

INTER OFFICE MEMO

TO: Board of Directors

FROM: Rick Ramacier
General Manager

DATE: June 10, 2020

SUBJ: Federal Legislative Update – The HEROES Act and the INVEST in America Act (House transportation Re-Authorization Proposal)

The HEROES Act

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 in different UZAs. Thus, as written, the HEROES Act would pose unique challenges for the Metropolitan Transportation Commission (MTC) in allocating these funds out across the entire region.

The second set 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 lost for revenue, 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. County Connection would be eligible to file an application for these funds based on need.

The HEROES Act is now over in the Senate where action on it is unlikely. The Senate is considering talking action on their own bill with a lower dollar figure.

At this time, it is very unclear as to how funding would flow to County Connection under the current draft of the HEROES Act.

INVEST in America Act

The House has released the "INVEST in America Act" which is their transportation reauthorization proposal. As a point of reference, the current federal transportation authorization expires at the end of

September. The proposal is a five-year authorization beginning in FY21. The first year focuses on COVID-19 relief and would provide \$83.1 billion to the transportation sector for COVID-19 recovery. In FY22 through FY25, a number of significant programmatic changes would be made to both the highway and transit programs. The funding for transit would increase by roughly 50% per year in years two through five of the Act over current levels of federal transit funding. The total funding in the draft proposal equals \$494 billion. It is not yet clear as to how this would all be paid for as the draft does not appear to address the highway trust fund shortfalls that may kick in as early as next calendar year.

As noted, the draft contains a good number of programmatic changes to the transit piece. While the initial feedback is positive, staff wishes to perform additional analysis before we start to advise of you on the pros and cons of this proposal. It is a somewhat bold approach and should kick start a badly needed discussion on moving forward with a good federal transportation re-authorization.

MP&L Committee

Both the HEROES Act and the INVEST in America Act were discussed at the June MP&L Committee meeting. They have sent this report to the full Board as information.

Action Requested

No specific action is requested at this time. Staff would like to provide you with a brief report at your meeting on June 18, 2020. This would include a brief report on staff's informal discussions on the HEROES Act with the staffs of our Congressional delegation.