# PHASE 2 CARES FUNDING PROPOSAL

## PROGRAMMING AND ALLOCATIONS

JULY 8, 2020

# BLUE RIBBON TRANSIT RECOVERY TASK FORCE

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TRANSIT RECOVERY
TASK FORCE

- Appointed by Commission in May 2020 to guide the Bay Area's transit system recovery in response to the COVID-19 pandemic
- 32 members composed of representatives from the State, MTC Commission, transit operators, and stakeholder groups
- Purpose:
  - Guide the expedited distribution of CARES Act Phase 2 funds.
  - Safety, network connectivity, financial sustainability, and transportation system equity will be important considerations.
  - By mid-2021, submit a Bay Area Public Transit Transformation Action Plan to the Commission. The Plan should identify actions needed to re-shape the region's transit system into a more connected, more efficient, and more user-focused mobility network across the entire Bay Area and beyond.

# TASK FORCE TIMELINE

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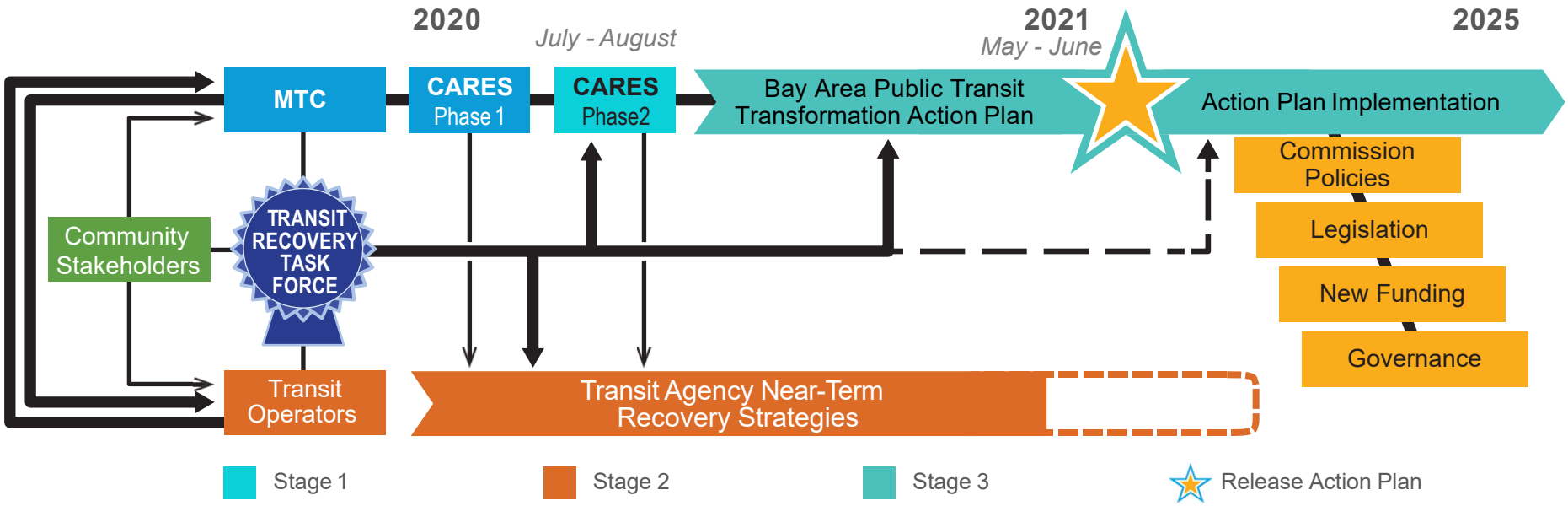

# TASK FORCE MEETING TOPICS

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## Meeting 1 – May 29, 2020

- Task Force Framework
- Task Force Member Perspectives

## Meeting #2 – June 15, 2020

- Transit Operator Safety Plan Outline
- Operator Recovery Strategy Review
- CARES Act Distribution Options

## Meeting #3 – June 29, 2020

- Near Term Recovery
  - Transit Operator Safety Plan
  - Network Connectivity Planning
- CARES Act Funding Proposal

