

From: VTA Board Secretary
Sent: Monday, July 6, 2020 12:07 PM
To: VTA Board of Directors
Subject: CARES Act Second Tranche Methodology

VTA Board of Directors:

Attached for your information and reference is a letter addressed to MTC Programming and Allocations Committee Chair Josefowitz from VTA General Manager Fernandez. This letter is regarding the CARES Act Second Tranche Methodology.

Thank you.

Santa Clara Valley Transportation Authority
Office of the Board Secretary
3331 North First Street, Building C
San Jose, CA 95134-1927





July 6, 2020

Nick Josefowitz, Chair
MTC Programming and Allocations Committee
Metropolitan Transportation Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105

Re: CARES Act Second Tranche Methodology

Dear Chair Josefowitz:

In these difficult times, more than ever, we need to continue working together to assure vital transit service in the Bay Area particularly for the transit dependent. The CARES Act emergency funding is insufficient to make the operators in the Bay Area whole for the loss revenue and increased costs we are experiencing. I also realize what a difficult task it is to allocate aide in a fair and equitable manner across two dozen operators.

As the Programming and Allocations Committee considers the recommendation of the Blue Ribbon Transit Recovery Task Force concerning the second payment of CARES Act funds to transit operators, I wish to share the following observations.

For over forty years the citizens of Santa Clara County have supported public transit and regional connectivity. We passed local sales taxes to support transit operations, an increase to the Bay Area Bridge Tolls, the extension of BART to Silicon Valley and many major capital projects. We rely on a dedicated ½ cent sales tax to support transit operations and paratransit service. We are proud of our continued local support for transit and especially its role in providing an essential service to the working poor, our senior citizens, students and those requiring paratransit services as their main form of mobility. Reliance on local sales tax more than fare returns is not a value judgment or a question of efficiency, rather it is a policy decision to provide the best transit service; especially to those most in need of public transit.

That is why I am extremely disquieted by a funding allocation that assumes a slower recovery of fare box returns than sales tax returns. This creates a situation where transit operators, more dependent on sales tax returns, receive less than they should under an equitable distribution. This is particularly unfortunate because these operators carry large numbers of the most vulnerable members of the public. As mentioned at the Task Force meeting by several members, social justice is an important consideration for this allocation.

The recommendation before you makes assumptions over two time periods for calendar year 2020. The first six month period is from March – August. The second, shorter, four month period is from September – December. Staff's original proposal – which the Task Force did not see – provided a more reasonable assumption of sales tax recovery than what was approved at

the Task Force meeting. As presented to the operators prior to the Task Force meeting, these were titled by MTC staff as Conservative and Somewhat Optimistic.

Conservative Assumption

March – August
Fares 90% reduction
Sales Tax 50% reduction

September – December
Fares 75% reduction
Sales Tax 35% reduction

Somewhat Optimistic

March - August
Fares 90% reduction
Sales Tax 45% reduction

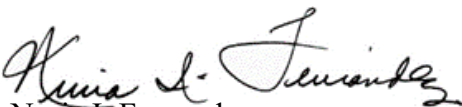
September – December
Fares 70% reduction
Sales Tax 30%

I believe the Conservative Assumption above is a more reasonable and equitable assumption. In reality the decline in sales tax is significantly greater than this assumption. VTA's actual reduction of sales tax for the month of March is 57%. In addition, we commissioned UCLA to provide a forecast for the balance of the year. UCLA's Base Case (the midpoint between conservative and best case) anticipates a 60% sales tax decline.

In recent days we have seen no indication that the pandemic is receding. Most reasonable experts are anticipating that we will continue to see an impact on our economy and our ridership. That is why I cannot support using an unrealistic assumption regarding sales tax. I acknowledge this will have a negative impact on certain large operators. Nevertheless, that impact is negligible on each but a major difference to VTA.

I ask the Committee to recommend to the full Commission that staff's Conservative Assumption be used to distribute the CARES Act Second Tranche to the operators. Thank you for your time and consideration of this request.

