



## Board Report

File #: 2020-0325, File Type: Policy

Agenda Number: 39.

### REGULAR BOARD MEETING MAY 28, 2020

**SUBJECT: CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT FUNDING**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. APPROVING the allocation of CARES Act funding received by Los Angeles County as described in Attachment A.
- B. APPROVING fund exchanges of Federal CARES Act funding, as appropriate, with other local funding sources in order to provide administrative efficiencies, optimize and accelerate the distribution of resources.
- C. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements to implement the recommended support of transit programs countywide.

#### **ISSUE**

Los Angeles County and the world are facing an unprecedented challenge as we adapt to the new limitations on our daily lives due to the COVID-19 pandemic. In response to the financial shortfalls in nearly every sector of the American economy, Congress approved and signed into law the CARES Act on March 27, 2020.

The CARES Act delivers COVID-19 relief funds to a wide range of American industries to provide fast and direct economic assistance in this time of crisis. As the Regional Transportation Planning Entity (RTPE) for Los Angeles County, Metro is responsible for allocating transportation funding provided under the CARES Act to transit agencies in the county.

#### **BACKGROUND**

With the implementation of the "Safer at Home" order in March, nonessential businesses closed, and all residents were directed to leave their homes only for essential activities. Consumer spending has plummeted and transit ridership and fare revenues have dropped dramatically resulting in an estimated \$1.8 billion reduction in resources available to operate and maintain Los Angeles County's

transit mobility network.

## **DISCUSSION**

The revenues received from local and state derived sales tax measures, the basis of our investment in mobility, are estimated to decline by a total of \$1.060 billion over FY20 adopted budget and FY21 pre-COVID levels. And, as noted above, these reductions, when combined with additional losses from fare revenues, tolls, advertising and other system revenues, and the increased costs of response to the coronavirus, the impact to Los Angeles County's transportation resources is estimated at \$1.8 billion. These unprecedented revenue losses affect every component of Los Angeles County's transportation investment program, including Metro's bus and rail operations, municipal transit operators, the 89 local jurisdictions throughout Los Angeles County, local community based operators, regional operators such as Metrolink and Access Services, Metro's Measure R and Measure M Capital Programs, and other partnerships throughout the county.

### **CARES Act Appropriation**

The CARES Act provides relief funding to "prevent, prepare for, and respond to" the COVID-19 pandemic. The Federal Transit Administration (FTA) allocated a total of \$1.068 billion to Los Angeles County under the existing FTA Section 5307 Urbanized Area Formula Grants program.

"Funds provided under this heading are 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..."

Costs eligible for reimbursement are broadly defined as "operating expenses of transit agencies related to the response to a coronavirus public health emergency" including reimbursement for operating costs to maintain service and lost revenue, and support transit workers jobs.

The FTA apportions funding by Urbanized Zone Area (UZA). The total CARES Act apportionment for each of the three UZAs in Los Angeles County, Lancaster-Palmdale and Santa Clarita, shown in the table below. For a detailed listing of the proposed allocation of the total \$1.068 billion in CARES Act funding, see Attachment A.

Urban Zone Area (UZA) (\$Millions)	Grand Total
<b>CARES Act Apportionment</b>	<b>\$ 1,068.0</b>
Less - Direct Apportionments (Lancaster-Palmdale, Santa Clarita, Metro)	(69.9)
<b>Funds Available for Countywide Allocation</b>	<b>\$ 998.1</b>

\* Excludes 5311 funding of est. \$1.36 million to AVTA for service to rural areas in the North County (contingent on final allocations from CalTrans)

## **CARES ALLOCATION**

In order to provide CARES Act relief to transit operators throughout Los Angeles County, Metro staff has proposed that the CARES allocation is based on offsetting and mitigating the loss of sales tax revenues, fares and other revenues. The goal of the CARES allocations is to ensure, as broadly as is feasible, that support is provided to all transit operators in the County.

The initial priority is to estimate, address, and mitigate reductions in sales tax revenue for FY20 and FY21. The goal of this phase is to ensure that funding for transit operations throughout the county is maintained and supported at pre-COVID funding levels, as intended under the CARES Act. Each operator will receive their full FY20 funding allocation as adopted by the Metro Board. Each operator is also proposed to receive funding equal to levels originally estimated for FY21, prior to the onset of the COVID-19 pandemic. As a result, each operator is expected to be “held harmless” in relation to the reduction of sales tax revenues anticipated for FY20 and FY21.

However, recognizing operators will also see significant reductions in fare and other system revenues, staff is proposing that additional supplemental amounts be distributed to help mitigate, and provide some measure of relief, for losses of other revenues and/or cost increases as a result of the pandemic.

The proposed allocation would provide CARES Act funding to support Los Angeles County transit operators, including Metrolink, Access Services, local paratransit, dial-a-ride, community shuttle operating partners and to support regional transit programs. The intent of the CARES allocation is to fairly distribute the limited funding available to ensure the residents and visitors to Los Angeles County retain access to mobility.

### **Step 1 - Recover Loss in Sales Tax Revenues**

First, CARES Act funding will be allocated to recover the estimated loss in sales tax revenues for each transit operator to satisfy the CARES Act’s intent to maintain service by providing funding levels that were expected prior to the onset of the COVID-19 pandemic. Amounts allocated will be based on the difference between approved FY20 budget and estimated pre-COVID FY21 funding levels with the projected losses in sales taxes for FY20 and FY21.

### **Step 2 - Provide Supplemental Relief Funding**

In Step 2, the proposed method will provide additional funding to help mitigate losses in fare revenues and increased costs related to COVID-19. To address the differing needs of transit operators, supplemental relief funding is proposed using various strategies:

- For Metro and Municipal Operators, the supplemental amount is equal to and in addition to the sales tax revenue loss as calculated in Step 1.
- For Tier 2 and Small Operators, the supplemental amount is equal to ½ of their total annual allocation. This is in addition to Step 1 in recovering their losses in sales tax revenues. This method also provides more funds to this group than it would by doubling the sales tax revenue

loss.

- For Metrolink and Access Services, the supplemental amount is equal to the estimated loss in fare revenues over FY20 and FY21 for each agency. This is in addition to Step 1 in recovering their losses in sales tax revenues.

### Step 3 - Regional Needs

The third and final step is to retain some level of funding for countywide transit activities performed by Metro on behalf of the region. In this category, the remaining CARES Act funding will be maintained by Metro to fund the regional fare collection system, regional subsidies such as the Low Income Fare is Easy (LIFE) and Vanpool programs, regional transit hubs such as Union Station and El Monte Station, and congestion management programs.

See Attachment B for a description of the CARES allocations and estimated sales tax losses.

### Letters of Support & Concurrence

The recommended allocations for CARES Act funding has been reviewed with the various stakeholder groups that represent transit operators in the region. Stakeholders include:

1. Los Angeles County of Municipal Operators Association (LACMOA)
  - Representing 16 Transit Operators
2. Tier 2 Operators Program
  - Representing 4 Operators
3. Local Transit Systems Subcommittee (LTSS) Small Operators
  - Representing 47 Community Operators
4. Access Services
5. Southern California Regional Rail Authority (SCRRA) - Metrolink
6. Palos Verdes Peninsula Transit Authority
7. City of Avalon
8. City of Glendora
9. Torrance Transit

All stakeholders have provided letters of support and concurrence for the CARES allocations, see Attachment C.

### Reimbursement Process and Eligible Expenses

The terms of the CARES Act allow 100% reimbursement for eligible expenses incurred after January 20, 2020. Claimants must submit eligible expenses for reimbursement in accordance with the current Federal claims process. Expenses eligible for reimbursement are:

- Transit operations, capital, and planning expenses eligible under Section 5307
- Costs to operate, maintain, and manage a public transit system (i.e. driver salaries, fuel, pension, benefits, self-insurance, personal protective equipment, and cleaning supplies)
- Capital costs (i.e. purchasing, leasing, constructing, maintaining, or repairing transit system)

- facilities, rolling stock, and equipment)
- Administrative leave for workers due to reduced service or quarantine
- Reimbursement of lost fare revenue
- Paratransit or COVID-19 related charter service (i.e. meal delivery)

### Funding Exchanges and Necessary Agreements

Municipal Operators are direct recipients of these funds and upon submittal of the allocation tables to Southern California Association of Governments (SCAG), operators can initiate the grant approval process to begin submitting invoices for reimbursement. In order to expedite the disbursement of relief funding to other agencies, fund exchanges may be necessary between CARES Act funds and other locally eligible sources. Metro will work with these agencies to finalize necessary details on the administration of these funds.

### DETERMINATION OF SAFETY IMPACT

Adoption of this item will provide funding for increased safety efforts by providing COVID-19 relief funding to Los Angeles County transit agencies impacted by the pandemic.

### FINANCIAL IMPACT

The total \$1.068 billion in Federal CARES Act funding will be distributed to transit agencies throughout Los Angeles County as shown in Attachment A.

#### Impact to Budget

Sales tax revenues from all sources are projected to decline by more than \$1 billion through the end of FY21. Additional Metro specific revenue losses including fares, toll revenues, and other system generated revenues are estimated to decline an additional \$350 million to \$400 million. Combined with cost increases as a result of the COVID-19 pandemic, the negative impact to Metro is estimated to be approximately \$1.8 billion.

Use of the CARES Act funds will help mitigate, but not eliminate the funding gap from January 2020 through June 2021. Staff will continue to provide the Board with additional information on the steps necessary to mitigate these additional losses as part of developing the FY21 budget.

### IMPLEMENTATION OF STRATEGIC PLAN GOALS

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system;
3. Enhance communities and lives through mobility and access to opportunity;
4. Transform Los Angeles County through regional collaboration and national leadership; and
5. Provide responsive, accountable, and trustworthy governance within the Metro organization

### ALTERNATIVES CONSIDERED

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The Board may choose not to approve the staff's proposed CARES Act funding allocation method and instruct staff to allocate funds through some other Board directed process. This is not recommended, as this will cause significant delays in the receipt of funds for all transit operators and agencies in Los Angeles County.

Finally, as detailed on the attached letters of support, a consensus of agreement has been reached across the full spectrum of the County's transit operating partners. (See Attachment D).