## Meeting #4 – July 20, 2020

- Launch discussion of Phase 3 Transformative Action Plan

# NEAR TERM RECOVERY PLANNING

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# OPERATOR HEALTH & SAFETY PLAN

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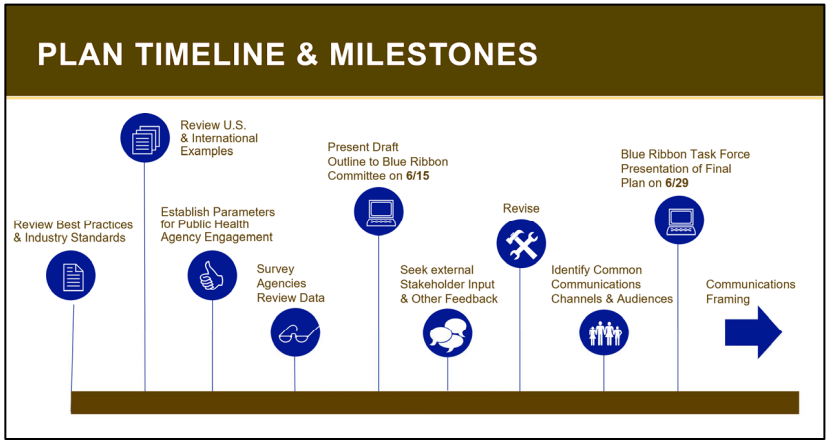
- Region's Transit Operators are Working in Coordination to Develop and Implement a Health & Safety Plan that will:
  - Establish comprehensive **shared protocols** to reduce risks for employees and passengers
  - **Unite Voices** of Bay Area Transit Agencies
  - Leverage Available Data
  - Curate Best U.S. / International Practices
  - **Collaborate** with Local Public Health Agencies
  - Launch Common / Scalable Standards
  - Review Customer Journey & Health-Vulnerable Passengers
  - Create Common Approach for Communications
  - Establish Simplified Metrics & Reporting



# NEAR-TERM COMMITMENTS

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## Understand near-term rider needs, especially for vulnerable populations

- Transit operators are conducting agency specific polls and surveys*
- Identify funding for multi-agency polling and customer surveys
- Operators to indicate priorities for additional data needs – such as O-D/demographic survey to assist with service planning and recovery

