior relief allocated, to receive some amount of ARP funds to respond to ongoing uncertainties.
5. Target an amount of ARP funds to be set aside for future allocation for BRTF initiatives, to respond to operator hardship and disparities, and for focused recovery efforts.
6. Reinforce coordination efforts in Solano and Sonoma counties by allowing operators and County Transportation Authorities (CTAs) to collaborate on how best to distribute ARP funds among operators in those counties.

Prior to the development of the proposed Phase 1 distribution detailed in Attachment 2, MTC staff worked with transit operator stakeholders in attempt to build consensus on the proposed methodology and operator funding shares. While staff believes most operators are in support of the proposed distribution, ongoing concerns from operator stakeholders and MTC staff responses are summarized below:

- *Continued disagreement on the part of certain operators with a needs-based framework that does not align with factors used to size funding within the Urbanized Areas* – Staff maintains that distributing ARP funds on a need basis is better aligned with the intent of the federal government for the use of these funds and with the desire to provide for operator financial sustainability.
- *The funding that is proposed to be provided as incentive for operators to restore service is not based on actual costs per service hour in all cases.* – The calculation used to establish the incentive funding amounts is based on each operator's cost per service hour, capped at the highest cost/hour of

the seven large operators. The cap was put in place to limit the disproportionately high incentive funding for high-cost operators given the fact that the backfilling of forecasted revenue losses contained in the proposed distribution methodology is sufficient to accommodate nearly a full return to pre-COVID levels on its own.

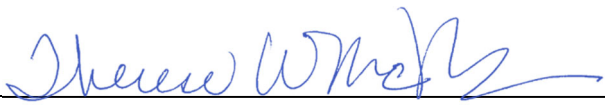
- *The incentive funding methodology is punitive to operators that maintained a high level of service throughout the pandemic.* – Staff acknowledges that some operators provided higher levels of on-going service during the pandemic than others, however, there is not a simple way of gauging whether operator adjustments to service levels were warranted for the accommodation of customer needs, were based on the availability of financial resources, or were the result of another decision-making process. Given that the incentive funds are on top of what is needed to backfill lost revenues to pre-pandemic levels, and the addition of a “floor” that guarantees all operators a share of ARP funds, staff does not believe this concern represents a significant disparity in the distribution.
- *Actual or better-informed forecasts of revenue losses as well as an evaluation of service restoration and ridership needs should be considerations in the distribution of future phases of ARP funds* – Staff agrees that the distribution of future phases of ARP should be informed by evolving trends in the recovery, and how well restored service aligns with customer needs.

In terms of next steps, staff will work with CTAs in Solano and Sonoma counties on specific allocations to operators in those areas and return in September to recommend specific programming amounts. Further, we anticipate having recommendations in late Fall – following the approval of the Blue Ribbon Transformation Action Plan and further discussion by the Commission – for amounts to support the BRTRTF initiatives. Lastly, while the timing will be dictated by the evolving landscape on operator need and transit service restoration, we anticipate returning with a future tranche recommendation in late 2021 or early 2022.

Issues: None

Recommendation: Refer MTC Resolution 4481 to the Commission for approval.

Attachments: MTC Resolution 4481
Attachment 1 – ARP Act Phase 1 Proposed Distribution Methodology
Attachment 2 – Proposed Phase 1 Distribution
Presentation


Therese W. McMillan

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

ABSTRACT

Resolution No. 4481

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 American Rescue Plan Act of 2021 (ARP) (H.R. 1319).

This resolution includes the following attachments:

Attachment A – American Rescue Plan Act FTA Formula Funds Program of Projects

Attachment B – Principles for the Distribution of Transit Funding from the American
Rescue Plan Act of 2021 in the San Francisco Bay Area Region

Attachment C – American Rescue Plan Act FTA Formula Funds Programming Policy

Further discussion is contained in the Metropolitan Transportation Commission Summary Sheets dated May 26, 2021 and June 23, 2021, and the Programming and Allocations Committee Summary Sheets dated May 12, 2021, June 9, 2021, and July 14, 2021.