### **NEXT STEPS**

Should the Board approve staff's recommendation, staff will:

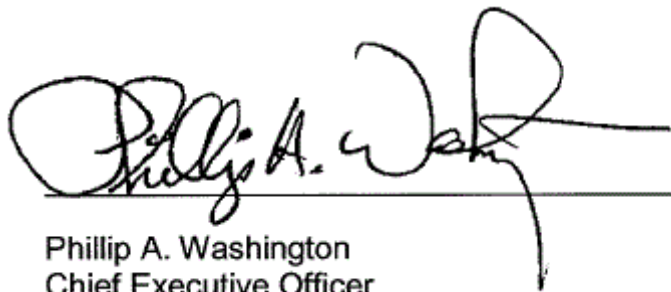
- Provide notification to SCAG and the FTA of the proposed distributions to allow affected recipients to initiate the grant process and begin drawing down CARES Act funding.
- Continue to update the Board on the impacts of the COVID-19 pandemic to Metro and the region.
- Work with operators and agencies on final administrative requirements and fund distribution details

### **ATTACHMENTS**

- A. Detailed CARES Allocation Amounts By Transit Operator/Agency
- B. Description of CARES Allocation and Estimated Sales Tax Losses
- C. Letters of Support and Concurrence
  - 1. Los Angeles County of Municipal Operators Association (LACMOA)
    - Representing 16 Transit Operators
  - 2. Tier 2 Operators Program
    - Representing 4 Operators
  - 3. Local Transit Systems Subcommittee (LTSS) Small Operators
    - Representing 47 Community Operators
  - 4. Access Services
  - 5. Southern California Regional Rail Authority (SCRRA) - Metrolink
  - 6. Palos Verdes Peninsula Transit Authority
  - 7. City of Avalon
  - 8. City of Glendora
  - 9. Torrance Transit

Prepared by: Drew Phillips, Senior Director, Finance, (213) 922-2109  
Michelle Navarro, Executive Officer, Finance, (213) 922-3056

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088  
James de La Loza, Chief Planning Officer, (213) 922-2920  
Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer

**Los Angeles County Metropolitan Transportation Authority  
Proposed CARES Allocation to Transit Operations**

<b>Formula Allocation Procedure (FAP) Operators &amp; Metro Rail</b>				
		<b>Maintain Funding Levels</b>	<b>Supplemental Funding</b>	<b>Total CARES Allocation</b>
<b>Metro Transit</b>				
1	Metro Bus Ops	\$ 167,098,181	\$ 167,098,181	\$ 334,196,361
2	Metro Rail Ops	126,470,961	126,470,961	252,941,922
<b>Municipal Operators</b>				
3	Arcadia	206,559	206,559	413,118
4	Claremont	76,519	76,519	153,038
5	Commerce	417,209	417,209	834,418
6	Culver City	3,286,560	3,286,560	6,573,119
7	Foothill Transit	14,928,460	14,928,460	29,856,920
8	Gardena	3,325,124	3,325,124	6,650,248
9	La Mirada	61,549	61,549	123,098
10	Long Beach	14,601,919	14,601,919	29,203,837
11	Montebello	5,087,634	5,087,634	10,175,268
12	Norwalk	1,903,609	1,903,609	3,807,217
13	Redondo Beach	453,340	453,340	906,679
14	Santa Monica	12,180,206	12,180,206	24,360,412
15	Torrance	3,955,055	3,955,055	7,910,110
	<b>Subtotal Municipal Operators</b>	<b>\$ 60,483,742</b>	<b>\$ 60,483,742</b>	<b>\$ 120,967,484</b>
<b>Eligible Operators</b>				
16	Antelope Valley	2,119,521	2,119,521	4,239,043
17	LADOT	7,915,635	7,915,635	15,831,270
18	Santa Clarita	1,888,097	1,888,097	3,776,194
19	Foothill BSCP	1,580,300	1,580,300	3,160,600
20	<b>Subtotal Eligible Operators</b>	<b>\$ 13,503,553</b>	<b>\$ 13,503,553</b>	<b>\$ 27,007,107</b>
21	<b>Subtotal (Bus FAP + Metro Rail)</b>	<b>\$ 367,556,437</b>	<b>\$ 367,556,437</b>	<b>\$ 735,112,874</b>
<b>Additional Regional Transit Operators (1)</b>				
		<b>Maintain Funding Levels</b>	<b>Supplemental Funding</b>	<b>Total</b>
<b>Tier 2 Operators</b>				
22	LADOT Community Dash	\$ 1,222,102	\$ 2,389,971	\$ 3,612,073
23	Glendale	177,431	346,989	524,420
24	Pasadena	103,399	202,210	305,610
25	Burbank	31,105	60,830	91,935
26	<b>Subtotal Tier 2</b>	<b>\$ 1,534,038</b>	<b>\$ 3,000,000</b>	<b>\$ 4,534,038</b>
<b>Small Operators</b>				
27	Regional Paratransit Operators	\$ 1,540,203	\$ 2,984,308	\$ 4,524,511
28	Voluntary Operators	1,049,642	2,046,663	3,096,305
29	Special Demonstration Projects	513,277	150,000	663,277
30	<b>Subtotal Small Operators (2)</b>	<b>3,103,122</b>	<b>5,180,971</b>	<b>8,284,093</b>
<b>Other Transit Operators</b>				
31	Metroink	\$ 21,432,000	\$ 35,000,000	\$ 56,432,000
32	Access Services	\$ 25,200,000	\$ 8,300,000	\$ 33,500,000
33	<b>Total Direct Transit Operations</b>	<b>\$ 418,825,597</b>	<b>\$ 419,037,408</b>	<b>\$ 837,863,005</b>
34	<b>Regional Transit Support</b>	<b>\$ 160,220,592</b>		<b>\$ 160,220,592</b>
<b>Direct Apportionments</b>				
35	Santa Clarita (5307/5340)		\$	14,486,864
36	Lancaster-Palmdale (Antelope Valley Transit Authority) (5307/5337/5340)			30,713,119
37	Metro (5340)			24,724,705
38	Section 5311 (AVTA) (3)			-
	<b>Subtotal Direct Apportionments</b>			<b>69,924,688</b>
39	<b>Total CARES Act Allocations</b>	<b>\$ 579,046,189</b>	<b>\$ 419,037,408</b>	<b>\$ 1,068,008,285</b>

(1) Fund exchanges of Federal CARES Act funding, as appropriate, with other local funding sources in order to provide administrative efficiencies and to optimize and accelerate the distribution of resources.

(2) Detailed listing of Small Operator Allocations on pages 2-3.

(3) Represents 5311 funds to LACDPW for AVTA's service to rural areas in the North County subregion. Amount is estimated at \$1.36M and contingent upon final allocations by CalTrans.



**Los Angeles County Metropolitan Transportation Authority**  
**Proposed CARES Allocation to Small Operators**  
**Regional Paratransit, Voluntary Reporters, Special Projects**

	Operators	Maintain Funding Levels	Supplemental Funding	Total CARES Allocation
	<b>Regional Paratransit Priority I Operators</b>			
1	Agoura Hills	\$ 16,791	\$ 31,304	\$ 48,095
2	Antelope Valley, Elderly & Disabled	84,153	158,875	243,028
3	Beverly Hills Taxi & Lift Van	2,721	-	2,721
4	Culver City Community Transit and LA County	16,042	27,732	43,774
5	Gardena, Hawthorne and LA County	47,845	91,771	139,616
6	Glendale Paratransit and La Canada Flintridge	65,618	126,920	192,538
7	Inglewood Transit and LA County	49,907	101,949	151,856
8	LA County (Whittier et al)	52,848	98,842	151,691
9	LA County (Willowbrook)	10,610	20,439	31,049
10	Los Angeles Taxi & Lift Van, City Ride	94,787	195,962	290,748
11	Los Angeles Dial-a-Ride, City Ride	270,416	522,476	792,892
12	Monrovia D.A.R. and LA County	28,700	48,785	77,486
13	Palos Verdes PTA D.A.R.	10,385	19,971	30,357
14	Palos Verdes PTA - PV Transit	98,817	187,423	286,240
15	Pasadena Community Transit, San Marino and LA County	116,651	225,559	342,211
16	Pomona Valley TA - E&D (Get About)	196,029	378,490	574,519
17	Pomona Valley TA General Public (VC)	19,312	35,277	54,589
18	Redondo Beach Community Transit and Hermosa Beach	1,893	1,069	2,961
19	Santa Clarita D.A.R.	211,562	452,071	663,633
20	West Hollywood (DAR)	64,090	122,128	186,218
21	West Hollywood (Taxi)	10,038	-	10,038
22	Whittier (DAR)	70,986	137,267	208,253
23	<b>Subtotal - Regional Paratransit Priority I Operators</b>	<b>\$ 1,540,203</b>	<b>\$ 2,984,308</b>	<b>\$ 4,524,511</b>
	<b>Voluntary Reporters</b>			
24	City of Alhambra (MB and DR)	\$ 28,951	\$ 55,520	\$ 84,471
25	City of Artesia (DR)	1,362	2,552	3,914
26	City of Azusa (DR)	10,134	19,202	29,336
27	City of Baldwin Park (MB and DR)	24,014	48,244	72,257
28	City of Bell (MB/DR)	5,982	11,416	17,398
29	City of Bell Gardens (MB and DR)	15,915	30,268	46,183
30	City of Bellflower (MB and DR)	10,497	19,537	30,034
31	City of Burbank (MB)*	28,530	54,053	82,583
32	City of Calabasas (MB and DR)	14,944	25,220	40,163
33	City of Carson (MB and DT)	47,181	89,908	137,089
34	City of Cerritos (MB )	25,562	48,993	74,555
35	City of Compton (MB)	13,926	26,640	40,566
36	City of Covina (DR)	6,485	12,609	19,094
37	City of Cudahy (MB and DR)	5,825	11,468	17,293
38	City of Downey (MB and DR)	21,232	41,408	62,640
39	City of Duarte (MB)	7,384	12,259	19,643
40	City of El Monte (MB and DR)	33,438	61,476	94,913
41	City of Glendora (MB and DR)	20,598	37,227	57,825
42	City of Glendale (MB)*	70,965	136,086	207,050
43	City of Huntington Park (MB)	15,846	51,501	67,347
44	City of Los Angeles -- Community DASH* (MB)	269,699	534,015	803,714
45	City of Los Angeles -- Department of Aging (DR)	43,453	80,594	124,047
46	LA County Dept. of Public Works -- Avocado Heights (MB)	4,202	8,013	12,214
47	LA County Dept. of Public Works -- East Valinda (MB)	4,721	9,024	13,745
48	LA County Dept. of Public Works -- East LA (MB and DR)	34,618	65,330	99,948
49	LA County Dept. of Public Works -- Willowbrook (MB)	8,692	16,966	25,658
50	LA County Dept. of Public Works -- King Medical (MB)	3,772	7,246	11,017
51	LA County Dept. of Public Works -- Athens (MB)	3,970	7,532	11,502
52	LA County Dept. of Public Works -- Lennnox (MB)	3,157	5,855	9,012
53	LA County Dept. of Public Works -- South Whittier (MB)	22,139	41,660	63,799
54	LA County Dept. of Public Works -- Florance/Firestone (MB)	3,548	11,532	15,080
55	City of Lakewood (DR)	4,599	14,947	19,546

**Los Angeles County Metropolitan Transportation Authority**  
**Proposed CARES Allocation to Small Operators**  
**Regional Paratransit, Voluntary Reporters, Special Projects**

Operators		Maintain Funding Levels	Supplemental Funding	Total CARES Allocation
<b>Voluntary Reporters</b>				
56	City of Lawndale (MB)	8,383	16,097	24,480
57	City of Lynwood (MB)	14,558	27,932	42,490
58	City of Malibu (DT)	2,902	1,721	4,623
59	City of Manhattan Beach (DR)	5,039	10,248	15,286
60	City of Maywood (DR)	6,104	11,775	17,879
61	City of Monterey Park (MB and DR)	26,344	49,674	76,017
62	City of Pasadena (MB)*	69,322	136,620	205,942
63	City of Pico Rivera (DR)	2,259	4,211	6,470
64	City of Rosemead (MB and DR)	18,847	36,069	54,916
65	City of Santa fe Springs (DR)	1,920	4,342	6,262
66	City of South Gate (DT and MB)	38,264	72,143	110,407
67	City of South Pasadena (DR)	3,837	7,281	11,118
68	City of West Covina (MB and DR)	24,593	46,486	71,080
69	City of West Hollywood (MB)	11,930	23,765	35,696
70	<b>Subtotal - Voluntary Reporters</b>	<b>\$ 1,049,642</b>	<b>\$ 2,046,663</b>	<b>\$ 3,096,305</b>
<b>Special Demonstration Projects</b>				
71	Avalon Ferry Subsidy	\$ 174,669	\$ 150,000	\$ 324,669
72	Avalon Transit Services (Jitney and Dial-a-Ride)	74,858		74,858
73	Hollywood Bowl Shuttle Service	263,750		263,750
74	<b>Subtotal - Special Demonstration Projects</b>	<b>\$ 513,277</b>	<b>\$ 150,000</b>	<b>\$ 663,277</b>
75	<b>Total - Small Operators Incentive Fund</b>	<b>\$ 3,103,122</b>	<b>\$ 5,180,971</b>	<b>\$ 8,284,094</b>

## CARES Allocation

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### Purpose:

“Funds provided under this heading are 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...”