*see separate document on list of surveys

## Communications Campaign

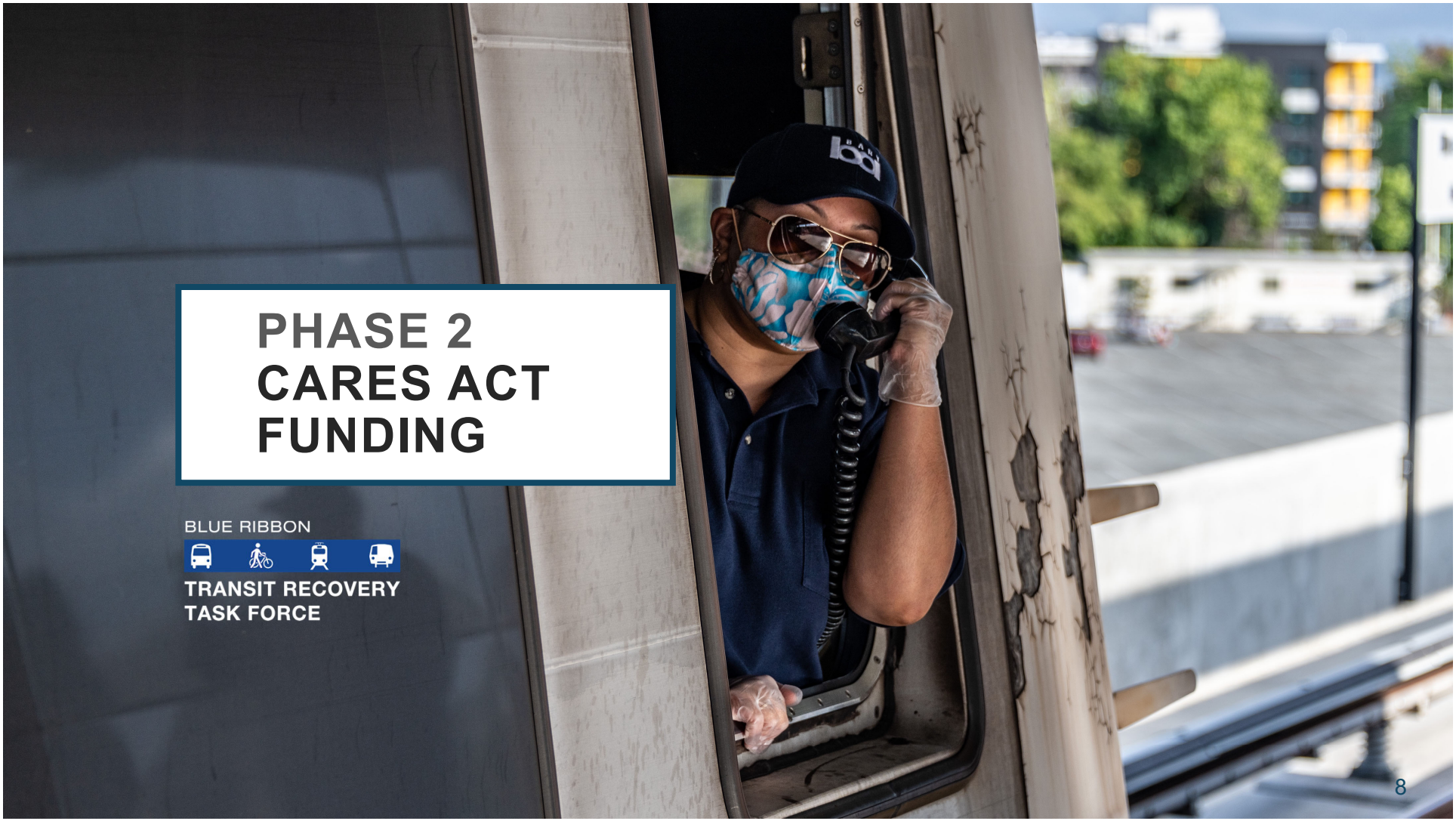
- Actions being taken to make the system healthy for riders and employees
- Implement coordinated messaging effort to welcome riders back

## Quarterly Reporting and Updates

- As services are adjusted by operators, monitor connectivity and minimize gaps

## Related Regional Collaboration

- Clipper START
- Fare Integration Study
- Seamless Mobility
- Caltrans Strategic Partnerships – Transit Grant
- Bay Bridge Forward
- BATA Focus Group



# PHASE 2
# CARES ACT FUNDING

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# ADOPTED FUNDING DISTRIBUTION PRINCIPLES

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1. **Move quickly** to distribute the first allocation of funds to operators as soon as possible
2. Distribute funding in a manner that **best addresses operators' needs** arising from the COVID-19 crisis
3. **Allow flexibility** to enable the region to address uncertainty/changed circumstances
4. **Address urbanized area (UZA) constraints** associated with federal funds with a needs-based funding distribution of any COVID-19 **supplemental state funds**
5. Future distribution(s) will be subject to a comprehensive COVID-19 **recovery strategy** for each operator that considers any recommended regional adjustments to ensure network connectivity, lifeline service needs, and financial sustainability.