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

RE: San Francisco Bay Area American Rescue Plan Act FTA Formula Funds Programming and Policy

METROPOLITAN TRANSPORTATION COMMISSION
RESOLUTION NO. 4481

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 American Rescue Plan Act of 2021 (ARP) (H.R. 1319) 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, the projects to be funded are set forth in the detailed project listings in Attachment A, which are incorporated herein as though set forth at length; and

WHEREAS, this Commission approved Principles and Approach to the Distribution of Transit Funding from the American Rescue Plan Act of 2021 on May 26, 2021, as set forth in Attachment B; and

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

RESOLVED, that MTC adopts the American Rescue Plan Act FTA Formula Funds Program of Projects to be funded as set forth in Attachment A; and, be it further

RESOLVED, that MTC approves the American Rescue Plan Act FTA Formula Funds Programming Policy as set forth in Attachment C; and, be it further

RESOLVED, that MTC will use the Policy as set forth in Attachment C to program supplemental FTA Sections 5307 and 5311 formula funds appropriated in the American Rescue Plan Act as provided under statute; 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 A 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 FTA or other such agencies as may be appropriate.

METROPOLITAN TRANSPORTATION COMMISSION

Alfredo Pedroza, Chair

The above resolution was entered into by the Metropolitan Transportation Commission at a duly called and noticed meeting held in San Francisco, California and at other remote locations, on July 28, 2021.

Date: July 28, 2021
W.I.: 1512
Referred by: Commission

Attachment A
Resolution No. 4481
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American Rescue Act FTA Formula Funds Program of Projects, Phase I

TIP ID	Operator	Project Description	Total FTA Program	FTA Section 5307	FTA Section 5311
		Apportionments	1,676,840,094	1,676,840,094	-
NEW	AC Transit	ARP-eligible Projects	66,101,819	66,101,819	-
NEW	ACE	ARP-eligible Projects	3,587,230	3,587,230	-
NEW	BART	ARP-eligible Projects	330,848,991	330,848,991	-
NEW	Caltrain	ARP-eligible Projects	41,098,334	41,098,334	-
NEW	CCCTA	ARP-eligible Projects	5,875,630	5,875,630	-
NEW	ECCTA	ARP-eligible Projects	1,909,865	1,909,865	-
NEW	GGBHTD	ARP-eligible Projects	57,697,418	57,697,418	-
NEW	LAVTA	ARP-eligible Projects	5,730,074	5,730,074	-
NEW	Marin Transit	ARP-eligible Projects	2,607,631	2,607,631	-
NEW	NVTA	ARP-eligible Projects	2,320,772	2,320,772	-
NEW	SamTrans	ARP-eligible Projects	15,633,362	15,633,362	-
NEW	SFMTA	ARP-eligible Projects	288,170,574	288,170,574	-
NEW	Solano County Operators*	ARP-eligible Projects	6,563,592	6,563,592	-
NEW	Sonoma County Operators*	ARP-eligible Projects	9,293,860	9,293,860	-
NEW	Transbay Joint Powers Authority	ARP-eligible Projects	1,800,000	1,800,000	-
NEW	Union City Transit	ARP-eligible Projects	453,251	453,251	-
NEW	VTA	ARP-eligible Projects	55,687,355	55,687,355	-
NEW	WCCTA	ARP-eligible Projects	2,896,784	2,896,784	-
NEW	WETA	ARP-eligible Projects	13,361,837	13,361,837	-
Program Total			911,638,380	911,638,380	-
Fund Balance			765,201,714	765,201,714	-

**Final amounts for specific Solano and Sonoma county operators will be finalized in September. For Phase I of programming, the total amounts for each county are shown, and operator-specific amounts will be finalized in collaboration with the County Transportation Authorities.*

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

Attachment B
Resolution No. 4481
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Principles for the Distribution of Transit Funding from the American Rescue Plan Act of 2021 in the San Francisco Bay Area Region

