

# Metropolitan Transportation Commission Programming and Allocations Committee

October 13, 2021

Agenda Item 4a - 21-1287

## American Rescue Plan Act Phase 2 Programming Next Steps

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**Subject:** An update on and timeline for the programming of the Bay Area's balance of American Rescue Plan Act (ARP) COVID relief funds for public transit.

**Background:** On September 7<sup>th</sup>, the Federal Transit Administration (FTA) released a Notice of Funding Opportunity (NOFO) for \$2.2 billion in additional transit operating assistance. The \$2.2 billion is a nationwide pool of ARP funding for which operators would apply directly to FTA. Funding awards are at the discretion of FTA. Applicants would need to demonstrate additional COVID relief funding needs through Federal Fiscal Year 2023, and potentially beyond. Applications are due November 8<sup>th</sup>.

Problematic for the Bay Area, the NOFO also requires that applications for additional assistance include completed "split letters" or allocation announcements, indicating how much total COVID relief funding the operator has received from all three federal relief packages – CARES, CRSSA, and ARP. Any unallocated amounts of COVID relief remaining in an Urbanized Area (UZA), will be considered by the FTA to be available as financial support to any operator within that UZA.

MTC's approach to the programming of ARP funds was to distribute ARP in multiple phases, with a later phase occurring in December or January so that the distribution of funds could be better informed by the unfolding pandemic recovery, ongoing operator financial need, and service provision efforts. In July, MTC programmed 60% of the \$1.7 billion in ARP funds that came to the region, approximately \$908 million to transit operators for operating needs as part of Phase 1. In addition, the Commission set aside \$157 million for future expenditure on Blue Ribbon Transit Recovery initiatives or other hardships and focused recovery strategies. In September, MTC programmed approximately \$37 million in set-aside funds to several operators to address specific hardships and focused strategies. Currently, \$611 million in Phase 2 funding to support transit operators and \$121 million in set-aside funds remain to be programmed.

While the \$2.2 billion in additional assistance funds are entirely at FTA's discretion to award, rough calculations performed by staff indicate that several Bay Area operators would likely qualify for additional assistance based on forecasted revenue losses and remaining financial need through Federal Fiscal Year 2023, after relief funds are applied. While there is no guarantee, based on this rough calculation, in addition to the Bay Area's overall share of federal COVID relief funding relative to the rest of the nation, the region may be competitive for \$100 - \$300 million in additional assistance.

To maximize the funding available to the region, staff is proposing to move ahead with the programming of Phase 2 in October to meet the requirements of the NOFO for additional assistance by the November 8<sup>th</sup> deadline. Given the short period of time available to build consensus among transit operators, staff would likely distribute the remaining 40 percent in Phase 2 operating support based on the methodology used to determine operator shares in Phase 1. The proposed shares by operator for Phase 2, if this approach is followed, are provided in Attachment A.

Further, staff is proposing to program the remaining set-aside funds to MTC – an eligible recipient of ARP funds. Expenditure of these set aside funds for Blue Ribbon Transit Recovery initiatives or additional hardship and focused recovery strategies could be determined in the coming months and as necessary, a revised programming action could be taken to re-program the funds to eligible operators at a later date. Staff is confident these actions would satisfy the NOFO for additional assistance by ensuring there are not remaining unallocated ARP funds in the Bay Area UZAs that could be attributed to operators applying for additional assistance.

Staff has reached out to Bay Area transit operators to discuss next steps for programming the region's remaining ARP funds. Alternative ideas on a proposed course of action include:

1. Increasing the set-aside programmed to MTC to serve as an additional performance funding pot of funding that could be reprogrammed to operators in the Spring after the additional assistance grants have been awarded; or
2. Renegotiating the distribution formula used in Phase 1 and determining a new formula to be used in Phase 2.


Staff is open to considering these alternatives and therefore the item is before you today as information only to allow a few more weeks to see if another mutually agreeable option is feasible. A consensus among operators on an increased set aside or new distribution formula prior to the October Commission meeting could be a tall order. Further, extending discussions on Phase 2 programming beyond October is likely to result in the loss of opportunity for Bay Area transit operators to compete for additional assistance from the FTA based on communication with FTA staff.

