

**THIS PRINT COVERS CALENDAR ITEM NO.: 10.2**

**SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY**

**DIVISION:** Finance and Information Technology

**BRIEF DESCRIPTION:**

Requesting that the SFMTA Board direct the Metropolitan Transportation Commission (MTC) to apply \$11,534,333 of SFMTA's Fiscal Year (FY) 2022-23 Revenue-based State Transit Assistance (STA) to fulfill its obligation to return funds to the MTC to support the implementation of the July 2021 Transit Transformation Action Plan.



**SUMMARY:**

- The Metropolitan Transportation Committee (MTC) convened a Blue Ribbon Transit Recovery Task Force (Task Force) to respond to the disruption in transit service and transit ridership as a result of the COVID-19 pandemic.
- The Task Force developed and endorsed the July 2021 Transit Transformation Action Plan (Action Plan). The MTC approved the American Rescue Plan Act of 2021 (ARP) funding distribution policy which identified a minimum of \$85,000,000 in ARP funds to support the Action Plan.
- To support the immediate operating needs of the Bay Area transit agencies from the ongoing COVID-19 pandemic, the MTC subsequently distributed \$85,000,000 in ARP funds to transit operators, of which \$26,921,813 was distributed to the San Francisco Municipal Transportation Agency (SFMTA). In return, the SFMTA agreed to, at a later date, return the full amount to the MTC in alternative near-term funding to support implementation of the Action Plan.
- To fulfill its obligation to return funds to the MTC, the SFMTA directs MTC to apply \$11,534,333 of SFMTA's FY 2022-23 Revenue-based State Transit Assistance (STA) to fulfill its obligation to return funds to the MTC for the implementation of the Action Plan. In addition, the MTC will reprogram \$15,387,480, originally programmed, but not distributed, to the SFMTA, to fund the Action Plan.

**ENCLOSURES:**

1. SFMTAB Resolution

**APPROVALS:**

	<b>DATE</b>
DIRECTOR 	<u>May 10, 2023</u>
SECRETARY 	<u>May 10, 2023</u>

**ASSIGNED SFMTAB CALENDAR DATE:** May 16, 2023

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### **PURPOSE**

Requesting that the SFMTA Board direct the Metropolitan Transportation Commission (MTC) to apply \$11,534,333 of SFMTA's FY 2022-23 Revenue-based State Transit Assistance (STA) to fulfill its obligation to return funds to the MTC to support the implementation of the July 2021 Transit Transformation Action Plan.

### **STRATEGIC PLAN GOALS AND TRANSIT FIRST POLICY PRINCIPLES**

The SFMTA will further the following goal of the Strategic Plan through approval of this resolution:

Goal 10: Position the agency for financial success.

Approval of this resolution also ensures that the SFMTA supports the City's Transit First Policy.

### **DESCRIPTION**

To respond to the disruption in transit service and transit ridership as a result of the COVID-19 pandemic, the MTC convened a Blue Ribbon Transit Recovery Task Force (Task Force) staffed by members of various transit agencies, including the SFMTA. In July 2021, the Task Force developed and endorsed the Transit Transformation Action Plan (Action Plan). The Action Plan identifies five outcomes that would constitute substantial progress towards the Transit Transformation vision and 27 near term actions needed to achieve them. The outcomes are: (1) equitable and consistent fares and payment; (2) improvements in customer information; (3) integrated transit network planning and management; (4) coordinated accessibility for vulnerable populations; and (5) efficient use of resources and new funding.

The Federal Government signed the American Rescue Plan Act of 2021 (ARP) (H.R. 1319) into law in response to the nationwide Coronavirus pandemic and provided supplemental appropriations for Emergency Transit Operations Assistance through the Federal Transit Administration (FTA) Section 5307 Urbanized Area and Section 5311 Rural Area formula programs. The MTC approved an ARP funding distribution policy in MTC Resolution No. 4481. The ARP funding policy identified that a minimum of \$85,000,000 in ARP funds "should support the implementation of certain recommendations from the Blue Ribbon Transit Recovery Task Force".

To support the immediate operating needs of the Bay Area transit agencies from the ongoing COVID-19 pandemic, the MTC subsequently distributed the \$85,000,000 originally programmed to implement the Action Plan to transit operators, including the SFMTA. In return, transit operators agreed to collectively return to the MTC, at a future date, an equivalent amount of alternate near-term revenue sources. The MTC programmed \$26,921,813 of the \$85,000,000 in ARP originally intended to support the implementation of the Action Plan to the SFMTA.