- 1. Stabilize and Sustain Transit** – Funds should be used to ensure the financial stability of the region’s transit operators.
 - a. Distribute funds to operators with demonstrated financial need, where layoffs or furloughs would be likely without support. Adequate staffing is critical to the region’s ability to restore service. American Rescue Plan (ARP) Act funds were enacted with the intent that agencies preserve jobs to allow for transit service to be restored as demand begins to recover.
 - b. Recognize that there have been uneven revenue impacts, changes in ridership, and changes in expenses. Account for the fact that based on these uneven impacts and changes, some operators have received more federal relief funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) than their financial need indicates. As articulated through guiding principles and commitments from both CARES and CRRSAA, the distribution of ARP Act funds will seek to place each operator on an equal financial footing to facilitate a sustainable recovery during FY 2021-22.
 - 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.
- 2. Restore and Reimagine Service** – Funds should be distributed on the condition that operators take measures to restore service to at least match current demand, and to plan to deploy additional service in a way that advances equity and at a level necessary to support increased local and regional transit demand by September 2021. Although there remains uncertainty about financial sustainability in the medium to long term, transit must be there for riders now, or riders will not be there for transit.

- 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.
 - b. Funds should be used to amend service levels to accommodate new ridership patterns, including increased demand for local service and the anticipated return to in-person school/community college/university in August/September 2021, as well as increased regional commute trips that require coordination among operators, as more workers return to workplaces.
 - c. While services levels should increase on aggregate, operators are encouraged to exercise flexibility, nimbleness, and creativity with where and how service is deployed. As ridership patterns and travel behaviors change, transit service must adapt and scale with these changes. Available resources, including ARP Act funds, should be deployed to maximize operators' ability to serve riders. To grow ridership in the long-run, transit must come back stronger and better than before the pandemic.
- 3. Improve Customer Experience** – Funds should be used to promote and sustain transit usage in the region. Transit needs to invest in welcoming 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.
- 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.
 - b. Funds should be made available to support creative, customer-oriented initiatives that support transit reliability and/or encourage ridership recovery.

Given the continuing fluidity and uncertainty about the economic, financial, and mobility impacts of COVID-19, these principles may be revised to respond to evolving conditions.

Date: July 28, 2021
W.I.: 1512
Referred By: Commission

Attachment C
Resolution No. 4481
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**San Francisco Bay Area
American Rescue Plan Act
FTA Formula Funds 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 American Rescue Plan Act FTA Formula Funds 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 FY2020-21, pursuant to the American Rescue Plan Act of 2021 (ARP) (H.R. 1319).

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

On March 11, 2021, the ARP was signed into law, providing supplemental appropriations for emergency transit operations in response to the global COVID-19 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 ensure that all Bay Area transit operators receive enough relief funding to support meaningful and context-specific restoration of transit service and protect the jobs needed to deliver that service. As each transit operator has a unique revenue mix, each of which has been impacted differently by the economic impacts of the COVID-19 pandemic, the immediate need for additional relief funds varies considerably by agency.

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 4444 (Transit Capital Priorities Policy), ARP also makes these funds “*available for the operating expenses of transit agencies to prevent, prepare for, and respond to the coronavirus public health emergency, including, beginning on January 20, 2020—*

- (i) *reimbursement for payroll of public transportation (including payroll and expenses of private providers of public transportation);*
- (ii) *operating costs to maintain service due to lost revenue due as a result of the coronavirus public health emergency, including the purchase of personal protective equipment; and*
- (iii) *paying the administrative leave of operations or contractor personnel due to reductions in service.”*

Further, ARP provides this supplemental funding up to a 100% Federal share. Funds are available for obligation until September 30, 2024, and must be disbursed by

September 30, 2029.