### Objective:

- A) Maintain funding to mitigate reduction in Countywide Sales Tax Revenues for FY20 Budget and FY21 Projected (See below for discussion on Estimated Revenue Reductions)
- B) Allocate supplemental funding to mitigate additional revenue losses and increased costs related to COVID-19
- C) Allocate funding to address some regional needs to support countywide transit impacted by the loss in sales taxes and other revenues

### Methodology:

- A) Estimate loss in sales taxes in FY20 and FY21 and allocate the CARES funding to mitigate those losses.
- B) Provide supplemental relief to mitigate additional revenue losses and costs associated with COVID-19.
  - 1) Municipal Operators are allocated:
    - Supplemental Relief in the amount of estimated FY20 and FY21 sales tax losses
  - 2) Tier 2 Operators/Small Operators are allocated:
    - Supplemental Relief in the amount of ½ of their annual sales tax funding amounts
  - 3) Other Operator Needs:
    - Supplemental Relief in the amount of estimated fare revenues loss
- C) Regional Needs to support countywide transit are allocated:
  - FY20 and FY21 estimated sales tax losses and other revenue losses for programs to support countywide programs

**Revenue Estimates:**

- A) LA County taxable sales were broken down into economic sectors and percentage of revenue those sectors generate
- B) The biggest expected declines are in restaurants, followed by apparel, furniture and appliances, department stores, auto sales and service stations
- C) Staff consulted both public and private economic forecasts and analysis, Census Bureau data, and agency peers to project and validate estimated impacts by economic sector by calendar quarter
- D) Staff has assumed two quarters (FY20 Q4 and FY21 Q1) of severe contraction and three quarters (FY21 Q2-Q4) of gradual recovery
- E) Total Sales Tax Based Revenues are estimated to decline \$1.060 Billion during Fiscal Years 20 and 21 as a result of the impacts of the COVID-19 pandemic

**Sales Taxed Based Revenues**

Estimated Impacts of COVID-19

(\$ Millions)

Source of Funds (\$Mil)	FY20			FY21			Fiscal Years Combined
	Adopted Budget	Revised	Reduction	Proposed*	Revised	Reduction	
1 LA County Local Measures	\$ 3,492.0	\$ 3,126.8	\$ (365.2)	\$ 3,640.0	\$ 3,112.4	\$ (527.6)	\$ (892.8)
2 State TDA	436.5	390.9	(45.7)	455.0	389.1	(65.9)	(111.6)
3 STA/SB1 State Funds	245.9	220.6	(25.3)	213.9	183.6	(30.3)	(55.6)
4 <b>Total</b>	<b>\$ 4,174</b>	<b>\$ 3,738</b>	<b>\$ (436)</b>	<b>\$ 4,309</b>	<b>\$ 3,685</b>	<b>\$ (624)</b>	<b>\$ (1,060.0)</b>

\* Proposed Revenue for FY21 as of Draft Funding Marks (March 2020)



**LACMOA**

Los Angeles County  
Municipal Operators Association

## ATTACHMENT C-1

Antelope Valley Transit Authority  
Arcadia Transit  
Beach Cities Transit  
Claremont Dial-a-Ride  
Commerce Municipal Bus Lines  
Culver CityBus  
Foothill Transit  
City of Gardena's GTrans

La Mirada Transit  
Long Beach Transit  
Los Angeles DOT  
Montebello Bus Lines  
Norwalk Transit System  
Santa Clarita Transit  
Santa Monica's Big Blue Bus  
Torrance Transit System

May 18, 2020

Mr. Phillip A. Washington, Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority (Metro)  
One Gateway Plaza  
Mail Stop: 99-25-1  
Los Angeles, CA 90012-2952

Dear Mr. Washington:

In accordance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide funding to prevent, prepare for, and respond to the novel coronavirus (COVID-19); the Los Angeles County Municipal Operators Association (LACMOA) comprised of sixteen (16) municipal agencies (Munis') understands the partnership role we play in delivering vital services that bind together our Los Angeles County region.

Therefore, LACMOA concurs with Metro's allocation of CARES Act funding proposal presented at the General Manager's meeting of May 13, 2020, that included allocation objectives and funding methodology for maintaining Muni transit agency funding levels and supplemental relief funding; as well as distribution of Los Angeles County area shares for Antelope Valley Transit Authority and Santa Clarita Transit. This concurrence is based on our effort to collaborate to the fullest extent possible in order to achieve a stable outcome from the impacts of COVID-19.

I want to thank you again for your consideration and ongoing support to achieve consensus during these unprecedented times. We look forward to continuing our discussion on the future Federal or State COVID-19 relief funding.

Sincerely,

James C. Parker  
LACMOA Chair

cc: LA County Municipal Operators



## DEPARTMENT OF TRANSPORTATION

May 15, 2020

Mr. Phillip A. Washington, Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Mail Stop 99-25-1  
Los Angeles, CA 90012-2952

Dear Mr. Washington,

On behalf of Los Angeles County's Tier 2 Operator program, we would like to thank you and Metro staff for recognizing the inter-dependent nature of Los Angeles County's transportation network and the vital role played by Tier 2 Operators. We understand the challenges faced by Metro in allocating funding to mitigate the loss in sales tax revenues and the increased costs associated with COVID-19 in a way that addresses the needs of the overall region.

As Tier 2 Operators we support Metro's Coronavirus Aid, Relief, and Economic Security (CARES) Act allocation methodology as presented in your letter dated May 13, 2020. All transit providers in the County will experience impacts that exceed the resources made available by the CARES Act. The majority of Tier 2 Operator funding is generated via Local Return rather than from any of Metro's formula or discretionary funding programs. Tier 2 systems need to be included in any future relief efforts and to be able to actively participate in these discussions.

We appreciate the efforts by you and your staff on behalf of all operators in the County and look forward to working collaboratively with Metro in meeting the challenges ahead.

Sincerely,

Sebastián Andrés Hernández  
City of Pasadena, Principal Planner  
Tier 2 Operators

cc. Tier 2 Operators



George L. Sparks  
PVRTA Administrator with  
Local Transit Systems



Palos Verdes Peninsula  
**PVPTA**  
TRANSIT AUTHORITY



CITY OF  
SANTA FE SPRINGS



**ATTACHMENT C-4**

May 13, 2020

Mr. Phillip A. Washington  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority (Metro)  
One Gateway Plaza  
Los Angeles, CA 90012

Subject: CARES Act Allocations

Dear Mr. Washington:

Thank you for your letter dated May 13, 2020, outlining Metro's methodology and process for distributing funds allocated to the region in the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

In your letter, Metro proposes to allocate \$33.5 million to Access Services to support the provision of mandated Americans with Disabilities Act (ADA) paratransit services for people with disabilities in Los Angeles County. Access Services supports this allocation and concurs with the regional approach and methodology you and your staff have proposed to distribute these funds.

Thank you for your support of services for people with disabilities in Los Angeles County. Please let me know if you have any questions or would like additional information.

Sincerely,



Andre Colaiace  
Executive Director

Cc: Jonaure Wisdom, Chief Civil Rights Program Officer  
Nalini Ahuja, Chief Financial Officer  
Michelle Navarro, Executive Officer, Finance





**METROLINK®**

SOUTHERN CALIFORNIA REGIONAL RAIL AUTHORITY

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[metrolinktrains.com](http://metrolinktrains.com)

May 15, 2020

Mayor James Butts  
Chair, Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, CA 90012

**RE: Staff Recommendation on CARES Act Allocation of \$1.068 Billion**

Dear Chair Butts,

On behalf of the Southern California Regional Rail Authority (SCRRA), I am pleased to submit a letter in SUPPORT of the staff recommendation regarding the CARES Act Allocation of \$1.068 Billion. I want to commend Metro staff for providing an opportunity to review their methodology and consider input from SCRRA and the municipal operators.

This public health emergency is unprecedented and has significantly impacted all LA County transit operators. Beginning March 26<sup>th</sup>, SCRRA temporarily reduced weekday train service by approximately 30% until further notice. This proactive measure was in response to significantly lower ridership, and an effort to help minimize health risks to the operating crews and riders while still providing a critical public service for essential workers. At the time of implementation of the service reduction, ridership had fallen by 80%. Today, it appears to be at a steady state of 90% decline when compared to ridership from a year ago. (A recent SCRRA customer survey revealed that 71% of current riders describe themselves as essential workers, with 39% working in the healthcare industry. And 32% of essential workers are riding Metrolink because they do not have access to a car.)

SCRRA is also experiencing a corresponding 90% decline in fare revenue. We have undertaken cost containment/cost savings measures including a travel freeze and a hiring freeze of non-mission critical positions. In addition, in response to a review of all discretionary spending, my executive team has identified over \$8 million in savings or deferrals for this fiscal year. Despite these efforts, we have less than five months operating cash-flow, so I also respectfully request action by the Board at your May meeting.

While SCRRA operates in six counties, 80% of SCRRA riders work in LA County and 66% of our employees live in LA County. Approval of the staff recommendation will cover the LA County share of fare revenue loss for FY20 and FY21 as well as the share of costs incurred for additional PPE and enhanced cleanliness of our system to protect the health and safety of our employees and riders.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephanie N. Wiggins".

Stephanie N. Wiggins  
Chief Executive Officer

May 15, 2020

Mr. Phillip A. Washington, Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Mail Stop 99-25-1  
Los Angeles, CA 90012-2952

Dear Mr. Washington,

On behalf of the Palos Verdes Peninsula Transit Authority (PV Transit), we would like to thank you and Metro staff for recognizing the inter-dependent nature of Los Angeles County's transportation network and the vital role played by local transit operators such as PV Transit. We understand the challenges faced by Metro in allocating funding to mitigate the loss in sales tax revenues and the increased costs associated with COVID-19 in a way that addresses the needs of the overall region.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act funding is intended to support all transit operators impacted by the pandemic. As a local transit operator PV Transit supports Metro's CARES Act allocation methodology as presented in your letter dated May 13, 2020.