Over the next two weeks, staff will work with stakeholders to reach consensus on a proposal for programming the balance of the Bay Area's ARP funding. Staff plans to bring a programming recommendation directly to the Commission meeting on October 27<sup>th</sup> for consideration and action.

**Issues:** None.

**Recommendation:** Information Only

**Attachments:** Attachment A – Proposed American Rescue Plan Act Funding Distribution

  
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Therese W. McMillan

**Attachment A**  
**Proposed American Rescue Plan Act Funding Distribution**

	July Programming	Sept. Programming	Proposed October Programming		
	Phase 1	Hardships & Focused Recovery	Phase 2	Blue Ribbon, Hardships & Focused Recovery	Total
AC Transit	\$ 66,101,819		\$ 44,067,879		\$ 110,169,698
BART	\$ 330,848,991		\$ 220,565,994		\$ 551,414,986
Caltrain*	\$ 41,098,334	\$ 2,896,544	\$ 27,398,890	\$ 1,931,029	\$ 73,324,797
GGBHTD	\$ 57,697,418		\$ 38,464,945		\$ 96,162,363
SFMTA	\$ 288,170,574		\$ 192,113,716		\$ 480,284,290
SamTrans	\$ 15,633,362		\$ 10,422,241		\$ 26,055,603
VTA	\$ 55,687,355	\$ 28,600,000	\$ 37,124,903		\$ 121,412,259
<b>Subtotal</b>	<b>\$ 855,237,854</b>	<b>\$ 31,496,544</b>	<b>\$ 570,158,569</b>	<b>\$ 1,931,029</b>	<b>\$ 1,458,823,996</b>
ACE	\$ 3,587,230		\$ 2,391,486		\$ 5,978,716
CCCTA	\$ 5,875,630		\$ 3,917,087		\$ 9,792,717
ECCTA	\$ 1,909,865		\$ 1,273,243		\$ 3,183,108
LAVTA	\$ 5,730,074		\$ 3,820,049		\$ 9,550,123
Marin Transit**	\$ 2,607,631		\$ 1,738,420	\$ 2,000,000	\$ 4,346,051
NVTA	\$ 2,320,772		\$ 1,547,182		\$ 3,867,954
Solano County Operators	\$ 2,895,592		\$ 8,043,728		\$ 10,939,321
Sonoma County Operators	\$ 9,293,860	\$ 4,600,000	\$ 6,195,907		\$ 20,089,767
Transbay Joint Powers Authority	\$ 1,800,000		\$ 1,200,000		\$ 3,000,000
Union City Transit	\$ 453,251		\$ 302,168		\$ 755,419
WCCTA	\$ 2,896,784		\$ 1,931,190		\$ 4,827,974
WETA*	\$ 13,361,837	\$ 772,017	\$ 8,907,891	\$ 514,678	\$ 23,556,423
<b>Subtotal</b>	<b>\$52,732,526</b>	<b>\$5,372,017</b>	<b>\$41,268,351</b>	<b>\$514,678</b>	<b>\$99,887,572</b>
<b>MTC -- Blue Ribbon Initiatives, Hardships, and Focused Recovery Strategies***</b>				<b>\$118,128,526</b>	<b>\$118,128,526</b>
<b>Grand Total</b>	<b>\$ 907,970,380</b>	<b>\$ 36,868,561</b>	<b>\$ 611,426,920</b>	<b>\$ 120,574,233</b>	<b>\$ 1,676,840,094</b>

\*Hardship and Focused Recovery funding proposed to reconcile the initial distribution of ARP funds with re-calculated shares for Caltrain and WETA.

\*\*Focused Recovery funding directed to Marin Transit will be programmed to MTC in October and will be released to Marin Transit once conditions have been met.

\*\*\*Funds will be programmed to MTC in October and may be reprogrammed at a later date.