# CARES ACT
# PROPOSED APPROACH

## Phase 1 — $781 million

Distribution Approach

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

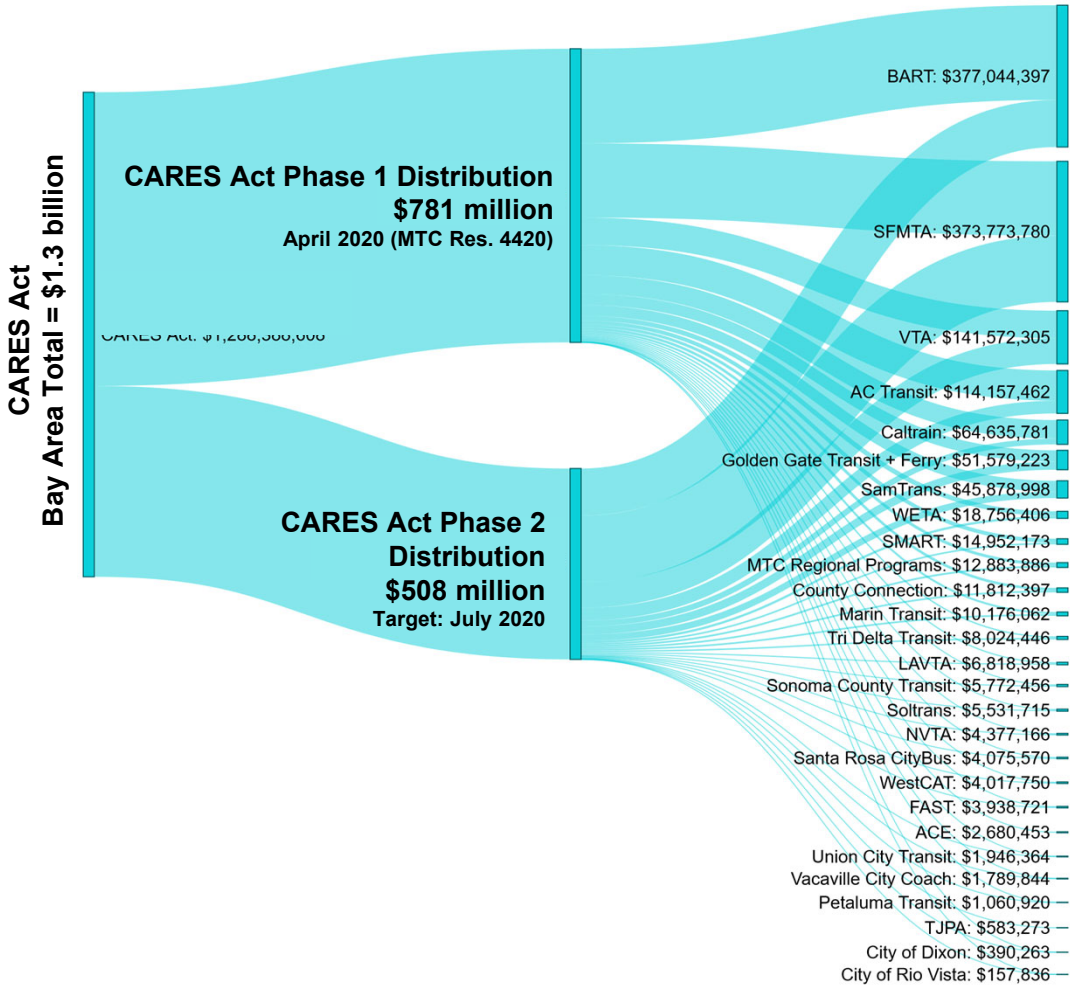
## Phase 2 (Proposed) — $508 million

Distribution Approach

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

**EQUITY CONSIDERATIONS**

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



# EQUITY IN ACTION – CLIPPER START

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**Current Program:**

- An 18-month pilot program for 4 Transit Operators (BART, Caltrain, GGBHTD, SFMTA) to provide a transit fare discount to eligible riders based on income
- Anticipated launch date – July 15, 2020
- Operators and MTC set aside funding to fund the subsidy

**Request:**
Consider expanding pilot program to include additional transit operators

CLIPPER START℠

**Next Steps:**

- Confirm interest and participation from transit operators
- CARES Act regional funds could help subsidize additional operators for pilot period.
- Additional follow-up needed on:
  - Clipper System changes
  - Policy & Funding – Identification of new regional funding sources
  - Implementation – Timing, outreach and program management updates

# CONSISTENT REVENUE LOSS ASSUMPTIONS

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

**March – August 2020**

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

**September – December 2020**

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

**Although a majority of transit operators support these assumptions as a basis for the distribution, they are not uniformly supported by all.*

