

INTER OFFICE MEMO

TO: MP&L Committee

FROM: Rick Ramacier
General Manager

DATE: May 29, 2020

SUBJ: Proposed HEROES Act

Background

The Congress continues to consider additional measures to address the significant economic issues that have emerged in the wake of the various stay-at-home orders that have been enacted throughout the country. To that end, the House of Representatives passed out their latest iteration called the HEROES Act. This \$3 trillion dollar bill contains \$15.75 billion for public transit. This funding would be for the same purposes as the public transit funding in the CARES Act. Thus, public transit could use it to cover operating costs related to COVID-19 mitigations and/or to make up for lost fare revenues or local/state tax subsidies resulting from the severe throttling of the economy.

The HEROES Act divides the transit funding into two programs. The first provides \$11.75 billion in formula grants to the 14 very large urbanized areas (UZA) - two are in California. The formula is made up 85% from the State-of-Good-Repair formula and 15% by the Urbanized Area formula. The San Francisco-Oakland UZA would receive significant funding from this program. However, the San Francisco-Oakland UZA only includes San Francisco, Oakland-Berkeley-Richmond up to Crockett, San Mateo county minus the coastal areas, and the 101 corridor of Marin county. The rest of the region – including County Connection's service area are not included in the UZA San Francisco-Oakland boundaries as federally defined.

The second tranche of funds provide \$4 billion through the federal Emergency Relief program. These funds would be made available through the Secretary of Transportation via grant application. Grant applicants would have to provide estimates of financial need, data on reduce ridership, and a spending plan for the funds. The bill directs the Secretary to give priority to public transit agencies with the largest revenue loss as a percentage of operating expenses.

The HEROES Act is now over in the Senate where action on it is uncertain at best. The Senate is talking crafting their own bill with a much lower dollar figure. What the Senate may do should become clearer over the first half of June.

Analysis

As drafted, the HEROES Act would be very beneficial to Bay Area transit as whole because the amount of funding that would go to the San Francisco-Oakland UZA. However, with County Connection inside the Concord UZA, it is unclear how any of that might benefit County Connection. The Metropolitan Transportation Commission (MTC) might have methods to move regional funding around to in effect allow the entire region to benefit from the HEROES Act as currently drafted. However, that is far from certain and prove unworkable.

County Connection could compete for a portion of the \$4 billion through Emergency Relief program. However, the great majority of transit operators in the country would be competing in that pot, including the ones from one of the 14 very large UZS that will receive formula funding.

Many medium and large transit operators outside of 14 very large UZAs are not happy with the current drafting of the HEORES Act. Thus, there is a fair likelihood that if the Senate considers action on the HEORES Act or their own similar bill, that the public transit funding element is amended to ensure more transit operators receive some formula funding. If that happens, it is hard to determine at this time what that would ultimately mean for County Connection.

Local and State Considerations

To date, the states and the local jurisdictions have not received similar treatment in any of the previous Congressional COVID-19 relief/stimulus packages. It is worth noting that over the long term, public transit may be better off if Congress can provide meaningful relief to states and local governments so they in turn can continue to fund us down the road at the levels public transit has historically relied on.

Engaging the Contra Costa County Congressional Delegation

Since the start of the COVID-19 emergency, I have been regular communication with the staffs of Congressmen, Thompson, DeSaulnier, and Swalwell. And, I have had one Zoom meeting with Congressmen Swalwell and the other transit CEOs of the East Bay. All three remain very supportive of County Connection receiving our fair share relative to our needs with respect to any Congressional relief package that includes funding for public transit. They are all aware of the peculiar challenge presented to us in the HEROES Act with regard to how the San Francisco-Oakland UZA is designated. They are all working on that behind the scenes. I continue to discuss this with the staffers as well.

Action Requested

No specific action is requested at this time. Under existing Board policy, I have communicated our support for federal funding for transit in any COVID-19 relief package. I do not recommend that County Connection take a position on a particular piece of federal legislation regarding federal relief/stimulus funding. Instead, I recommend that we continue to advocate on the need for public transit funding to make up or severe revenue losses in broad terms when the opportunity arises.