We appreciate the efforts of you and your staff on behalf of all operators in the County and look forward to working collaboratively with Metro in meeting the challenges ahead.

Sincerely,



Martin Gombert  
Administrator

CC: PVPTA Board of Directors



# *City of Avalon*

## *Santa Catalina Island*

May 20, 2020

VIA EMAIL

Mr. Phillip A Washington, Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority (Metro)  
One Gateway Plaza  
Mail Stop:99-25-1  
Los Angeles, CA 90012-2952

Dear Mr. Washington:

On behalf of the City of Avalon, we would like to thank you and Metro staff for recognizing the needs of small local operators. The recommended CARES Act funding allocations will help our agency to continue to serve our residents in this difficult time.

Metro's methodology, process and allocations are fair given the challenges Metro faces in addressing the needs of the entire region. The methodology of maintaining funding levels and providing supplemental funding will provide the needed financial relief to sustain our transportation needs.

Our residents rely on the ferry service as a critical lifeline to the mainland for access to healthcare, higher education and basic shopping needs. This program allows residents to travel on the ferry at discounted rates. The COVID crisis has hit our community particularly hard, with 67% of our residents living in poverty prior to the crisis. The ability to assure our residents their reduced ferry fares will not be impacted will provide tremendous relief during this difficult time.

We appreciate the efforts you and your staff have put into this and we support the allocations. We look forward to working collaboratively with Metro as we navigate through the challenges ahead.

Sincerely,

Denise A. Radde, City Manager

Cc: Jocelyn Rivera- Olivas, Transportation Deputy, Office of Supervisor Janice Hahn  
Herlinda Chico, Field Deputy, Office of Supervisor Janice Hahn

<b>Administration/ Public Works</b>	<b>Finance</b>	<b>Harbor Department</b>	<b>Fire Department</b>	<b>Recreation Department</b>	<b>Planning/Building Capital Improvements</b>
P.O. Box 707	P.O. Box 707	P.O. Box 1085	P.O. Box 707	P.O. Box 707	P.O. Box 707
Avalon, CA 90704	Avalon, CA 90704	Avalon, CA 90704	Avalon, CA 90704	Avalon, CA 90704	Avalon, CA 90704
310 510-0220	310 510-0220	310 510-0535	310 510-0203	310 510-0220	310 510-0220
Fax 310 510-0901	Fax 310 510-0765	Fax 310 510-2640	Fax 310 510-0104	Fax 310 510-9528	Fax 310 510-2608

**CITY OF GLENDORA** CITY HALL

(626) 914-8200

116 East Foothill Blvd., Glendora, California 91741  
[www.ci.glendora.ca.us](http://www.ci.glendora.ca.us)

May 21, 2020

Mr. Phillip A Washington  
Chief Executive Officer  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Mail Stop: 99-25-1  
Los Angeles, CA 90012-2952

Dear Mr. Washington,

On behalf of the City of Glendora, we would like to thank you and Metro staff for recognizing the needs of the local operators throughout Los Angeles County. The recommended CARES Act funding allocations will help Glendora continue to provide public transit services for our residents while also implementing safety protocols.

As you are aware, typically local operators are excluded from new federal and state funding opportunities. This approach shows careful consideration of the transit network and the critical role local operators play in providing transit services. We are heartened by this approach and it speaks to a more holistic approach to transit funding and policy.

Metro's methodology, process, and allocations are fair given the various challenges and needs faced by Metro and the region during this pandemic. The approach of maintaining funding levels and providing supplemental funding will provide critical financial support to ensure the safety of our customers, the public, our staff, and drivers.

Glendora residents rely on the dial-a-ride service to access critical medical services as well as grocery and other services. Additionally, Glendora has maintained our Gold Line shuttle service to provide essential workers continued transit access. The ability to continue these services in the safest manner possible is critical.

We are very appreciative of the efforts from you and your staff to acknowledge the critical role local operators provide to Los Angeles County residents. We look forward to working collaboratively with Metro as we navigate the challenges ahead.

Sincerely,

Adam Raymond  
City Manager





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# CITY OF TORRANCE

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## TRANSIT DEPARTMENT

Kim Turner  
Transit Director

310-618-6245  
kturner@TorranceCA.Gov

The Honorable James T. Butts Jr.  
Chair, Board of Directors  
Los Angeles County Metropolitan Transportation Authority  
One Gateway Plaza  
Los Angeles, CA 90012

RE: Staff Recommendation on the CARES Act Allocation of \$1.068 Billion

Dear Chair Butts,

On behalf of Torrance Transit, I am pleased to submit a letter in support of Metro staff's recommendation regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act Allocation of \$1.068 Billion. I would first like to commend Metro staff for their hard work at providing the opportunity to review their methodology and consider input from Torrance Transit. Second, we stand in support with the other municipal operators for this recommendation, as we are aware of the significant challenges, sacrifices faced by Metro in the allocation of the CARES Act funds to mitigate the loss of the sales tax revenue, and the increased costs associated with COVID-19 pandemic.

All Los Angeles County transit operators will experience impacts that far exceed the resources made available by the CARES Act. Torrance Transit is presently experiencing a corresponding temporary decline in ridership of 50% and 100% in fare revenue since our agency adopted a modified schedule in response to this crisis. While we are making every effort to implement agency wide cost containment efforts, we are uncertain of the impacts for many months to come. Therefore, the CARES Acts funding relief proposed will immediately help mitigate the losses and safeguard the employment for bus operators, mechanics, dispatchers, cleaners and other essential workers that need to travel to and from their place of employment in our area. Additionally, this will help the Los Angeles County transit operators recover their footing once the pandemic is finally behind us, and position us to assist with rebuilding efforts.

We are in sincere appreciation of the efforts by Metro staff and look forward to working collaboratively with you and Metro in meeting the challenges of this public health emergency. We urge you to please take action and support the staff recommendation.

Warmest regards,

Kim Turner, Director  
Torrance Transit System

Cc: Phillip Washington, CEO Metro



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**CITY OF  
TORRANCE**

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**TRANSIT DEPARTMENT**

Kim Turner  
Transit Director

310-618-6245  
kturner@TorranceCA.Gov

May 21, 2020

The Honorable Janice Hahn  
500 W. Temple Street, Room 822  
Los Angeles, CA 90012

RE: Staff Recommendation on the CARES Act Allocation of \$1.068 Billion

Dear Supervisor Hahn,

On behalf of Torrance Transit, I am pleased to submit a letter in support of Metro staff's recommendation regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act Allocation of \$1.068 Billion. I would first like to commend Metro staff for their hard work at providing the opportunity to review their methodology and consider input from Torrance Transit. Second, we stand in support with the other municipal operators for this recommendation, as we are aware of the significant challenges, sacrifices faced by Metro in the allocation of the CARES Act funds to mitigate the loss of the sales tax revenue and the increased costs associated with COVID-19 pandemic.

All Los Angeles County transit operators will experience impacts that far exceed the resources made available by the CARES Act. Torrance Transit is presently experiencing a corresponding temporary decline in ridership of 50% and 100% in fare revenue since our agency adopted a modified schedule in response to this crisis. While we are making every effort to implement agency wide cost containment efforts, we are uncertain of the impacts for many months to come. Therefore, the CARES Acts funding relief proposed will immediately help mitigate the losses and safeguard the employment for bus operators, mechanics, dispatchers, cleaners and other essential workers that need to travel to and from their place of employment in our area. Additionally, this will help the Los Angeles County transit operators recover their footing once the pandemic is finally behind us, and position us to assist with rebuilding efforts.

We are in sincere appreciation of the efforts by Metro staff and look forward to working collaboratively with you and Metro in meeting the challenges of this public health emergency. We urge you to please take action and support the staff recommendation.

Warmest regards,

Kim Turner, Director  
Torrance Transit System

Cc: Phillip Washington, CEO Metro

# COVID-19 Loss and Mitigation

Item #13 – Continuing Resolution for FY2021 Budget  
Item #39 – CARES Act Allocations

*May 28, 2020*



**Metro**

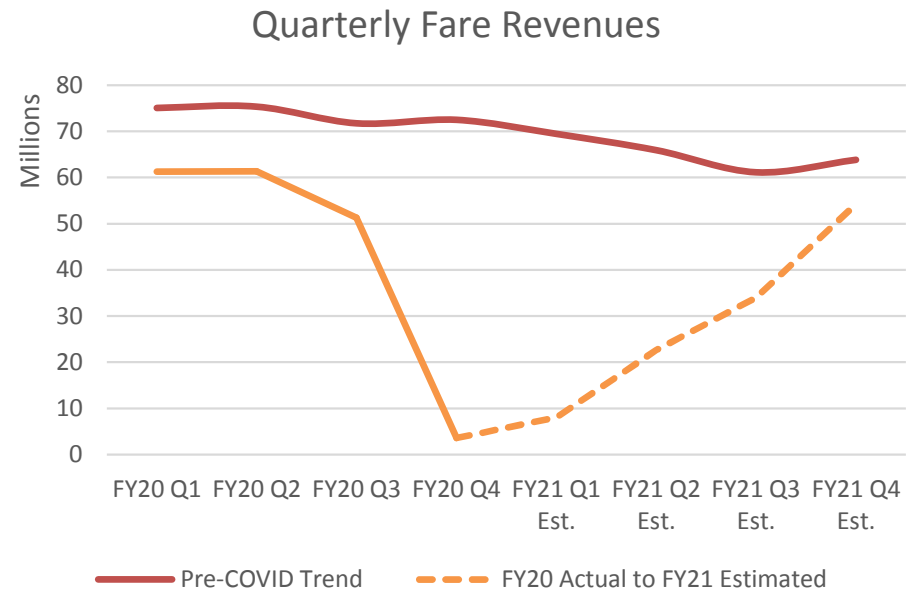
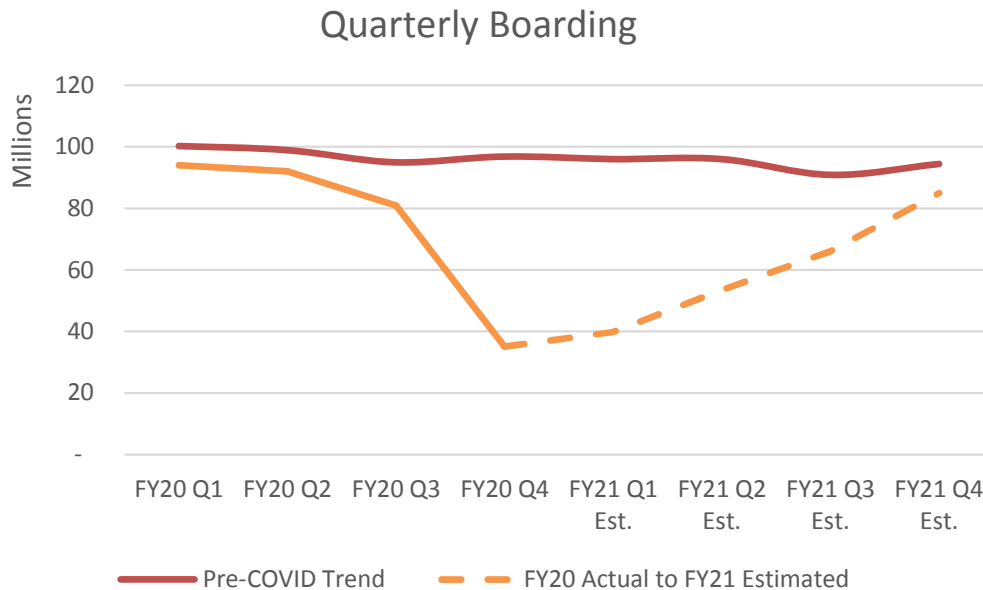