# CARES ACT PROPOSED DISTRIBUTION

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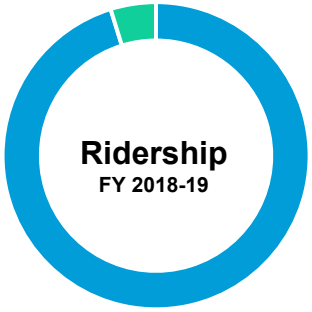
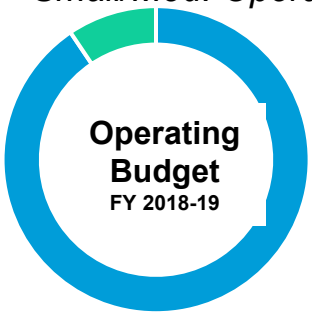
| Transit Operator | Total CARES Act Allocation (Phase 1 + Phase 2) | Total CARES Act Allocation % Share (Phase 1 + Phase 2) |
|---|---|---|
| AC Transit | $114,157,462 | 8.9% |
| BART | $377,044,397 | 29.6% |
| Caltrain | $64,635,781 | 5.1% |
| Golden Gate Transit + Ferry | $51,579,223 | 4.0% |
| SFMTA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

**5%** - *Small/Med. Operators*




**95%** - *Large Operators*

**9%** - *Small/Med. Operators*




**91%** - *Large Operators*

# CARES ACT % SHARES BY PHASE

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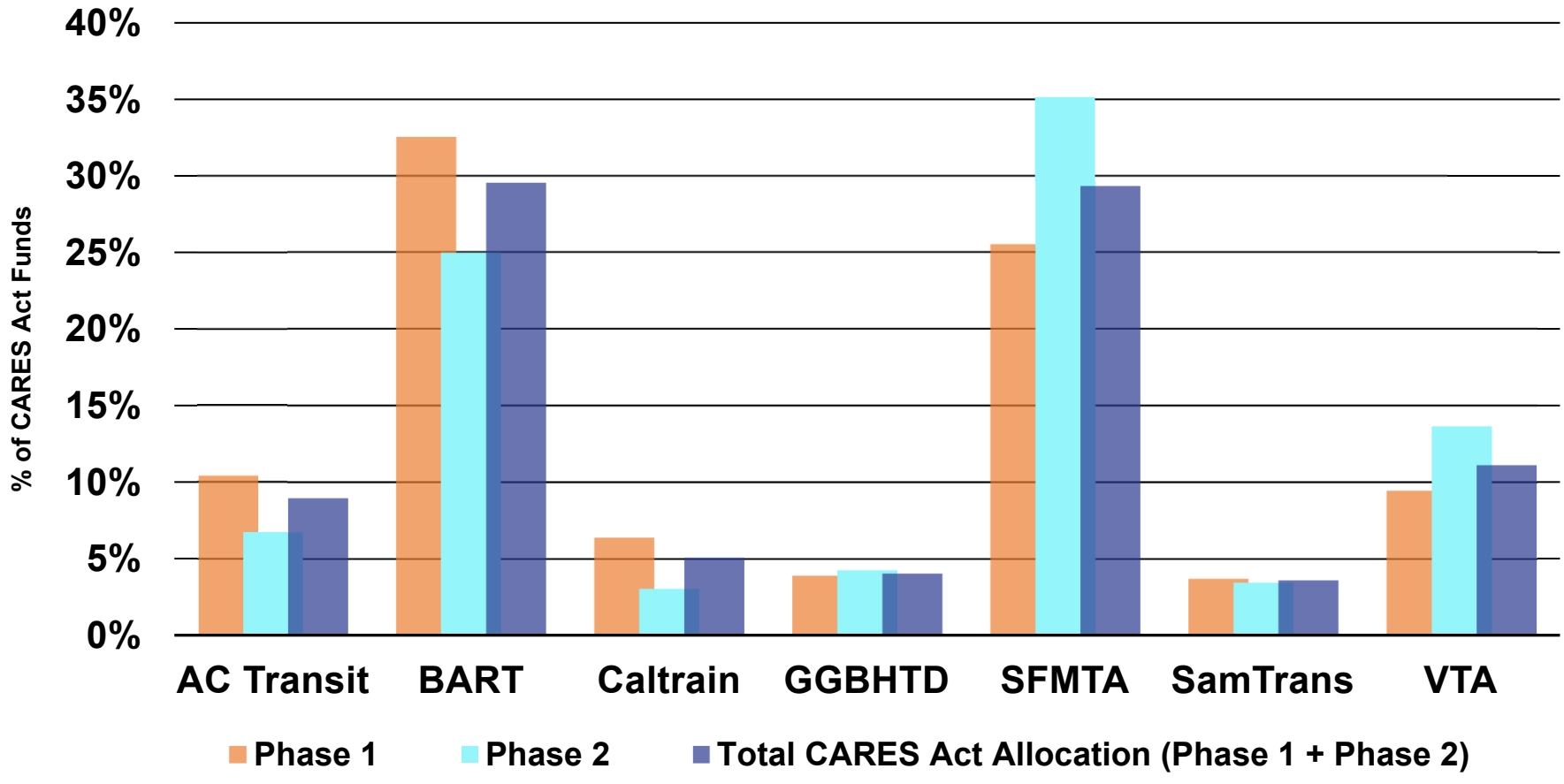