Sincerely,


Nuria I. Fernandez
General Manager and CEO

cc: Programming and Allocations Committee
MTC Commissioners
VTA Board of Directors
Therese McMillan, MTC

CARES Act Funding

Saving Bay Area Transit

Programming & Allocations Committee
July 8, 2020



Background

CARES Act March 27, 2020

- \$1.3 Billion to support transit in Bay Area
- Fund operating losses due to pandemic
- Purpose: Continue providing transit service
- Need to allocate funds quickly

MTC Role

- Designated recipient for Bay Area 5307 & 5311 funds
- Design allocations based on 5 Principles
- Divided funds into two payments



MTC Actions

- **Established 5 Principles for fund distribution**
- **Approved first payment on April 22nd**
- **Agreed that 2nd payment would be subject “True Up” based on:**
 - Total actual revenue loss (if available) or forecasted revenue loss from all sources
 - Inaccuracies in 1st payment
 - Consideration of Social Justice
- **Revised payment model to reflect other income sources**



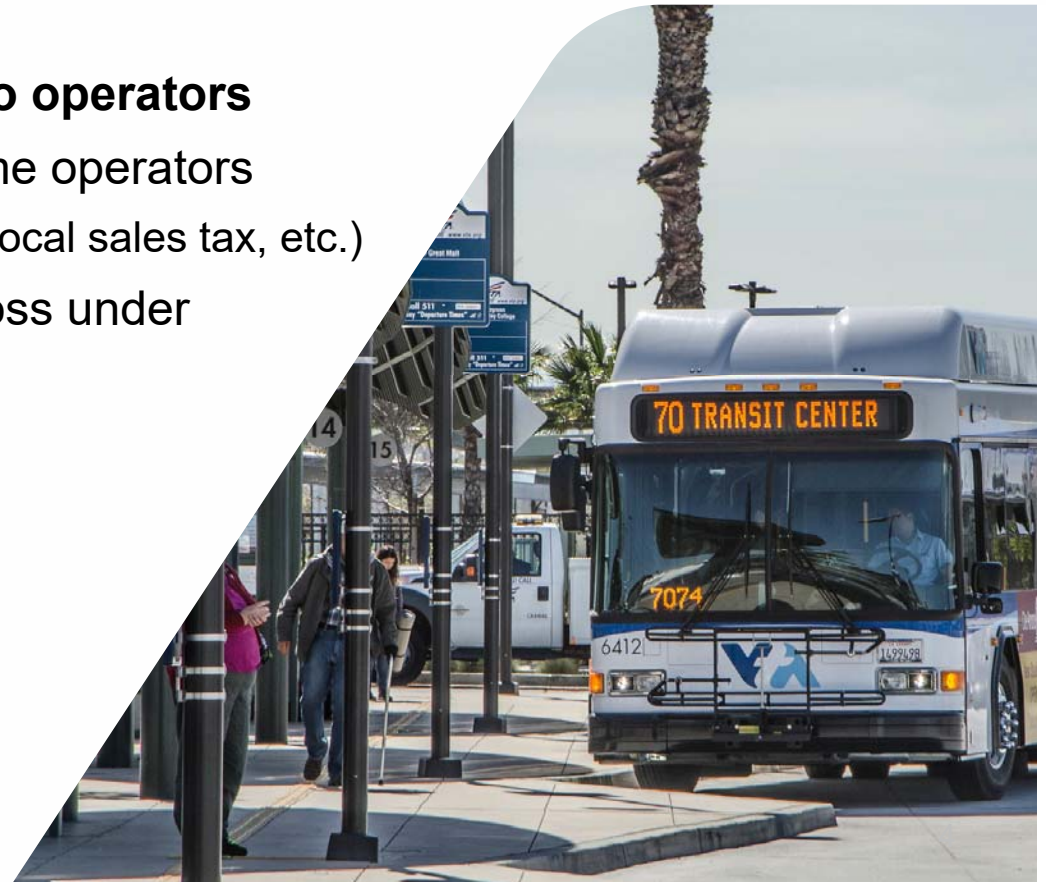
Blue Ribbon Transit Recovery Task Force

Received results from 1st Payment to operators

- Original model disadvantaged some operators
 - Different revenue streams (parking, local sales tax, etc.)
- One operator received less than loss under original model

Heard updates on:

- Transit Recovery Plans
- Health & Safety on Transit Plans



2nd Payment Proposal to Operators

Added revenue sources important to Operators

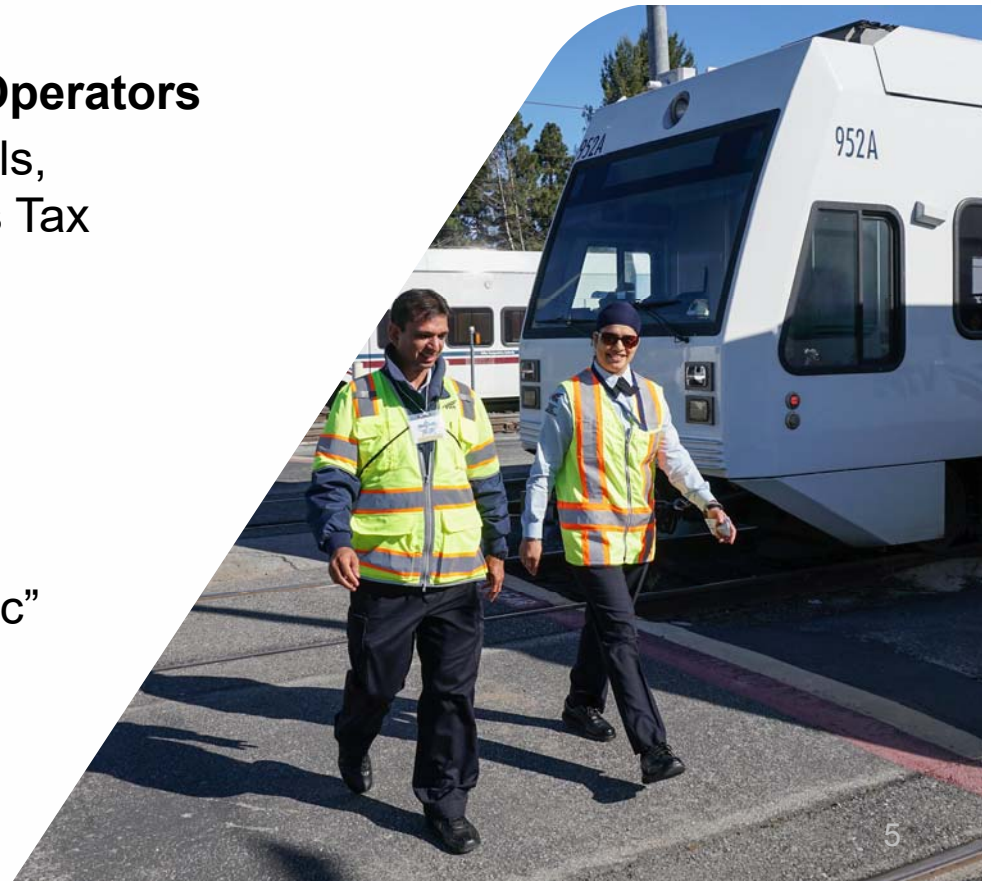
- Parking, General Fund, Bridge Tolls, State Rail Assistance, Local Sales Tax

Formula for Social Justice based on:

- Ridership income <\$50,000

Two Alternatives:

- “Alternative 1 Conservative”
- “Alternative 2 Somewhat Optimistic”



CARES ACT PHASE 2 Distribution Revenue Assumption Comparison



Conservative

March – August 2020

Fares – 90%
 Sales taxes – 50%
 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%

Sept. 2020 – December 2020

Fares – 75%
 Sales taxes – 35%
 BATA bridge tolls – 30%
 Golden Gate Bridge tolls – 40%
 SFMTA Parking – 20%
 SFMTA General Fund – 20%
 Park n Ride revenues – 75%
 State Transit Assistance – 40%
 State Rail Assistance – 40%

Somewhat Optimistic

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%

Sept. 2020 – 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%

Challenge

- **March – August = 6 months**
 - 0% Change to Fares Reduction
 - **5% Change to Sales Tax Reduction**
- **September – December = 4 months**
 - 5% Change to Fares Reduction
 - **5% Additional Change to Sales Tax Reduction**
- **Significant impact to Sales Tax Projection**