- 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. 4456) 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, Napa Valley Transportation Authority (NVTA), San Francisco Municipal Transportation Authority (SFMTA), San Mateo County Transit District (SamTrans), Santa Clara Valley Transportation Authority (VTA), Solano County Transit (SolTrans)*, Sonoma-Marin Area Rail Transit (SMART)*, Transbay Joint Powers Authority (TJPA), 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 2019 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 2019 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:

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

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 as well as to provide incentive to restore service and to invest in longer term pandemic recovery strategies. 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 calculated shares for operators that are restricted to receiving funds in one UZA (e.g., SFMTA, WestCAT, etc.).
2. Fund balance of operator shares 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 intended purposes (further described in III.a.2. below), any remaining funds will be programmed for eligible recipients per the TCP Policy (MTC Resolution No. 4444), 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 at least two Phases:

1. Phase 1: A first phase will be distributed as detailed in Attachment A to this resolution using the methodology described in III.a.i., below.
2. Subsequent phase(s): The remaining funding from the region's apportionment will be assigned to operators following a process 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 Phase 1 and any subsequent phase(s) may utilize separate methodologies in order to balance the impacts of the Coronavirus pandemic on the various operators in the region, provide incentive to restore a meaningful level of service, and fund targeted recovery strategies and initiatives to improve transit service and ridership in the region.
 - i. Phase 1 Methodology*
 1. Funding needed for each operator to back-fill forecasted revenue losses for Fiscal Year (FY) 2021-2022, was calculated as 65% of the average estimated monthly revenue loss from March 2020 through June 2021 multiplied by 12 months.
 2. Incentive funding for each operator to be used to resume a meaningful level of pre-COVID service levels, was calculated as 95% of the difference in FY 2019 and FY2021 revenue vehicle hours (RVH), multiplied by the agencywide cost per RVH, capped at \$461/revenue vehicle hour.
 3. The total amounts calculated in numbers 1 and 2 above were summed for each operator.
 4. The difference between prior COVID relief received and actual/estimated revenue losses between March 2020 and June 2021 was deducted from the total amount calculated in number 3 above. This calculation did not include COVID relief funding operators received through the CARES Act "Equity Adjustment."
 5. A "floor" equivalent to 15% of an operator's reported FY 2018-19 operating cost was substituted for operators where that amount was greater than the total calculated using the methodology described in numbers 1 through 4 above.
 6. Total shares for operators in Solano and Sonoma counties were grouped to allow operators and County Transportation Agencies in those counties to collaboratively identify funding amounts per operator that best align with on-going coordination and integration efforts.
 7. The total shares calculated using the methodology described above was multiplied by 60% to determine the funding amounts for Phase 1.
 8. An amount was set aside to implement Blue Ribbon Transit Recovery Task Force initiatives and to respond to hardships or disparities and specific recovery strategies.

**Note: The total share determined for the Transbay Joint Powers Authority is based on a review of that agency's COVID-19 related financial impacts, and not the methodology described above.*

- ii. Subsequent Phase(s) Methodology: TBD
- iii. Funding: Once operator funding targets are determined by the methodology outlined above, the Phase 1 and subsequent phase(s) 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.

ARP 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 ARP into 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 attachments 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.

