



## Memorandum

**RE:** Board Meeting - April 28, 2020

**DATE:** April 23, 2020

**To:** Transportation Authority Board: Commissioners Peskin (Chair), Fewer, Haney, Mandelman, Mar, Preston, Ronen, Safai, Stefani, Walton, and Yee

**FROM:** Tilly Chang – Executive Director

**SUBJECT:** Executive Director’s Report — **INFORMATION**

### REGIONAL, STATE AND FEDERAL ISSUES

**COVID-19 Response - Metropolitan Transportation Commission (MTC) Approves \$780 Million Distribution of Federal Funds to Transit Agencies:** Transit operators across the country continue to grapple with the COVID-19 pandemic’s impacts, including severe drops in ridership and revenue, amid an urgent need to protect employees and passengers while ensuring access to essential services and healthcare. On April 22, 2020, the MTC Commission approved a strategy to distribute the Bay Area’s \$1.3 billion share of the Federal CARES Act relief funds to the region’s transit operators. This includes the immediate allocation of \$780 million via formula to address short-term operations shortfalls, including \$197 million to SFMTA, \$251 million to BART and \$49 million to Caltrain. SFMTA has sent the attached letter to the MTC commission and Executive Director Therese McMillan, requesting that MTC distribute future tranches of funding by the end of August, and to use that funding to specifically address equity issues that were not adequately considered in Tranche 1.

MTC also directed staff to establish a transit response blue ribbon panel, to make recommendations for future tranches of funding from the CARES Act, and to provide guidance for transit operators to ensure that regional connectivity is maintained with a focus on equity and ensuring transit-dependent communities and essential workers maintain access to services and jobs. We are working closely with SFMTA, the Mayor’s Office, and our MTC Commissioners to provide input to this process.

**Congress Debates Federal Infrastructure Stimulus Bill – Advocacy Continues:** We continue to work partner agencies to identify and advance San Francisco’s priorities for future federal relief packages or infrastructure bills. Additional near term relief needs include state and local governments, which include state and local Departments of Transportation, transit systems which face continuing budget needs beyond the CARES Act III, and toll agencies who are seeking \$9 billion to replace lost user fees. On the long-range infrastructure funding front, our latest understanding is that Congress will likely not take up any infrastructure legislation until they re-convene in June. We are tracking whether they to opt for a short-term extension of the current FAST Act vs a full re-authorization or one-time economic stimulus bill. Dramatically reduced gas tax receipts will exacerbate Highway Trust Fund solvency issues, presenting continuing challenges about the debate over how to fund long-term infrastructure investment. I



continue to co-chair the ITS America Smart Infrastructure Task Force which is working in coordination with national State DOT and transit agency associations to provide input to Congressional committees on this topic.

**Transit and Intercity Rail Capital Program (TIRCP) Awards - Funding for BART, Muni, WETA announced:**

Last week, CalSTA announced the award of \$500 million through the TIRCP for projects across the state. This is the fourth round of awards from the TIRCP, which is funded through Senate Bill 1 gas tax revenues and Cap and Trade proceeds to advance transit projects that demonstrate significant greenhouse gas emissions reductions and improve access for disadvantaged communities. This cycle, the Bay Area received 34% of the funding including:

- \$107 million for BART's Transbay Corridor Core Capacity Program, to purchase 34 expansion rail vehicles,
- \$41 million to the SFMTA for their Core Capacity program including the J and M Muni Forward projects including transit signal priority and facility improvements, and for project development of an upgraded train control system, and
- \$9 million to WETA for electric ferry service to Mission Bay, including funding for a new all-electric ferry vessel and charging infrastructure

The Transportation Authority was a co-applicant on the WETA application, and as the city's congestion management agency, we supported and coordinated San Francisco's priorities and applications with sponsors, including providing advocacy and letters of support. We are pleased that the Bay Area did well this cycle, and want to congratulate all the project sponsors. Finally, we'd like to thank the state for supporting these investments which will improve regional connectivity and access to jobs while promoting sustainability and innovation.