Sales Tax – VTA

March Actual 57% reduction
VS
MTC's Optimistic estimate 45%

UCLA Forecast April to June
60% Decline
VS
MTC's Optimistic 45%

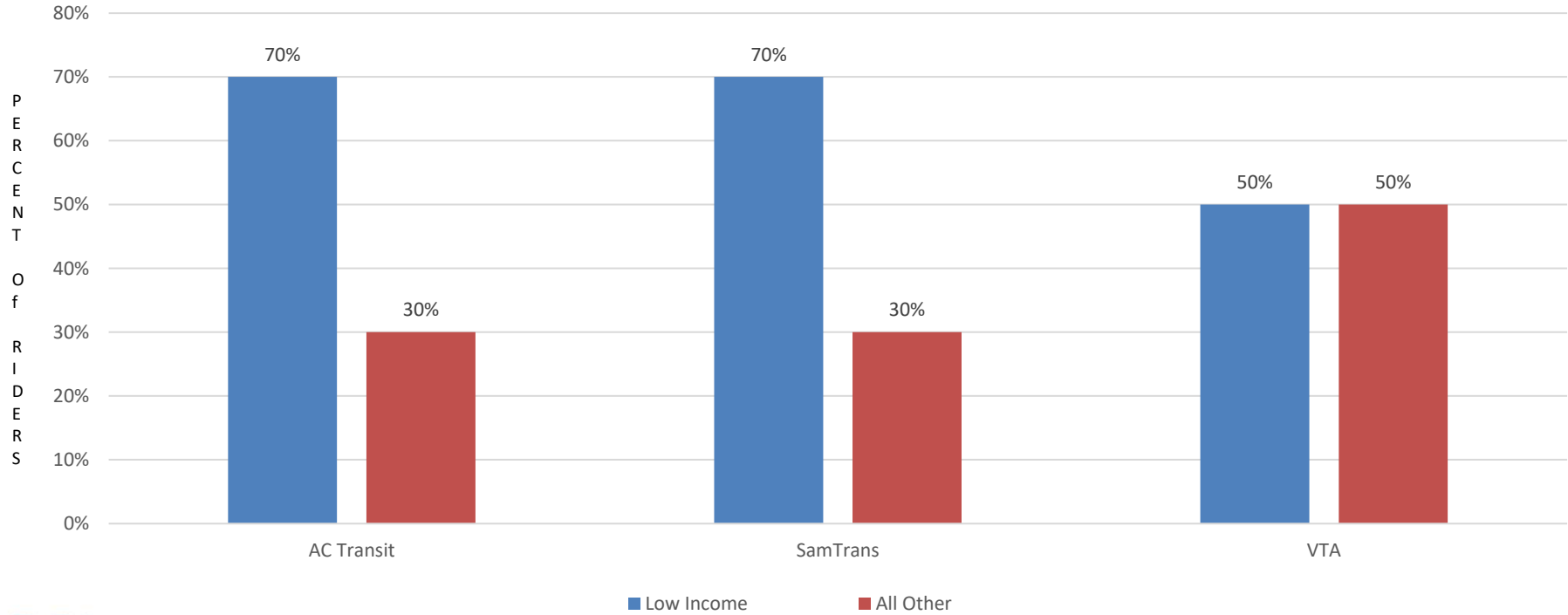


Alternatives

Tranche 2 Distribution Comparison



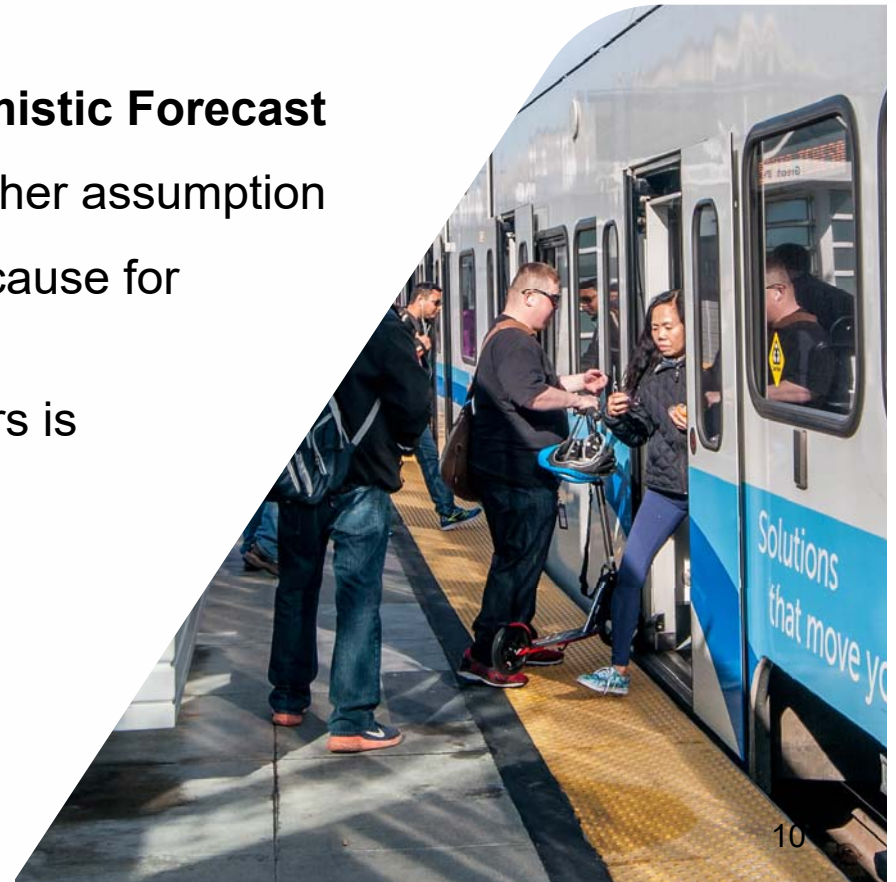
Social Justice



Request

Support Conservative vs Somewhat Optimistic Forecast

- No Transit Operator is made whole in either assumption
- Current information on pandemic is not cause for optimism
- Impact on Sales Tax dependent operators is significant
- Provides reasonable middle ground on complex forecast



From: VTA Board Secretary
Sent: Wednesday, July 8, 2020 3:22 PM
To: VTA Board of Directors
Subject: VTA Information: Ridership for May 2020

VTA Board of Directors:

Attached is a memorandum from Chief Operating Officer David Hill regarding VTA ridership for May 2020.

Thank you.

Office of the Board Secretary
Santa Clara Valley Transportation Authority
3331 N. First Street
San Jose, CA 95134
408.321.5680
board.secretary@vta.org



TO: VTA Board of Directors

THROUGH: Nuria I. Fernandez, General Manager/CEO

FROM: David Hill, Chief Operating Officer

DATE: July 2, 2020

SUBJECT: VTA Ridership for May 2020

May 2020 total monthly system ridership for bus and light rail was 782,393, a decrease of 74.5% over May 2019. Bus ridership was down by 70.3% compared to May 2019. Light rail ridership was down by 88.3% compared to May 2019. Service levels for both bus and rail were reduced due to the COVID situation pandemic. Bus service hours were reduced by nearly 40% compared to May 2019 while light rail was reduced by about 70%. Overall, May 2020 had a service reduction of about 41% compared to May 2019.