# Agenda

- COVID-19 Impact to Metro
  - ✓ Boarding and Fare Revenue Decline
  - ✓ Sales Tax Update
  - ✓ Revenue Loss Impact to Metro Programs
- Federal CARES Act Stimulus
  - ✓ Timeline, Eligibility, Reimbursement Process
  - ✓ Allocation of CARES Act
- Mitigation
  - ✓ COVID-19 Core Functions to Continue
  - ✓ CEO Call for Action to Reduce Expense
  - ✓ Beyond COVID-19 Strategies: Metro Mobility & Affordability Plan (Metro MAP)
- Next Step



# Metro Systemwide Boarding and Fare



- Since March 20<sup>th</sup> Safe-at-Home order, Metro lost 70% weekly boarding
- Fare revenue lost 95% in the last 2 weeks of March; fare per boarding has fallen from 69¢/boarding to 9¢/boarding
- Recovery is anticipated to start gradually in Q1 of FY21, and may take up to 2 years to return to pre-COVID level

# Change in Key Economic Indicators

Economic Indicator	End of January Pre-COVID	Current
Unemployment Rate	● Historic Lows	● Historic Increases
Economic Output	● Moderate and Steady	● Dramatically Reduced
Wage Growth	● Modest	● Layoffs and Furloughs
Political/Geopolitical Unrest	● Trade, Coronavirus	● Global Pandemic
Interest Rate Yield Curve	● Inverted	● Mostly Flat

- Since the last Board Report on Metro's financial projections for FY21, the entire economic picture has turned upside down with unprecedented speed

# Economic Sector Analysis

	% of total	FY20-Q3	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3
<b>General Retail</b>	27.18%					
<b>Apparel Stores</b>	<b>5.78%</b>	<b>-20%</b>	<b>-60%</b>	<b>-55%</b>	<b>-30%</b>	<b>0%</b>
<b>Department Stores</b>	<b>7.43%</b>	<b>-20%</b>	<b>-40%</b>	<b>-30%</b>	<b>-20%</b>	<b>10%</b>
<b>Furniture/Appliance</b>	<b>3.55%</b>	<b>-20%</b>	<b>-60%</b>	<b>-55%</b>	<b>-30%</b>	<b>0%</b>
Florist/Nursery	0.33%	0%	-25%	-15%	-5%	5%
Miscellaneous Retail	8.15%	0%	-10%	-5%	0%	5%

<b>Food Products</b>	20.01%					
<b>Restaurants</b>	<b>14.85%</b>	<b>-25%</b>	<b>-80%</b>	<b>-60%</b>	<b>-30%</b>	<b>0%</b>
Liquor Stores	0.65%	-3%	-20%	-20%	-10%	0%
Food Processing Eqp	0.57%	-5%	-30%	-20%	-20%	0%

<b>Transportation</b>	19.15%					
<b>Auto Sales - New</b>	<b>7.91%</b>	<b>-15%</b>	<b>-60%</b>	<b>-55%</b>	<b>-40%</b>	<b>0%</b>
<b>Auto Sales - Used</b>	<b>1.31%</b>	<b>-15%</b>	<b>-60%</b>	<b>-55%</b>	<b>-40%</b>	<b>0%</b>
<b>Service Stations</b>	<b>6.86%</b>	<b>-15%</b>	<b>-40%</b>	<b>-25%</b>	<b>-10%</b>	<b>5%</b>

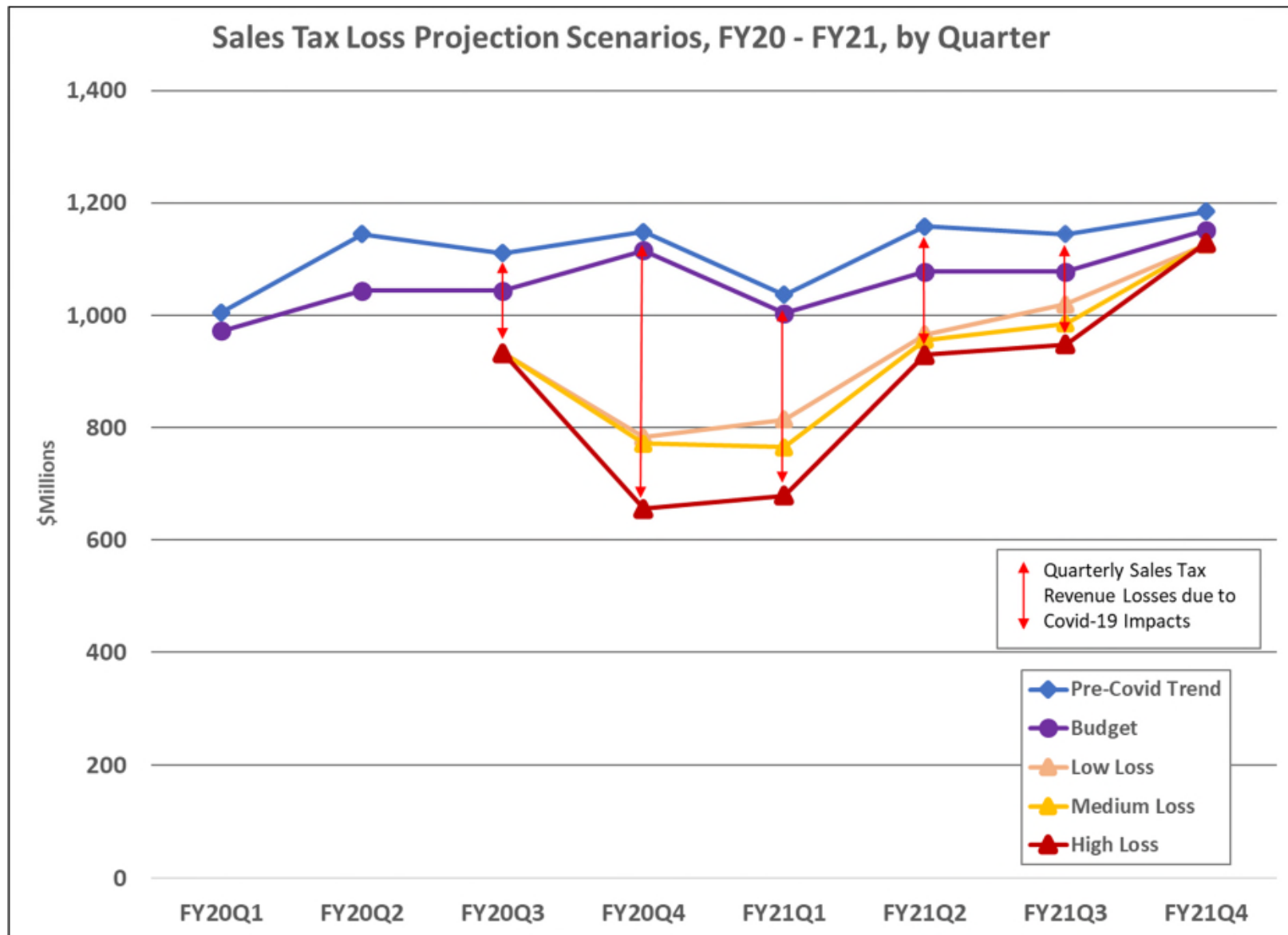
<b>Construction</b>	8.35%					
Bldg. Mats-Whsle	5.11%	0%	-20%	-10%	-5%	5%
Bldg. Mats-Retail	3.24%	0%	-20%	-10%	-5%	5%

<b>Business To Business</b>	20.62%					
Office Equipment	3.34%	-5%	-40%	-30%	-20%	0%
Electronic Equipment	1.05%	-5%	-40%	-30%	-20%	0%
Business Services	1.74%	-5%	-40%	-30%	-20%	0%
Energy Sales	1.17%	-20%	-40%	-30%	-20%	0%
Chemical Products	0.78%	-5%	-40%	-30%	-20%	0%
Heavy Industry	3.56%	-5%	-30%	-20%	-10%	5%
Light Industry	4.37%	-5%	-40%	-30%	-20%	0%
Leasing	4.34%	0%	-30%	-20%	-10%	5%
Biotechnology	0.04%	0%	-20%	-20%	-10%	5%
I.T. Infrastructure	0.12%	0%	-20%	-20%	-10%	5%
Green Energy	0.10%	0%	-40%	-30%	-20%	0%

<b>Miscellaneous</b>	2.61%					
Health & Government	1.62%	0%	-20%	-20%	-10%	0%
Miscellaneous Other	0.99%	-10%	-30%	-30%	-10%	0%

- LA County taxable sales were broken down into economic sectors and percentage of revenue,
- We consulted economic forecasts and Census Bureau data to project losses by sector by quarter
- The biggest expected declines are in restaurants, followed by apparel, furniture and appliances, and auto sales and service stations
- We assumed two quarters of severe contraction and three quarters of gradual recovery

# Sales Tax Losses by Quarter



# Sales Tax Revenue Losses: Covid-19 Scenarios

## Covid-19 Sales Tax Revenue Loss Projections Compared to FY20 Adopted Budget and FY21 Funding Marks

Estimate Including Prop A, Prop C, Meas R, Meas M, TDA, STA/SB1 STA and SB1 SGR

Six Quarters (Jan 2020 - Jun 2021)

Two Fiscal Years (FY 2020 - FY 2021)

Summary (\$Millions)		FY20 (Q3+Q4)	FY21	6-Qtr Loss	FY20	FY21	2-Yr Loss
<b>T</b>	Pre-Covid Revenue Trend	\$ 2,259	\$ 4,524		\$ 4,409	\$ 4,524	
<b>B</b>	FY20 Budget/FY21 Funding Marks	2,165	4,309		4,174	4,309	
<b>L</b>	Covid-19 Low Loss Revenue Estimate	1,715	3,925		3,865	3,925	
<b>L-B</b>	Low Loss From Budget	(450)	(383)	(833)	(309)	(383)	(692)
<b>L-T</b>	Low Loss From Trend	(544)	(598)	(1,142)	(544)	(598)	(1,142)
<b>M</b>	Covid-19 Medium Loss Revenue Estimate	1,715	3,825		3,865	3,825	
<b>M-B</b>	Medium Loss From Budget	(451)	(484)	(935)	(310)	(484)	(794)
<b>M-T</b>	Medium Loss From Trend	(544)	(699)	(1,243)	(544)	(699)	(1,243)
<b>H</b>	Covid-19 High Loss Revenue Estimate	1,588	3,685		3,738	3,685	
<b>H-B</b>	High Loss From Budget	(577)	(624)	(1,201)	(436)	(624)	(1,060)
<b>H-T</b>	High Loss From Trend	(671)	(839)	(1,510)	(671)	(839)	(1,510)

- The six-quarter loss shows the total loss starting in January 2020
- The two fiscal year loss is moderated by over-budget sales tax revenues in the first two quarters of FY20
- Metro sales tax revenues are projected to decline \$1.2B compared to budget and \$1.5B compared to recent trend due to Covid-19
- This represents a 20% decline over the 6 quarters, with a majority of the decreases in FY20 Q4 and FY21 Q1

# Combined Revenue Losses in Covid-19 Scenarios

<b>COVID-19 Two Year Loss to Budget (Amount in Millions) <sup>(1)</sup></b>	<b>Sales Tax</b>	<b>Fare Revenue</b>	<b>Toll Revenue</b>	<b>Other System Generated Revenues <sup>(2)</sup></b>	<b>Total Preliminary Loss <sup>(3)</sup></b>
High	\$ (1,060.0)	\$ (197.3)	\$ (25.0)	\$ (159.8)	\$ (1,442.1)
Medium	\$ (794.0)	\$ (147.8)	\$ (25.0)	\$ (119.7)	\$ (1,086.5)
Low	\$ (692.0)	\$ (128.8)	\$ (25.0)	\$ (104.3)	\$ (950.1)

<sup>(1)</sup> Revenue loss as compared to FY20 Budget and FY21 projected budget.