## **LOCAL ISSUES**

**TNC Tax – Program Development, Revenue Tracking Continues:** We continue to coordinate with partners and stakeholders as we develop guidelines for how to administer 50% of the revenues from the Prop D TNC Tax, passed last November. The TNC Tax imposes a per-ride fee on Transportation Network Company (TNC, like Uber and Lyft) trips originating in San Francisco, to fund transit operations and Vision Zero safety improvements. Due to the impacts of COVID-19 and the shelter-in-place order, we expect revenues to come in much lower than originally projected. For January and February, the first two months of collection, revenue was 25% lower than anticipated and this was before shelter-in-place orders took effect. We will not know the impact on March and April revenues until May. Given the uncertainty of this new revenue source and the current impacts of the pandemic, we are carefully monitoring revenues and plan to wait to program funds until the end of 2020, when revenues are better understood and we have built up an adequate cash balance. Meanwhile, we have engaged with key stakeholders such as the SFMTA, Department of Public Health, the Pedestrian Safety Advisory Committee, and Bicycle Advisory Committee for input on program guidelines. We anticipate bringing the program guidelines for approval with the Transportation Authority's Fiscal Year 2021 budget in September and releasing a call for projects shortly thereafter.



## **PROJECT DELIVERY**

**Caltrans Begins Alemany Deck Replacement - Accelerating Construction During Shelter-in-Place:** On Friday, April 24, Caltrans began work on the US 101 Alemany deck replacement and the job has proceeded smoothly and safely at a quick pace. As you may recall from my April 14 report, Caltrans accelerated this project by three months to take advantage of reduced traffic along the freeway. The project, which will replace the concrete bridge deck in both northbound and southbound directions above Alemany Circle, is expected to conclude by early May. The Transportation Authority worked with Caltrans, SFMTA and affected District Supervisors to coordinate traffic detours and access to the Alemany farmers market, and conduct outreach to neighboring residents. I want to thank Caltrans for expediting this work and providing Assistant Deputy Director Yana Waldman and me with a tour of the project site yesterday. We also appreciate the supporting work of SFMTA and California Highway Patrol to manage traffic and keep speeds safe through the area. For construction updates and live webcam shots, please visit [101AlemanyProject.com](https://101AlemanyProject.com).

**Caltrans Begins State Route 1 (Park Presidio Boulevard) Repaving.** Caltrans also began paving work on the northern portion of State Route 1 (Park Presidio Blvd) between Lincoln Way and Lake Street on the 17th. Work will continue through late May 2020 seven days a week between the hours of 9:00 AM and 9:00 PM, weather permitting. More information is available here: [dot.ca.gov/caltrans-near-me/district-4/d4-projects/d4-san-francisco-state-route-1-paving](https://dot.ca.gov/caltrans-near-me/district-4/d4-projects/d4-san-francisco-state-route-1-paving).

## **MANAGEMENT AND ADMINISTRATION**

**COVID-19 Financial Analysis and Revised FY2020 Budget in June.** We continue to closely monitor revenue streams and coordinate with the City and sister agencies to assess short, medium, and long-term financial impacts. Sales tax revenues received last week for February 2020 sales appear unaffected by COVID-19, but we expect significant decreases in the coming months. We plan to bring a final amendment to the FY2020 budget for your approval in June, along with the results of our review of our work program and TA funding program priorities. To coordinate with CCSF, we will present our Annual FY2021 Budget later this summer. The Transportation Authority continues to maintain a strong financial position to ensure we can continue to support Prop K sponsors' cash needs for a multitude of public works and transit projects across the city.

**Virtual Office Extended with Latest Shelter-in-Place Orders.** With yesterday's announcement by Mayor Breed, we now plan to extend our virtual office operations through May. Please visit our meetings calendar at [www.sfcta.org/events](https://www.sfcta.org/events) for the latest events. This Thursday, April 30th, our congestion pricing study will hold its fourth Policy Advisory Committee meeting at 6 p.m.



London Breed, Mayor

Malcolm Heinicke, Chair  
Gwyneth Borden, Vice Chair  
Amanda Eaken, Director

Steve Heminger, Director  
Cristina Rubke, Director  
Art Torres, Director

Jeffrey Tumlin, Director of Transportation

April 24, 2020

The Honorable Scott Haggerty, Chair  
Metropolitan Transportation Commission  
375 Beale St, Suite 800  
San Francisco, CA 94105

**Subject: Prioritizing Future Tranches of CARES Act Investment**

Dear Chair Haggerty:

On behalf of the San Francisco Municipal Transportation Agency (SFMTA), I am grateful to the Commission and staff for approval of the first distribution of CARES Act funds. SFMTA is deeply appreciative of the MTC's advocacy to secure these funds and support the delivery of transit services across the region that are critically needed during this crisis.

As the Commission now looks ahead to future distributions and developing principles to guide those decisions, we offer the following comments and fundamental considerations. Please know that our overall position continues to be deeply rooted in San Francisco's commitment to equity for the most transit-dependent riders who rely on our systems every day.