Attachment 1

Proposed American Rescue Plan (ARP) Distribution Rationale and Methodology

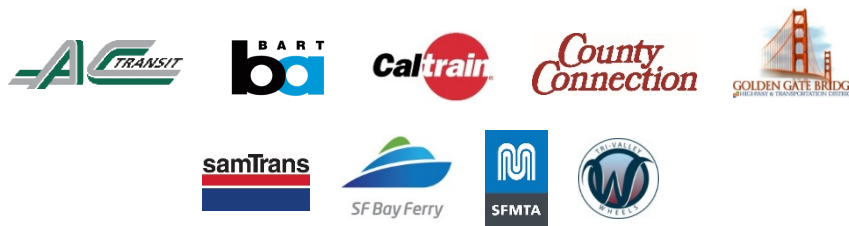
1. Preserve the Ability to Pivot:
 - Many uncertainties remain related to the pace of recovery and how ridership patterns will emerge from the pandemic. ARP funding allocations should be paced in a way that allows operators to meet customer needs and MTC to align funding with changing circumstances.
 - *Proposal: Distribute 60% of the calculated distribution in the first tranche. The remaining funds will be reapportioned based on actual service needs and more informed estimates of financial need. Distribution factors will change, and operator shares of remaining funds will shift.*
2. Maintain a Needs-Based Focus:
 - The variable impact of the pandemic on transit operating revenue will continue to be a significant factor in Fiscal Year 2022. While a level of recovery is expected, revenue sources hit hardest during the first fifteen months of the pandemic will likely rebound more slowly (i.e., fares, toll revenue, and sales taxes in counties with significant downturn in economic activity). Recognition of on-going revenue losses should remain a central factor in a needs-based distribution methodology.
 - *Proposal: Provide 65% of the average monthly revenue loss from March 2020 through June 2021, through June of 2022.*
3. Look Forward to Restoring Service and Ridership:
 - ARP funding provides an opportunity for operators to restore service in a robust and financially sustainable way to ensure the demands of transit ridership can be met, and to ensure lack of service provision does not discourage a return of ridership post-pandemic.
 - *Proposal: Provide incentive to resume a meaningful level of pre-COVID service levels, calculated as 95% of the difference in FY 2019 and FY2021 revenue vehicle hours (RVH), multiplied by the agencywide cost per RVH, capped at the highest large operator cost/revenue vehicle hour. Limiting the RVHs to 95% of the difference between FY2019 and FY2021 is intended to allow flexibility to address changing needs and circumstances or specific hardships in future tranche(s) within the ARP funding envelope.*
4. Ensure Level Financial Footing:
 - Account for the fact that some operators have received proportionately more COVID-relief funding than needed to replace pandemic-related revenue losses than others. Under the assumption that COVID-relief funding will be put to use in the short-term to retain and expand service, ARP funds should be used to ensure equal financial footing among operators to the degree possible.
 - *Proposal: Adjust total shares by operators' beginning balance calculated as the difference between prior COVID relief received and actual/estimated revenue losses*

between March 2020 and June 2021. The beginning balance would hold operators harmless for the CARES Act "Equity Adjustment".

- Provide all eligible operators with a minimum amount of funding to respond to service and financial uncertainties.
 - *Proposal: In the case where the beginning balance still exceeds the amount of forecasted revenue loss plus cost of added service, the distribution amount is replaced with a "floor" equivalent to 15% of the operator's FY 2019 operating costs*
5. Support Customer Improvement and Focused Recovery Efforts, and Allow Flexibility to Address Unexpected Hardships or Disparities:
- Respond to Commission direction to invest in initiatives highlighted by the Blue Ribbon Transit Recovery Task Force with the aim of improving transit customer experience and growing ridership long-term. Also, given uncertainties, preserve some ability to respond to unexpected operator hardships or disparities and advance focused recovery strategies.
 - *Proposal: Target up to 10% of ARP funds to implement Blue Ribbon Transit Recovery Task Force initiatives and to respond to hardships or disparities and specific recovery strategies.*
6. Facilitate North Bay Coordination and Integration Efforts by Allowing Flexibility in Assignment of ARP funds Among Solano and Sonoma County Operators:
- Reinforce coordination efforts in Solano and Sonoma counties by providing flexibility for how to best distribute funds among operators within those counties.
 - *Proposal: Calculate a total relief amount based on the methodology described and allow the operators and CTAs to collaboratively identify the amounts by operator to best align with the coordinated service planning and integration efforts on-going in the counties.*

Attachment 2
Proposed American Rescue Plan Act Transit Funding Distribution

	Initial Calculated Share	Phase 1 = 60% of Initial Calculated Share
AC Transit	\$110,169,698	\$66,101,819
BART	\$551,414,986	\$330,848,991
Caltrain	\$68,497,224	\$41,098,334
GGBHTD	\$96,162,363	\$57,697,418
SFMTA	\$480,284,290	\$288,170,574
SamTrans	\$26,055,603	\$15,633,362
VTA	\$92,812,259	\$55,687,355
Subtotal	\$1,425,396,423	\$855,237,854
ACE	\$5,978,716	\$3,587,230
CCCTA	\$9,792,717	\$5,875,630
ECCTA	\$3,183,108	\$1,909,865
LAVTA	\$9,550,123	\$5,730,074
Marin Transit	\$4,346,051	\$2,607,631
NVTA	\$3,867,954	\$2,320,772
Transbay Joint Powers Authority	\$3,000,000	\$1,800,000
Union City Transit	\$755,419	\$453,251
WCCTA	\$4,827,974	\$2,896,784
WETA	\$22,269,728	\$13,361,837
Solano County Operators:	\$10,939,321	\$6,563,592
City of Dixon		
City of Fairfield		
City of Rio Vista		
City of Vacaville		
Solano County Transit		
Sonoma County Operators:	\$15,489,767	\$9,293,860
City of Petaluma		
City of Santa Rosa		
SMART		
Sonoma County Transit		
Subtotal	\$94,000,877	\$56,400,526
Grand Total	\$1,519,397,300	\$911,638,380
~10% for Targeted Investments (Blue Ribbon initiatives; hardships or disparities; and specific recovery strategies)	\$ 157,442,794	