<sup>(2)</sup> Other System Generated Revenues include Advertising, Parking, Bike, HOV fines, Green Fund and Carbon Credit

<sup>(3)</sup> Total loss is a very preliminary estimate as Metro continues to review



# Revenue Loss Impact to Metro Programs

	COVID-19 Two Year Loss to Budget (Amount in Millions)	Sales Tax	Fare Revenue	Toll Revenue	Other System Generated Revenues	Total Preliminary Loss
1	Metro Bus Operating and State of Good Repair	\$ (198.8)	\$ (141.7)	\$ (0.3)	\$ (38.9)	\$ (379.7)
2	Metro Rail Operating and State of Good Repair	(194.7)	\$ (55.6)	-	(3.9)	(254.2)
3	Additional COVID Cost and Other Operating Expenses					(361.8)
4	<b>Metro Bus and Rail Subtotal</b>	<b>(393.5)</b>	<b>(197.3)</b>	<b>(0.3)</b>	<b>(42.8)</b>	<b>(995.8)</b>
5						
6	Regional Activities					
7	Regional Facility and Hub Maintenance	(3.5)		-	(5.9)	(9.4)
8	Regional TAP and Fare Subsidies	(9.9)		-	(0.1)	(10.0)
9	Regional Rail Infrastructure	(12.1)		-	-	(12.1)
10	Planning, Bike, Parking and Others	(37.8)		-	(47.3)	(85.1)
11	Congestion Management and Commute Services	(10.1)		(24.7)	(32.9)	(67.6)
12	<b>Subtotal Regional</b>	<b>(73.4)</b>		<b>(24.7)</b>	<b>(86.2)</b>	<b>(184.2)</b>
13	<b>Subtotal Metro and Regional Activities</b>	<b>(466.9)</b>	<b>(197.3)</b>	<b>(25.0)</b>	<b>(129.0)</b>	<b>(1,180.0)</b>
14						
15	<b>Regional Transit Other Agencies</b>	<b>(123.6)</b>		-	-	<b>(123.6)</b>
16						
17	Local Return	(176.7)		-	-	(176.7)
18						
19	Infrastructure Construction, Highway, Rail and Others	(292.8)		-	(30.8)	(323.6)
20	<b>Total</b>	<b>\$ (1,060.0)</b>	<b>\$ (197.3)</b>	<b>\$ (25.0)</b>	<b>\$ (159.8)</b>	<b>\$ (1,803.9)</b>



## Preliminary Impact of Revenue Loss

- Estimated gap in funding of \$1.8 Billion estimated from the combined Sales Tax, Fare Revenue, Toll Revenue and Operation Expenses
- Sales tax loss estimates assume a recovery starting by September 2020
- Continuing to monitor and may revise estimates as we receive updated information
- Additional and immediate liquidity risk is the sales tax deferral aiding small businesses per Governor's State Order on April 2nd, a \$200 million impact to Metro (Cash Flow)



# CARES Act

<b>March 27</b>	<b>President signed CARES Act</b>
<b>April 2</b>	FTA Apportionment Tables
<b>April 10</b>	LA County Apportionments
<b>April/May</b>	Stakeholder review of allocations
<b>May</b>	Metro Board approval of Federal CARES Allocations
<b>May</b>	SCAG Split Letter
<b>May/June</b>	Metro & Muni Operators submit grant applications
<b>August/ September</b>	Grant approval process
<b>September/ October</b>	Begin drawing down funds



# LA County Apportionment \$1.068 B

## CARES Act states:

### **“Funds to prevent, prepare for, and respond to coronavirus”**

“Funds provided under this heading are 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...”



# Eligible Expenses

- Transit operations, capital & planning expenses eligible under 5307/5311
- Operations Costs - operate, maintain & manage a public transit system
  - ✓ Ex. Driver salaries, fuel, pension benefits, self-insurance, PPE & cleaning supplies
- Capital Costs – purchasing, leasing, constructing, maintaining, or repairing transit system facilities, rolling stock & equipment
- Administrative leave for workers due to reduced service or quarantine
  - ✓ Authorized absence without loss of pay or reduction in leave time
- Lost revenue – reimburses costs normally paid by local sources including fare revenue
- Paratransit or COVID-19 related charter service – ex. meal delivery



# Reimbursement

- Reimbursement for eligible expenses
  - ✓ Incurred on or after January 20, 2020
  - ✓ 100% reimbursement rate
  - ✓ Not limited to capital - operating costs also eligible
- Submit eligible expenses for reimbursement
- Follow current federal claims process
- Certain costs must be segregated (Ex. Administrative Leave)
- Continue tracking COVID-19 impacts to Metro and identify gaps
- **FEMA Funding**
  - ✓ Recommend submittal of Request For Public Assistance in May 2020
  - ✓ Special process required for funding to be available 60-90 days

# CARES Allocation

**\$1.068  
Billion**

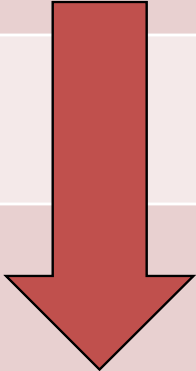
“... reimbursement for  
operating costs to maintain  
service and lost revenue due  
to the coronavirus”

**Allocate to maintain service  
and lost revenues**

- **Maintain funding** to mitigate reduction in Countywide Sales Tax Revenues for FY20 Budget and FY21 Projected
- Allocate **supplemental funding** to mitigate additional revenue losses and increased costs related to COVID-19
- Allocate funding to address some regional needs to support countywide transit impacted by the loss in sales taxes and other revenues

# CARES Allocation

“... reimbursement for operating costs to maintain service and lost revenue due to the coronavirus”

	Maintain Funding	Supplemental Relief	Total CARES Allocations
<b>Municipal Operators</b>	FY20 and FY21 sales tax losses	FY20 and FY21 sales tax losses	<b>2X</b> Sales Tax Losses
<b>Tier 2/Small Operators</b>		½ of one year sales tax funding amounts	FY20 and FY21 sales tax losses + ½ one year sales tax funding amount
<b>Other Transit Operators</b> Metrolink / Access		Estimated loss in fare revenues	FY20 and FY21 sales tax losses + estimated fare revenue loss
Address regional needs to support countywide transit impacted by loss in sales tax			FY20 and FY21 sales tax losses + other revenue losses

# Summary of CARES Allocation Amounts

<b>Municipal Operators &amp; Metro</b>			
	<b>FY20/FY21 Loss</b>	<b>Supplemental CARES</b>	<b>Total Allocations</b>
Municipal Operators	\$ 73.9	\$ 73.9	\$ 147.9
Metro Bus	167.1	167.1	\$ 334.2
Metro Rail	126.5	126.5	\$ 252.9
<b>Total Municipal Operators &amp; Metro</b>	<b>367.5</b>	<b>367.5</b>	<b>735.0</b>
<b>Other Transit Operators</b>			
Small Operators	2.8	5.0	7.8
Tier 2 Operators	1.5	3.0	4.5
Metrolink	21.4	35.0	56.4
Access Services	25.2	8.3	33.5
<b>Total Other Transit Operators</b>	<b>50.9</b>	<b>51.4</b>	<b>102.3</b>
<b>Regional Needs to support Countywide</b>			
Regional Facilities & Hubs	9.4		9.4
Regional TAP & Fare Subsidies	10.0		10.0
Regional Rail Infrastructure	12.1		12.1
Planning, Bike Ops & Others	61.6		61.6
Congestion Management & Commute Services	67.7		67.7
<b>Total Regional Countywide Transit Needs</b>	<b>160.8</b>	<b>-</b>	<b>160.8</b>
<b>Direct Apportionments</b>			
North County			45.2
Metro			24.7
<b>Total Direct Apportionments (North County/Metro)</b>			<b>69.9</b>
<b>CARES Funding</b>		<b>\$</b>	<b>1,068.0</b>

Totals may not add due to rounding



# Stakeholders Concurrence

Reviewed CARES allocations with stakeholders  
Concurrence from our regional partners

- ☒ Municipal Operators
- ☒ Tier 2 Operators
- ☒ Small Operators
- ☒ Metrolink
- ☒ Access Services





# **Mitigations and Continuing Strategies**

CEO Call for Action: Reduce Expenses  
Metro Mobility & Affordability Plan (MAP)



# CEO Call to Action: Reduce Expense

## First Bucket: Work to Continue

- COVID-19 additional Expense, PPE, Cleaning
- Legally required payments
- Federal and state regulatory required activities
- Bus and Rail Operations
- Key Infrastructure Projects
- Projects under executed construction or manufacturing contract

## Second Bucket: All Other Projects and Programs not specified in First Bucket are currently being evaluated with the objective of staying on Measure M Schedule

- Defer for 3-6 months



# CEO Call to Action: First Bucket Defined

## First Bucket: Work to Continue

- Health and safety for customers and employees
  - PPE
  - Cleaning services
  - Additional expenses directly related to COVID-19
- Operating bus and rail service per Transit Operations Plan
- Federal and State regulatory required activities
- Legally required payments (contractual obligations):
  - Debt service
  - Subsidies
  - License, utilities, rental, etc.