As a transit operator, our view is shaped by our diverse riders – we carry about half the region's total transit riders, and they represent a broad array of demographics. As a city department, we also recognize how San Francisco is dependent upon the success of the region's other 27 operators. San Francisco is a major rider destination for almost all our region's operators. Many of those riders are dependent upon transit service to get to work. Moreover, San Francisco's economic recovery is dependent upon access to a diverse workforce living in all nine counties.

The COVID-19 shelter-in-place order has resulted in catastrophic revenue losses for all operators. We agree that it is essential to use the CARES Act funding to stabilize every transit agency. We also understand, however, that treating every lost dollar equally will result in **inequitable** outcomes. Equality and equity are in tension with one another. While a portion of the fund distribution should be based upon equal treatment of each operator, we believe that another portion must consider equity, particularly for our passengers. In the very near-term, it is likely we will all need to make significant service cuts and realignment given economic reality. Whom will those cuts impact? Do those riders have other choices for reaching their destinations? How many riders would be affected? What is the overall social impact of denying riders access to employment or essential services as a result of inevitable cuts?



The federal CARES Act provides immediate relief but is not sufficient to sustain the Bay Area's pre-COVID transit system into the future. Absent future infusions of funds, careful decisions and trade-offs will need to be made about where to invest the CARES Act funds and how these investments move to support a more sustainable and equitable system in the longer term.

Our transit systems connect people around the Bay Area. They also have a greater responsibility to enable social and economic mobility. **As part of the recovery, we have a generational opportunity to promote inclusivity as we restore our transit systems.** Public transportation will play an essential role in our region's recovery, unlocking opportunities for employment, education, and improved social life. We should be compelled to *improve* our region's transit system and not simply restore the structural imbalances that existed in the system pre-COVID 19. This is why equity must be a central consideration in how our systems are restored.

***With this in mind, we urge your consideration of the following tenets for the future distribution of CARES Act relief funds:***

- **That the inequities inherent in the Tranche 1 distribution formula are addressed in future distributions.** We supported the Tranche 1 formula distribution due to the need to distribute funds quickly and the lack of accurate data on actual revenue losses. However, because the formula is weighted for loss of farebox revenues, future distributions must address the inequities of the Tranche 1 approach that does not adequately and fully account for other types of revenue losses. Heavily weighing farebox revenue makes the implicit assumption that all agencies would recover 100 percent of the farebox revenue in their budget – which does not take into account changes in ridership up to the point of the COVID-19 emergency. This methodology is inherently inequitable, and future tranches need to correct for this fact and ensure a true-up to actual COVID-19 related losses.
- **The distribution of subsequent state and/or federal COVID-19 supplemental funds should follow a “needs-based” approach based upon the region’s most transit-dependent passengers.** Equity considerations must seriously factor into how we allocate funding and not simply assume that every dollar of revenue lost is equal. Operators' COVID-19 recovery strategies should consider a) total ridership, b) right sizing the service to avoid disproportionate impacts to transit-dependent populations (using the Plan Bay Area Equity Analysis, Title VI program data or other ridership survey data), and c) financial sustainability, including assumptions and rationale regarding how quickly and to what level ridership and operating revenues which support transit service will recover.



- **A portion of the relief funding should be used to develop and implement an integrated regional network of service aimed at meeting the needs of transit-dependent passengers for both the current crisis and recovery phase.** Support has been voiced across the region for a more seamless network. There is no better time to act on those principals and for all operators to work together to ensure that a restored and renewed post-COVID-19 transit network serves those who need it most and simultaneously moves to advance the region's air quality and congestion relief objectives.
- **The next tranche of funding to support FY21 budgets must follow quickly – and no later than August 31.** While we welcome additional leadership by the MTC Commissioners, it is critical that the Blue Ribbon Recovery Task Force not delay funding that will be critical for our survival in the first quarter of FY21. As with VTA and others, we are concerned that MTC use CARES Act funds only for uses specified in the legislation: actual loss of revenue and increased associated costs as a result of COVID-19. The federal government expects their funding to be distributed quickly and only for the purposes outlined in the legislation.

We recognize and commend the hard work that your team has undertaken to balance the unprecedented need across the Bay Area and to provide a lifeline to the region's public transportation systems. We remain committed to working in partnership with you and our transit agency colleagues to advance the most equitable and sustainable system possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeffrey Tumlin'.

Jeffrey Tumlin  
Director of Transportation

cc: MTC Commissioners  
Therese McMillan, Executive Director