July 8, 2021

David Rabbitt, Chair, Programming and Allocations Committee
Metropolitan Transportation Commission
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105-2066

Dear Commissioner Rabbitt:

In advance of the July 14th Programming and Allocations Committee meeting, we are writing to support Agenda Item 3b: Proposed Programming of \$911 million from the American Rescue Plan Act of 2021 (ARP Act) in the San Francisco Bay Region. The CARES and CRRSA Acts provided a \$2.3 billion lifeline to Bay Area transit agencies to preserve the region's transit systems in the face of the devastating ridership and revenue losses due to the pandemic. Most importantly, that funding has ensured the survival of our transit agencies while averting layoffs and enabling safe transit service for those who need it the most. This first allocation of ARP Act funds will help us continue along that pathway as we emerge from the pandemic.

We continue to appreciate the dedication, collaboration and flexibility demonstrated by our labor partners throughout the pandemic. Now that the worst of the pandemic is behind us and the Bay Area begins to emerge from over a year of shelter-in-place, transit agencies are looking to the ARP Act funding to help them recover into the future along with the rest of the economy. MTC's proposed distribution methodology for the ARP Act funds facilitates an equitable and sustainable recovery and will allow MTC to target the initial distribution to ensure all agencies have sufficient funding for the next year of transit operations, stabilizing our systems and forestalling any possible layoffs. The proposed distribution methodology will also make it possible for transit operators to restore service to meet the expected increases in demand through the remainder of 2021, so that buses, trains and ferries are there as people return to a new normal daily routine.

We fully support the proposed allocation of approximately 60% of the ARP funds received by the region to the transit operators as soon as possible, while allowing for the ability to pivot in the future depending on how ridership patterns emerge from the pandemic. We further appreciate that the ARP Act funds are proposed to be used to ensure equal financial footing among operators to the degree possible moving forward, while recognizing that ongoing revenue losses should remain a central consideration in a needs-based distribution methodology.

The trajectory of the recovery is uncertain, evolving, and is expected to take many years. Having more than one distribution of ARP Act funds will allow the region to make a more deliberate and informed decision as we have better information about the trajectory of the recovery, ridership demand, and the unique financial circumstances each transit agency is facing. Accordingly, it will allow for the ARP Act funds to be deployed as strategically as possible to not only restore service in a robust and financially sustainable manner, but to also allow transit operators to meet budget

July 8, 2021

Page 2

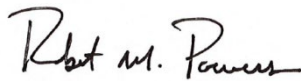
needs and keep workers in their jobs. Restoring service using ARP Act funds will ensure that an appropriate level of transit services helps encourage riders to return to our services.

We want to thank MTC staff for their work to craft the proposed distribution methodology, and the Commission for its past actions to ensure that the Bay Area's federal relief dollars are allocated in an expeditious, thoughtful, and strategic manner under such challenging circumstances. We urge the Committee to support the proposed allocation of the first tranche of the ARP Act funding, and that the Committee recommend that the full MTC Commission act to approve the allocation of ARP funds, as described in the staff report, at its meeting on July 28th. We look forward to our continued partnership to strive to best meet the public's needs with the ARP Act funds and through the work underway with the Blue Ribbon Transit Recovery Task Force.