# CARES ACT % SHARES BY PHASE, CONT.

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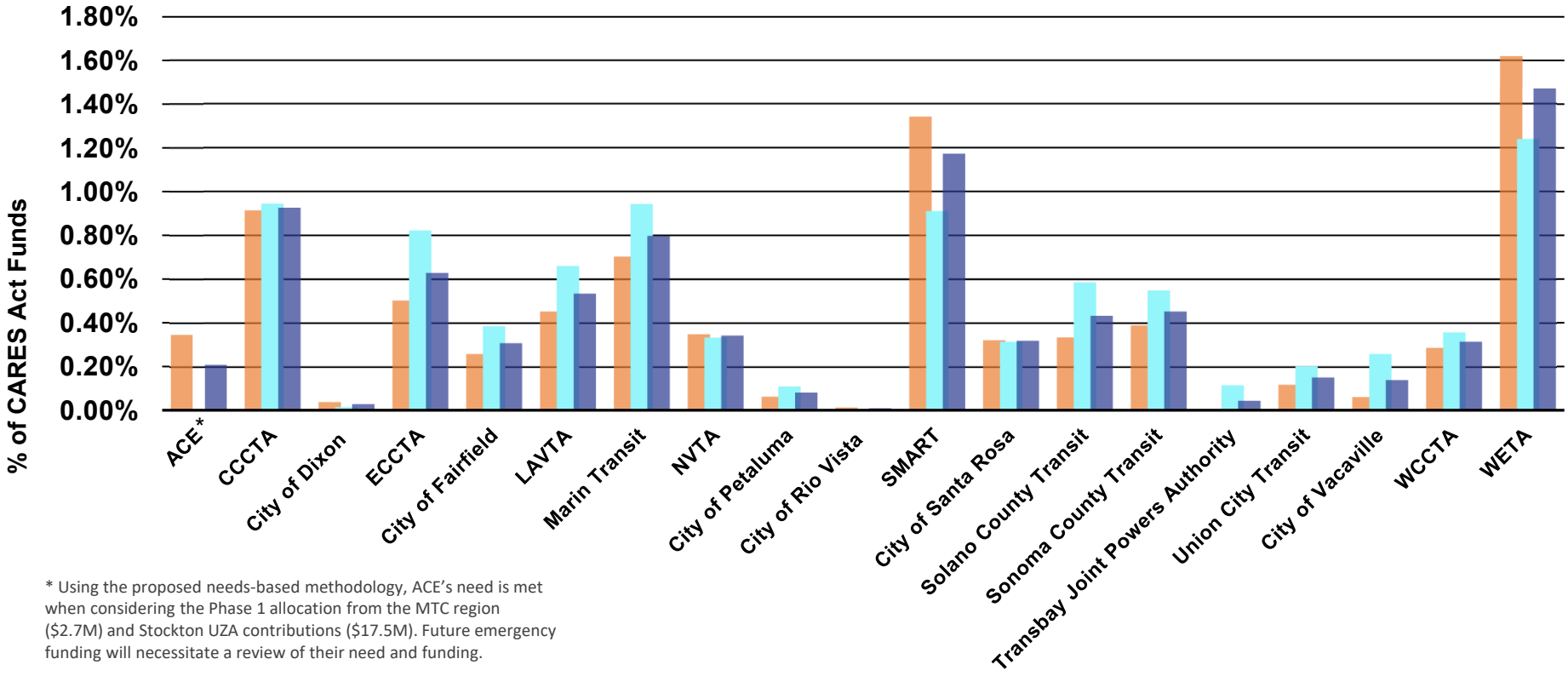


* Using the proposed needs-based methodology, ACE's need is met when considering the Phase 1 allocation from the MTC region ($2.7M) and Stockton UZA contributions ($17.5M). Future emergency funding will necessitate a review of their need and funding.