Ridership	May-2020	Compared to				Calendar-Year-to-Date		
		May-19	Percent Change	Apr-20	Percent Change	Current Jan'20-May 20	Prior Jan' 19-May 19	Percent Change
Bus	699,291	2,351,031	-70.3%	701,472	-0.3%	7,234,749	11,094,411	-34.8%
Light Rail	83,102	711,919	-88.3%	59,005	40.8%	1,830,690	3,393,434	-46.1%
System	782,393	3,062,950	-74.5%	760,477	2.9%	9,065,439	14,487,845	-37.7%

May 2020 ridership continued to be impacted by the shelter-in-place order due to the Corona Virus Disease (COVID-19). VTA continued to operate with reduced service (no trips later than 9 pm except for a few routes) and reduced vehicle capacity (to adhere to social distancing guidelines). Light rail operated with weekday service only.

The boardings per total hour and boardings per revenue hour for bus and light rail are shown in the table below:

	Boardings per Total hour ¹			Boardings per Revenue hour ²		
	May-2020	May-2019	Percent Change	May-2020	May-2019	Percent Change
Bus	9.0	18.6	-51.6%	9.7	20.0	-51.4%
Light Rail	19.8	54.2	-63.5%	21.6	56.9	-62.0%

¹ Total hours – Includes revenue hours and deadhead hours (hours that a vehicle travels when out of revenue service).

² Revenue hours - Scheduled hours of service available to passengers for transport on the routes. Includes recovery/layover time.