Sincerely,



Michael Hursh
General Manager,
Alameda-Contra Costa
Transit District (AC Transit)



Robert Powers
General Manager,
San Francisco Bay Area
Rapid Transit District
(BART)



Michelle Bouchard
Acting Executive Director,
Caltrain



Rick Ramacier
General Manager,
County Connection



Seamus Murphy
Executive Director,
Water Emergency
Transportation Authority
(SF Bay Ferry)



Denis Mulligan
General Manager,
Golden Gate Bridge, Highway
& Transportation District



Jeffrey Tumlin
General Manager,
San Francisco Municipal
Transportation Agency
(SFMTA)



Carter Mau
Acting General
Manager/CEO,
San Mateo County Transit
District (samTrans)



Michael S. Tree
General Manager,
Livermore Amador Valley
Transport Authority

From: Sheri Hartz [REDACTED]
Sent: Monday, July 12, 2021 9:31 AM
To: MTC-ABAG Info <info@bayareametro.gov>
Cc: Alfredo Pedroza <Alfredo.Pedroza@countyofnapa.org>; Therese W. McMillan <tmcmillan@bayareametro.gov>; kaytss@yahoo.com
Subject: Emeryville Resolution Urging MTC to Prioritize ARP Funds for Immediate Use

External Email

Good Morning,

Attached please find a resolution, approved by the Emeryville City Council at its meeting on July 6, 2021. I am forwarding to you at the suggestion of Katherine Scott-Smith in Director Beckles' office.

Please let me know if I can be of any further assistance.

Best regards,



SHERI HARTZ, CMC (she/her)
City Clerk, City of Emeryville
City Manager's Office



RESOLUTION NO. 21-80

Resolution Of The City Council Of The City Of Emeryville Resolution Urging The Metropolitan Transportation Commission (MTC) To Immediately Program \$1.67 Billion In American Rescue Plan (ARP) Transit Funds For Use In Restoring Bay Area Transit Service And For Immediate Use

WHEREAS, public transit is an essential public service that our constituents depend on, especially our low income and Black and Brown constituents, our frontline workers, and our elders, students, and people with disabilities; and

WHEREAS, transportation emissions are the highest source of greenhouse gas emissions in the country, as well as a source of toxic pollution that is hazardous to our constituents' health, and public transit is a crucial method to drastically reduce transportation emissions; and

WHEREAS, Bay Area public transit agencies are lagging behind other agencies in the U.S. and California in restoring service to pre-pandemic levels; and

WHEREAS, the economic impacts from the pandemic have been severe, so stimulating the economy through federal stimulus funds in the near-term is crucial; and

WHEREAS, Congress has apportioned to Bay Area transit agencies a generous stimulus package of \$1.67 billion dollars to hire workers and restore service, and MTC is not planning to program these funds until late July, after agencies adopt fiscal year 2021-2022 budgets, resulting in an inability by transit agencies to factor the ARP funds into next year's budget; and

WHEREAS, MTC has publicly stated that it is prioritizing saving those funds for years in the future as opposed to restoring service to pre-pandemic levels by the end of fiscal year 2021-2022; and

WHEREAS, the transit agencies in our districts need to budget these funds now in order to plan to hire workers, fund operations, and restore service in the fiscal year that begins July 1; and

WHEREAS, as mid-pandemic stimulus funding, it should be distributed immediately to stimulate our local economies by hiring workers and taking shoppers and diners to their destinations to spend money in our communities; and

WHEREAS, the longer service levels remain reduced, the more likely it is that riders will give up on transit and find permanent alternatives; and

WHEREAS, waiting to restore pre-pandemic service may lead to permanent damage to public transportation, and undermine our climate, equity and economic recovery goals, and lead to unnecessary congestion on our streets and freeways; now, therefore, be it

Resolution No. 21-80
Resolution Urging MTC to Expend ARP Funding
City Council Meeting | July 6, 2021
Page 2 of 2

RESOLVED, by the City Council of the City of Emeryville that we urge MTC to program (or make a fund estimate of) ARP funds immediately, so that it can be put to immediate use in restoring service and creating good union jobs; and, be it, further

RESOLVED, that we urge MTC to prioritize the ARP funds for immediate use and not years in the future.

