



Board Report

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**REGULAR BOARD MEETING
JANUARY 28, 2020**

SUBJECT: REPORT BY THE CHIEF EXECUTIVE OFFICER

RECOMMENDATION

RECEIVE report by the **Chief Executive Officer**.

COVID-19 Update



Metro[®]

CEO Remarks
January 2021

Outline



I. FY20 – WHERE WE WERE (COVID-19 Pandemic)

- Pandemic/Economic impacts
- Metro’s swift response
- CARES Act (one-time funding)

II. FY21 – CURRENT SITUATION (COVID-19 Update)

- Impacts of Extended Stay at Home Orders & Vaccines
- Surge in community transmission of COVID-19
- Service cancellations due to workforce shortages
- Strengthening cleaning regimens

III. FY22 - OUTLOOK (COVID-19 Recovery)

- Projected economic recovery
- Potential Impacts to Metro
- Anticipated shortfall in Operations
- Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) (one-time funding)

IV. NEXT STEPS

FY20 WHERE WE WERE (COVID-19 PANDEMIC)

COVID-19

- ✓ March 2020 - mandated state/local Stay at Home Orders resulted in a halt in economic activity
- ✓ Loss in sales tax revenues
- ✓ Transit ridership plummeted by 50%
- ✓ Fare revenues loss by 95%

Metros' swift response

- ✓ Immediate CEO cost and cashflow controls
- ✓ Temporary slowdown of all non-operating projects by one quarter
- ✓ Continued bus/rail transit services, enhanced cleaning, PPE availability to employees/patrons
- ✓ Preserved jobs

CARES Act Relief Funding

- ✓ One-time relief funding \$1.0B for LA County transit
- ✓ Metro has drawn down all the CARES funding
- ✓ CARES was critical for Metro in maintaining financial stability through the end of FY21
- ✓ Federal stimulus checks to individuals aided consumer spending, helped sales tax meet our projected levels



FY21 CURRENT SITUATION (COVID-19 UPDATE)



Extended Stay at Home Orders

- ✓ FY21 Actual sales tax receipts closely matching projections to date
- ✓ Extended Stay at Home restrictions may worsen economic conditions
- ✓ Vaccine availability and roll-out may help

Unprecedented surge in community transmission of COVID-19 impacting service

- ✓ Service cancellations due to workforce shortages
- ✓ 14% of total staff on inactive status leaves >30 days
- ✓ Boardings and Fare Revenues decline

With the surge, strengthening cleaning regimen

- ✓ Improve disinfection/sanitation efforts
- ✓ Continue PPE distribution
- ✓ Workforce shortages impacting custodial/service attendants

FY22 OUTLOOK (COVID-19 RECOVERY)

Preliminary Sales Tax Update will be based on when recovery is expected

Potential Impacts to Metro (FY22 Budget Development)

- ✓ Anticipate shortfall in operations
 - O&M and other cost increases (\$800-\$950M)
 - Boarding and Fares continue to stay low
- ✓ Revenue Service Date (RSD) preparation for Regional Connector and Crenshaw
- ✓ Meeting CA fleet electrification requirement
- ✓ Resume deferred heavy maintenance for operating fleet and facilities

Coronavirus Response & Relief Supplemental Appropriations Act (CRRSA) Funding

- ✓ Critical funding to mitigate shortfalls in Operations
- ✓ CRRSA: LA County's share to be determined from the total of about \$957M for urbanized areas (some shared with other counties) and rural areas



Metro

CARES Draw down (as of 1/15/2021):

- 3 Operators have drawn 100% of their CARES Allocation
- 4 Operators are between 85 and 99% of their CARES Allocation
- 10 Operators are at less than 68% (with 4 Operators having drawn 0%)

FEDERAL STIMULUS FUNDING

*“to prevent, prepare for, and respond to coronavirus”
effective January 20, 2020*

	CARES Act (March 2020)	Supplemental Act (December 2020)
Transit Infrastructure Grants	\$25 Billion	\$14 Billion
Los Angeles County	\$1.068 Billion	TBD (UZA est. \$957M)
Metro Share (includes funding swaps for Metrolink, Access, and smaller operators)	\$862 Million	TBD
	Caps (CARES + Supplemental) apportionments to 75% of 2018 UZA operating costs	

FTA made CRRSA Act apportionments available January 11, 2021.

Eligible Expenses

CARES Act

- 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)
- Starting January 20, 2020

NEW for CRRSA Act

- Administrative leave of contractor personnel due to reductions in service
- Requires, to the maximum extent possible, funds to be used for payroll and operations of public transit, including private providers of public transportation, unless:
 - Recipient certifies to USDOT Secretary that it has not furloughed any employees

NEXT STEPS

December 27, 2020 Supplemental Appropriations Act (\$14B nationwide)

January 11, 2021 FTA apportionment tables published

February 2021

- Consult with SCAG and other CTCs in SCAG region to determine inter-county allocations
- Proposed allocation of LA County's share of funds
- Stakeholder review of proposed allocations
- Request Metro Board approval of local allocations
- Upon Metro Board approval, SCAG "split letter" to FTA

March 2021 Operators submit grant applications to FTA

March-April 2021 FTA grant approval process

April-May 2021 Grant recipients begin drawing down funds