Phase 1 | Phase 2 | Total CARES Act Allocation (Phase 1 + Phase 2)

# IS THERE A FINANCIAL "CLIFF"?

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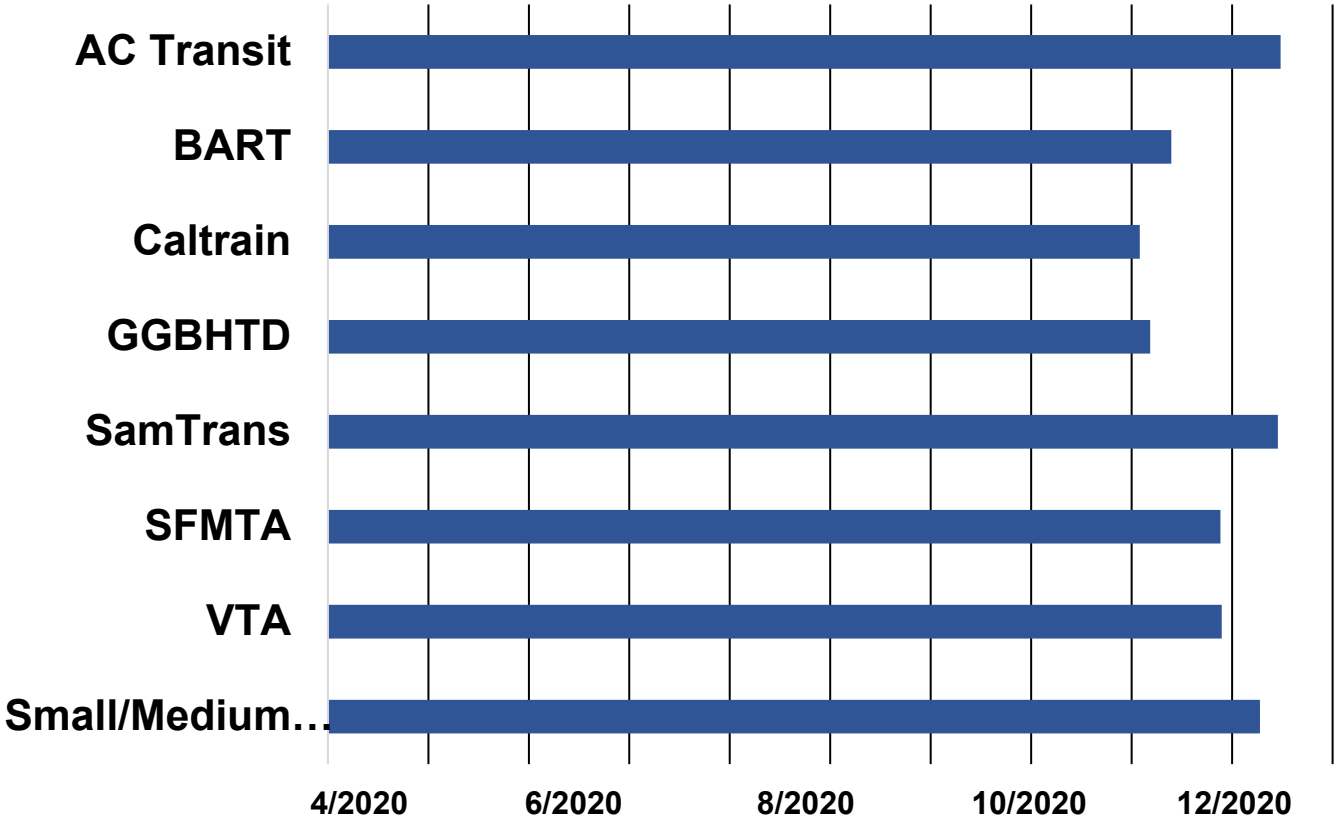
## How many months of revenue loss will the CARES Act backfill?

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




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

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THANK YOU.