# CEO Call to Action: First Bucket Defined

## First Bucket: Work to Continue

- Major Infrastructure and projects under executed contract:
  - Airport Metro Connector <sup>(1)</sup>
  - Crenshaw/LAX <sup>(1)</sup>
  - Division 20 Portal Widening and Turnback
  - Gold Line Foothill Extension <sup>(1)</sup>
  - I-5 North HOV (along SR-134 to Buena Vista area) <sup>(1)</sup>
  - I-5 South HOV (I-605 to Orange County line) <sup>(1)</sup>
  - Light Rail Vehicle Acquisition Program
  - Link US (Phase 1 only)
  - Metro Bus Fleet Replacement (incl electrification for buses and infrastructure for Orange Line)
  - Patsaouras Bus Plaza
  - Purple Line Extension <sup>(1)</sup>
  - Regional Connector <sup>(1)</sup>
  - Soundwall Package 11 <sup>(1)</sup>
  - SR-138 Corridor project in construction <sup>(1)</sup>
  - Willowbrook/Rosa Parks Station and Mezzanine

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project



# CEO Call to Action: Second Bucket Defined

**Second Bucket: All Other Projects and Programs not specified in First Bucket are currently being evaluated with the objective of staying on Measure M Schedule**

- Partially grant funded projects
- Projects in various phases and interdependent projects
- Planning projects
- Highway projects
- Regional Rail projects
- Measure M projects being accelerated
- Non-Measure M projects
- State of Good Repair projects
- Pillar project acceleration

**As opportunities arise for projects in this bucket, we will move them expeditiously**

# Call to Action: Second Bucket Defined

## Second Bucket: Work Evaluated to Defer with the Objective of Staying on Measure M Schedule (*selective list*)

- Metro Transit Expansion:
  - Arts District / 6<sup>th</sup> Street Station
  - Center Street Facility / ESOC
  - Countywide BRT Program (incl NSFV BRT, NoHo to Pasadena BRT) <sup>(1)</sup>
  - Crenshaw Northern Extension <sup>(1)</sup>
  - East San Fernando Valley LRT <sup>(1)</sup>
  - East Side Extension Phase 2 <sup>(1) (2)</sup>
  - Green Line to Torrance <sup>(1) (2)</sup>
  - San Gabriel Valley Transit Feasibility Study <sup>(1)</sup>
  - Sepulveda Transit Corridor <sup>(1) (2)</sup>
  - Vermont South Bay Feasibility Study <sup>(1)</sup>
  - West Santa Ana Branch <sup>(1) (2)</sup>

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project

# Call to Action: Second Bucket Defined (cont.)

## Second Bucket: Work Evaluated to Defer with the Objective of Staying on Measure M Schedule (*selective list*) – Continued

- Metro Transit Capital Improvements:
  - Bus and Rail Facilities SGR program-stations, vertical transportations, roofs, pavement, etc.
  - Electrification of buses including infrastructure – Silver Line
  - Enterprise Asset Management System
  - Heavy rail vehicle acquisitions
  - Light and heavy railcar modernization and overhaul programs
  - Orange Line grade separation <sup>(1)</sup>
  - Rail and Bus Operations Center
  - Rail system improvements, yards, cars
  - Rio Hondo Confluence Station
  - Rolling stock midlife and non-revenue equipment programs
  - Wayside SGR program underway on Red and Green Lines – radio, signals, communications, track, special work, OCS, power and the like

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project



# Call to Action: Second Bucket Defined (cont.)

## Second Bucket: Work Evaluated to Defer with the Objective of Staying on Measure M Schedule (*selective list*) - Continued

- Regional Transit:
  - Antelope Valley Line Enhancements
  - Doran Street ATP
  - LAUS Esplanade / Forecourt
  - McGinley to Roxford Double Track
  - Union Station Master Plan (Phase 2)
- Highway / Street Improvements
  - Adams Flyover
  - Alameda Corridor East grade separation phase 2 <sup>(1)</sup>
  - Centinela grade separation
  - Countywide Soundwall Noise Studies <sup>(1)</sup>
  - Eastside Light Rail Access <sup>(1)</sup>
  - First / Last Mile (PLE and others) <sup>(1)</sup>
  - I-105 ExpressLanes <sup>(1)</sup>
  - I-210 Barriers

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project



# Call to Action: Second Bucket Defined (cont.)

## Second Bucket: Work Evaluated to Defer with the Objective of Staying on Measure M Schedule (*selective list*) - Continued

- I-5 Capacity Enhancements (SR14 to Parker Road) <sup>(1)</sup>
- I-5 Corridor Improvement I-605 to I-710 <sup>(1)</sup>
- I-605 Hotspots (incl SR-91 interchange) <sup>(1)</sup>
- I-710 South Corridor Project <sup>(1)</sup>
- L.A. River (Bike) Path <sup>(1)</sup>
- La Canada Soundwalls
- Rail to Rail ATP
- Rail to River ATP
- Rosecrans / Marquardt Grade Separation <sup>(1)</sup>
- Soundwall Packages 12, 13, and 14 <sup>(1)</sup>
- South Bay Highway Operational Improvements <sup>(1)</sup>
- SR-138 new project initiation documents <sup>(1)</sup>
- SR-57 / SR-60 Interchange Improvements <sup>(1)</sup>
- SR-71 GAP – Mission Blvd. to San Bernadino County Line <sup>(1)</sup>

<sup>(1)</sup> Measure R/M Project

<sup>(2)</sup> Pillar Project

Average Monthly Expense and Cash Outflow (amount in millions)		COVID 19 Projection
1	Revenue Required for Average Monthly Cashflow	\$ 508.0
2		
3	Bucket 1 Required Payment as of May 25, 2020	
4	COVID-19 Expense Very Early Estimate	2.7
5	Payroll	69.3
6	Health and Welfare, Pension, WC, PL/PD	37.1
7	Debt Payment	44.0
8	Subsidies	123.9
9	Utilities, Tax, License	7.0
10	Subtotal Bucket 1 Required Payment	284.0
11		
12	Additional Cash Outflow for Projects:	
13	Bus and Rail Material and Service for Operations	35.3
14		
15	Bucket 1 Projects:	
16	Bus and Rail Fleet Acquisition, Capital SGR	15.0
17	I-5, I138, Sound wall, Caltrans, Reduced Toll Road Maintenance	3.7
18	Estimated Transit Infrastructure bucket 1 project such as:	87.5
19	Crenshaw	
20	Purple Line	
21	Gold line Extension	
22	Div 20 widening	
23	Airport Connector	
24	Regional Connector	
25	LinkUS (Phase 1 only)	
26	Total Bucket 1 Required Payment, Operations and Projects	425.5
27		
28	Revenue Available for Bucket 2 before Revenue Decline *	82.5
29		
30	Monthly Expenditures, Balanced with Monthly Revenue	508.0
31	Projected Revenue Decline	(100.0)
32	Revenue Available to Support Monthly Expenditures	\$ 408.0

## Monthly Cashflow

- Projected revenue decline for Sales Tax and Fare Revenue is \$100 million month
- Deferring Bucket 2 projects will save \$82.5 million in cashflow with minimum impact to Bucket 1 projects



# Metro Mobility & Affordability Plan (MAP)

- The goal of Metro MAP is to provide a roadmap for the coming decade to deliver voter approved projects and programs, to expand and operate the system efficiently and responsibly while maintaining financial stability
- Metro MAP provides the framework and methodology to identify measures that control costs and enhance revenues
- The impacts of Covid-19 are unprecedented and force us to take extreme cost control measures to conserve resources now, with these measures being dynamically tempered as the economy recovers
- Execution of Metro MAP through the annual budget process

# Metro MAP

## COVID-19

## Post-Recovery

### Cost Controls

“Two Buckets”

1. Work to continue
2. All Others not in Bucket 1

- Move projects forward per previous Board approved policy and criteria
- Strengthen cost controls by reviewing scope budget prior to LOP adoption

### Revenue

- Allocate and optimize Federal CARES Act funding
- Community Development Block Grants
- FEMA grants
- Prepare for potential Federal and State stimulus packages

- System-generated revenue (advertising, leasing, corporate sponsorship, station naming rights)
- Congestion Pricing
- Fare revenues
- Consider amendments to sales tax ordinances
- Secure additional grants

- Prepare for potential recurrence of COVID-19



# Next Steps

- Continue to monitor total revenue impacts of COVID-19
- Enforce fiscally responsible cost control measures to ensure a balanced budget
- Continue stakeholder outreach
- Partner with Los Angeles and California governments and aggressively pursue stimulus packages
- Plan for a phased recovery post COVID-19
- May Board adoption of Continuing Resolution
- May Board adoption of CARES allocations
- September Board adoption of FY21 Budget
- Financial impact briefing of COVID-19 to include Metro MAP in 6 months



# Approve CARES Act Allocation

## APPROVE ITEM # 39 – File # 2020-0325

- **APPROVING** the allocation of CARES Act funding received by Los Angeles County as described in Attachment A
- **APPROVING** fund exchanges of Federal CARES Act funding, as appropriate, with other local funding sources in order to provide administrative efficiencies, optimize and accelerate the distribution of resources.
- **AUTHORIZING** the Chief Executive Officer to negotiate and execute all necessary agreements to implement the recommended support of transit programs countywide.



# Budget Continuing Resolution

## APPROVE ITEM # 13 – File #2020-0310

- **Continuing Resolution** for FY21 Budget in May 2020 Board cycle, to include the following recommendations:
  - Adopt a continuing resolution to extend FY20 budget authorization for one quarter into FY21 until September 2020 when Fiscal Year 2021 (FY21) budget is considered for Board adoption
  - Authorize CEO to execute the adopted continuing resolution through first quarter of FY21 until October 1, 2020
  - Authorize the extension of all annual Operating and Fare subsidy Memorandums of Understanding (MOUs) subject to available funds until such time as the FY21 budget is adopted





## FY21 Revised Budget Development Process

Date	Action
May 2020	Adoption of Continuing Resolution
August 2020	Stakeholder Outreach
September 1, 2020	FY21 Draft Budget Publication
September 16, 2020	Public Hearing
September 24, 2020	FY21 Budget Adoption
December 2020	Midyear Budget Amendment (as needed)





## Board Report

File #: 2020-0325, File Type: Policy

Agenda Number: 39.

### REGULAR BOARD MEETING MAY 28, 2020

**SUBJECT: CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT FUNDING**

**ACTION: APPROVE RECOMMENDATIONS**

#### **RECOMMENDATION**

CONSIDER:

- A. APPROVING the allocation of CARES Act funding received by Los Angeles County as described in Attachment A.
- B. APPROVING fund exchanges of Federal CARES Act funding, as appropriate, with other local funding sources in order to provide administrative efficiencies, optimize and accelerate the distribution of resources.
- C. AUTHORIZING the Chief Executive Officer to negotiate and execute all necessary agreements to implement the recommended support of transit programs countywide.

#### **ISSUE**

Los Angeles County and the world are facing an unprecedented challenge as we adapt to the new limitations on our daily lives due to the COVID-19 pandemic. In response to the financial shortfalls in nearly every sector of the American economy, Congress approved and signed into law the CARES Act on March 27, 2020.

The CARES Act delivers COVID-19 relief funds to a wide range of American industries to provide fast and direct economic assistance in this time of crisis. As the Regional Transportation Planning Entity (RTPE) for Los Angeles County, Metro is responsible for allocating transportation funding provided under the CARES Act to transit agencies in the county.