ADOPTED, by the City Council of the City of Emeryville at a regular meeting held Tuesday, July 6, 2021, by the following vote:

AYES:	<u>4</u>	Mayor Martinez, Vice Mayor Donahue, and Council Members Bauters and Medina
NOES:	<u>0</u>	
ABSTAIN:	<u>0</u>	
ABSENT:	<u>0</u>	

DocuSigned by:

BBAF287D25A8463
MAYOR

ATTEST:

DocuSigned by:

FB7B5D8EA96A4BE...
CITY CLERK

APPROVED AS TO FORM:

DocuSigned by:

962663BD5673494...
INTERIM CITY ATTORNEY

July 11, 2021

Ms. Theresa Romell, Director
Funding Policy and Programs
Metropolitan Transportation Commission
tromell@bayareametro.gov

Re: Pending Allocation of ARPA funding for FY 2021-22

Dear Ms. Romell:

The MTC Programming and Allocations Committee workshop on June 9th heard from transit operators with each of the agencies asked to report on how CARES and CRRSAA funding allocated to date have been or will be used through the end of the fiscal year; as well as presenting their assumptions for ridership growth and related service needs going forward.

MTC and transit operator staff have developed a set of principles to guide the distribution of ARPA funds over the coming months to support operators' financial certainty in budgeting:

1. **Stabilize and Sustain Transit** – Funds should be used to ensure the financial stability of the region's transit operators.
2. **Restore and Reimagine Service** – Funds should be distributed on the condition that operators take measures to restore service to at least match current demand, and to plan to deploy additional service in a way that advances equity and at a level necessary to support increased local and regional transit demand by September 2021. Although there remains uncertainty about financial sustainability in the medium to long term, transit must be there for riders now, or riders will not be there for transit.
3. **Improve Customer Experience** – Funds should be used to promote and sustain 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.

The Sonoma Marin Area Rail Transit District [SMART] for FY21-22 has budgeted without including ARPA funding. Their adopted FY21-22 Budget on page B-13 states,

..... "The second largest change is in federal COVID-19 relief grants. We are expecting to receive American Rescue Plan Act (ARPA) funds consistent with our Federal 5307 allocation which would provide around \$10 million over several years, however, these funds have not yet been allocated by the Metropolitan Transportation Commission, so they have not yet been reflected in the FY 22 budget."

Nonetheless, the SMART Board has authorized a 40% reduction in fares for at least 11 months commencing May 24, 2021, increased weekday service by 62% and re-established Saturday service with 20% more service than had been operated pre-COVID.

All of these actions have been taken with expenditures covered by District revenues exclusive of ARPA funding. SMART's approved budget for FY21-22 results in anticipated operating expense of over \$130 per unlinked passenger trip. Recent evidence indicates that SMART is averaging fewer than 35 passengers per train (with 158 seats) since April 2021.

Based on the most recently available "Monthly Finance Report" SMART currently has \$70.5 million in "unrestricted" cash sitting in two accounts. These accounts have grown from \$38.6 million reported as of June 30th, 2020 in their Annual Comprehensive Financial Report. Staff has never provided an explanation for this increase of \$31.9 million in its cash position. However, we estimate that there are four primary contributors to this increase as shown in the table:


Item	Through May (\$M)		Difference
	FY 2019-20	FY 2020-21	
Sales Tax Revenues	36.4	38.6	2.2
Admin+Op Exp (ex Debt Service)	-29.0	-22.7	6.3
Debt Service	-7.4	-5.1	2.3
CARES & CRRSAA	NA	16.7	16.7
Subtotal	0.0	27.5	27.5

SMART ridership in FY18-19 accounted for only 6% of North Bay riders. In FY20-21 their forecast ridership represents only 4% of forecast North Bay riders. Local operators in Marin and Sonoma counties expect to carry 11 times as many riders as SMART in FY21-22.

SMART appears to be the most financially-well-off transit agency in the Bay Area but operates at staggering high cost per rider. It is hard to justify further dollars to SMART from the Federal government when other agencies are providing far more trips at far lower cost and effectively serving essential workers.

Sincerely,

James Schmidt, PE



Michael Arnold, Ph.D. (Economics)