#### **BACKGROUND**

With the implementation of the "Safer at Home" order in March, nonessential businesses closed, and all residents were directed to leave their homes only for essential activities. Consumer spending has plummeted and transit ridership and fare revenues have dropped dramatically resulting in an estimated \$1.8 billion reduction in resources available to operate and maintain Los Angeles County's

transit mobility network.

## **DISCUSSION**

The revenues received from local and state derived sales tax measures, the basis of our investment in mobility, are estimated to decline by a total of \$1.060 billion over FY20 adopted budget and FY21 pre-COVID levels. And, as noted above, these reductions, when combined with additional losses from fare revenues, tolls, advertising and other system revenues, and the increased costs of response to the coronavirus, the impact to Los Angeles County's transportation resources is estimated at \$1.8 billion. These unprecedented revenue losses affect every component of Los Angeles County's transportation investment program, including Metro's bus and rail operations, municipal transit operators, the 89 local jurisdictions throughout Los Angeles County, local community based operators, regional operators such as Metrolink and Access Services, Metro's Measure R and Measure M Capital Programs, and other partnerships throughout the county.

### **CARES Act Appropriation**

The CARES Act provides relief funding to "prevent, prepare for, and respond to" the COVID-19 pandemic. The Federal Transit Administration (FTA) allocated a total of \$1.068 billion to Los Angeles County under the existing FTA Section 5307 Urbanized Area Formula Grants program.

"Funds provided under this heading are 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..."

Costs eligible for reimbursement are broadly defined as "operating expenses of transit agencies related to the response to a coronavirus public health emergency" including reimbursement for operating costs to maintain service and lost revenue, and support transit workers jobs.

The FTA apportions funding by Urbanized Zone Area (UZA). The total CARES Act apportionment for each of the three UZAs in Los Angeles County, Lancaster-Palmdale and Santa Clarita, shown in the table below. For a detailed listing of the proposed allocation of the total \$1.068 billion in CARES Act funding, see Attachment A.

Urban Zone Area (UZA) (\$Millions)	Grand Total
<b>CARES Act Apportionment</b>	<b>\$ 1,068.0</b>
Less - Direct Apportionments (Lancaster-Palmdale, Santa Clarita, Metro)	(69.9)
<b>Funds Available for Countywide Allocation</b>	<b>\$ 998.1</b>

\* Excludes 5311 funding of est. \$1.36 million to AVTA for service to rural areas in the North County (contingent on final allocations from CalTrans)

## **CARES ALLOCATION**

In order to provide CARES Act relief to transit operators throughout Los Angeles County, Metro staff has proposed that the CARES allocation is based on offsetting and mitigating the loss of sales tax revenues, fares and other revenues. The goal of the CARES allocations is to ensure, as broadly as is feasible, that support is provided to all transit operators in the County.

The initial priority is to estimate, address, and mitigate reductions in sales tax revenue for FY20 and FY21. The goal of this phase is to ensure that funding for transit operations throughout the county is maintained and supported at pre-COVID funding levels, as intended under the CARES Act. Each operator will receive their full FY20 funding allocation as adopted by the Metro Board. Each operator is also proposed to receive funding equal to levels originally estimated for FY21, prior to the onset of the COVID-19 pandemic. As a result, each operator is expected to be “held harmless” in relation to the reduction of sales tax revenues anticipated for FY20 and FY21.

However, recognizing operators will also see significant reductions in fare and other system revenues, staff is proposing that additional supplemental amounts be distributed to help mitigate, and provide some measure of relief, for losses of other revenues and/or cost increases as a result of the pandemic.

The proposed allocation would provide CARES Act funding to support Los Angeles County transit operators, including Metrolink, Access Services, local paratransit, dial-a-ride, community shuttle operating partners and to support regional transit programs. The intent of the CARES allocation is to fairly distribute the limited funding available to ensure the residents and visitors to Los Angeles County retain access to mobility.

### **Step 1 - Recover Loss in Sales Tax Revenues**

First, CARES Act funding will be allocated to recover the estimated loss in sales tax revenues for each transit operator to satisfy the CARES Act’s intent to maintain service by providing funding levels that were expected prior to the onset of the COVID-19 pandemic. Amounts allocated will be based on the difference between approved FY20 budget and estimated pre-COVID FY21 funding levels with the projected losses in sales taxes for FY20 and FY21.

### **Step 2 - Provide Supplemental Relief Funding**

In Step 2, the proposed method will provide additional funding to help mitigate losses in fare revenues and increased costs related to COVID-19. To address the differing needs of transit operators, supplemental relief funding is proposed using various strategies:

- For Metro and Municipal Operators, the supplemental amount is equal to and in addition to the sales tax revenue loss as calculated in Step 1.
- For Tier 2 and Small Operators, the supplemental amount is equal to ½ of their total annual allocation. This is in addition to Step 1 in recovering their losses in sales tax revenues. This method also provides more funds to this group than it would by doubling the sales tax revenue

loss.

- For Metrolink and Access Services, the supplemental amount is equal to the estimated loss in fare revenues over FY20 and FY21 for each agency. This is in addition to Step 1 in recovering their losses in sales tax revenues.

### Step 3 - Regional Needs

The third and final step is to retain some level of funding for countywide transit activities performed by Metro on behalf of the region. In this category, the remaining CARES Act funding will be maintained by Metro to fund the regional fare collection system, regional subsidies such as the Low Income Fare is Easy (LIFE) and Vanpool programs, regional transit hubs such as Union Station and El Monte Station, and congestion management programs.

See Attachment B for a description of the CARES allocations and estimated sales tax losses.

### Letters of Support & Concurrence

The recommended allocations for CARES Act funding has been reviewed with the various stakeholder groups that represent transit operators in the region. Stakeholders include:

1. Los Angeles County of Municipal Operators Association (LACMOA)
  - Representing 16 Transit Operators
2. Tier 2 Operators Program
  - Representing 4 Operators
3. Local Transit Systems Subcommittee (LTSS) Small Operators
  - Representing 47 Community Operators
4. Access Services
5. Southern California Regional Rail Authority (SCRRA) - Metrolink
6. Palos Verdes Peninsula Transit Authority
7. City of Avalon
8. City of Glendora
9. Torrance Transit

All stakeholders have provided letters of support and concurrence for the CARES allocations, see Attachment C.

### Reimbursement Process and Eligible Expenses

The terms of the CARES Act allow 100% reimbursement for eligible expenses incurred after January 20, 2020. Claimants must submit eligible expenses for reimbursement in accordance with the current Federal claims process. Expenses eligible for reimbursement are:

- Transit operations, capital, and planning expenses eligible under Section 5307
- Costs to operate, maintain, and manage a public transit system (i.e. driver salaries, fuel, pension, benefits, self-insurance, personal protective equipment, and cleaning supplies)
- Capital costs (i.e. purchasing, leasing, constructing, maintaining, or repairing transit system)

- facilities, rolling stock, and equipment)
- Administrative leave for workers due to reduced service or quarantine
- Reimbursement of lost fare revenue
- Paratransit or COVID-19 related charter service (i.e. meal delivery)

#### Funding Exchanges and Necessary Agreements

Municipal Operators are direct recipients of these funds and upon submittal of the allocation tables to Southern California Association of Governments (SCAG), operators can initiate the grant approval process to begin submitting invoices for reimbursement. In order to expedite the disbursement of relief funding to other agencies, fund exchanges may be necessary between CARES Act funds and other locally eligible sources. Metro will work with these agencies to finalize necessary details on the administration of these funds.

#### **DETERMINATION OF SAFETY IMPACT**

Adoption of this item will provide funding for increased safety efforts by providing COVID-19 relief funding to Los Angeles County transit agencies impacted by the pandemic.

#### **FINANCIAL IMPACT**

The total \$1.068 billion in Federal CARES Act funding will be distributed to transit agencies throughout Los Angeles County as shown in Attachment A.

#### Impact to Budget

Sales tax revenues from all sources are projected to decline by more than \$1 billion through the end of FY21. Additional Metro specific revenue losses including fares, toll revenues, and other system generated revenues are estimated to decline an additional \$350 million to \$400 million. Combined with cost increases as a result of the COVID-19 pandemic, the negative impact to Metro is estimated to be approximately \$1.8 billion.

Use of the CARES Act funds will help mitigate, but not eliminate the funding gap from January 2020 through June 2021. Staff will continue to provide the Board with additional information on the steps necessary to mitigate these additional losses as part of developing the FY21 budget.

#### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system;
3. Enhance communities and lives through mobility and access to opportunity;
4. Transform Los Angeles County through regional collaboration and national leadership; and
5. Provide responsive, accountable, and trustworthy governance within the Metro organization

#### **ALTERNATIVES CONSIDERED**

---

The Board may choose not to approve the staff's proposed CARES Act funding allocation method and instruct staff to allocate funds through some other Board directed process. This is not recommended, as this will cause significant delays in the receipt of funds for all transit operators and agencies in Los Angeles County.

Finally, as detailed on the attached letters of support, a consensus of agreement has been reached across the full spectrum of the County's transit operating partners. (See Attachment D).

### **NEXT STEPS**

Should the Board approve staff's recommendation, staff will:

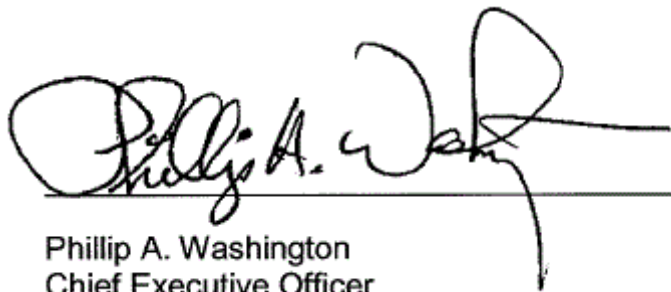
- Provide notification to SCAG and the FTA of the proposed distributions to allow affected recipients to initiate the grant process and begin drawing down CARES Act funding.
- Continue to update the Board on the impacts of the COVID-19 pandemic to Metro and the region.
- Work with operators and agencies on final administrative requirements and fund distribution details

### **ATTACHMENTS**

- A. Detailed CARES Allocation Amounts By Transit Operator/Agency
- B. Description of CARES Allocation and Estimated Sales Tax Losses
- C. Letters of Support and Concurrence
  - 1. Los Angeles County of Municipal Operators Association (LACMOA)
    - Representing 16 Transit Operators
  - 2. Tier 2 Operators Program
    - Representing 4 Operators
  - 3. Local Transit Systems Subcommittee (LTSS) Small Operators
    - Representing 47 Community Operators
  - 4. Access Services
  - 5. Southern California Regional Rail Authority (SCRRA) - Metrolink
  - 6. Palos Verdes Peninsula Transit Authority
  - 7. City of Avalon
  - 8. City of Glendora
  - 9. Torrance Transit

Prepared by: Drew Phillips, Senior Director, Finance, (213) 922-2109  
Michelle Navarro, Executive Officer, Finance, (213) 922-3056

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088  
James de La Loza, Chief Planning Officer, (213) 922-2920  
Phillip A. Washington, Chief Executive Officer, (213) 922-7555



Phillip A. Washington  
Chief Executive Officer