To fulfill its obligation to return \$26,921,813 to the MTC, staff recommends that the SFMTA

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Board direct MTC to apply \$11,534,333 of SFMTA's FY 2022-23 Revenue-based State Transit Assistance (STA) to the Action Plan. The MTC had allocated \$87,226,794 to the SFMTA in FY 2022-23 in Revenue-based STA through the FY 2022-23 Fund Estimate, MTC Resolution No. 4504 in conformance with PUC Sections 99312.2 and 99314.3.

The MTC will facilitate the transfer of the balance of the funding commitment through the FY 2022-23 Fund Estimate, MTC Resolution No. 4504 and/or the Transit Capital Priority Program, MTC Resolution No. 4510, or successor resolutions, by reprogramming \$15,387,480, originally programmed, but not distributed, to the SFMTA, to fund the Action Plan. These actions complete the SFMTA's obligation to return funds to the MTC.

## **STAKEHOLDER ENGAGEMENT**

The MTC has requested that the SFMTA fulfill its commitment to support the implementation of the Action Plan by applying \$11,534,333 in SFMTA's FY 2022-23 Revenue-based STA to the Action Plan.

No other stakeholders are involved in this transaction.

## **ALTERNATIVES CONSIDERED**

One alternative would be for the SFMTA not to allow MTC to use the requisite funds and forego its financial commitment to the MTC and other transit partners to support the Action Plan. This action would be damaging to the SFMTA's relationship with the MTC, an important funding partner. Alternatively, the SFMTA could identify other funds to repay its obligation to the MTC. As the FY22-23/FY23-24 Capital Improvement Plan (CIP) assumed this agreed upon swap, this action would be disruptive to the CIP.

## **FUNDING IMPACT**

The proposed transaction has a net zero funding impact because it is a funding swap.

## **ENVIRONMENTAL REVIEW**

On April 26, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the Metropolitan Transportation Commission Funding Swap is not a "project" under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

## **OTHER APPROVALS RECEIVED OR STILL REQUIRED**

The City Attorney has reviewed this calendar item.

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No other approvals are required for this item.

**RECOMMENDATION**

Staff recommends that the SFMTA Board direct the Metropolitan Transportation Commission (MTC) to apply \$11,534,333 of SFMTA's FY 2022-23 Revenue-based State Transit Assistance (STA) to fulfill its obligation to return funds to the MTC to support the implementation of the July 2021 Transit Transformation Action Plan.

SAN FRANCISCO  
MUNICIPAL TRANSPORTATION AGENCY  
BOARD OF DIRECTORS

RESOLUTION No. \_\_\_\_\_

WHEREAS, The Metropolitan Transportation Committee (MTC) convened the Blue Ribbon Transit Recovery Task Force (Task Force) to respond to the disruption in transit service and transit ridership as a result of the COVID-19 pandemic; and

WHEREAS, The San Francisco Municipal Transportation Agency (SFMTA) had a representative on the Blue Ribbon Transit Recovery Task Force (Task Force) convened by the Metropolitan Transportation Commission (MTC); and

WHEREAS, The Task Force developed and endorsed the Transit Transformation Action Plan (Action Plan) in July 2021; and

WHEREAS, The Action Plan identifies near-term actions needed to achieve a more connected, efficient, and user-focused mobility network across the Bay Area and beyond; and

WHEREAS, The MTC is the implementing agency for the Action Plan; and

WHEREAS, The American Rescue Plan Act of 2021 (ARP) (H.R. 1319) was signed into law in response to the nationwide Coronavirus pandemic and provides supplemental appropriations for Emergency Transit Operations Assistance through the Federal Transit Administration (FTA) Section 5307 Urbanized Area and Section 5311 Rural Area formula programs; and

WHEREAS, The MTC approved an ARP funding distribution policy in MTC Resolution No. 4481, which identified that a minimum of \$85,000,000 in ARP funds “should support the implementation of certain recommendations from the Blue Ribbon Transit Recovery Task Force”; and

WHEREAS, To support the immediate operating needs of the Bay Area transit agencies from the ongoing COVID-19 pandemic, the MTC subsequently distributed the reserved \$85,000,000 in ARP funds to transit operators, including the SFMTA, and in return transit operators agreed to collectively provide an equivalent amount in alternate near-term revenue sources to implement the Action Plan and recommendations from the Task Force; and

WHEREAS, The MTC programmed \$26,921,813 of the \$85,000,000 in ARP originally intended to support the implementation of the Action Plan to the SFMTA; and

WHEREAS, The SFMTA has agreed to provide \$26,921,813 to the MTC in alternative near-term funding to support implementation of the Action Plan; and

WHEREAS, The MTC has allocated \$87,226,794 to the SFMTA in FY 2022-23 Revenue-based State Transit Assistance (STA) through the FY 2022-23 Fund Estimate, MTC Resolution No. 4504 in conformance with PUC Sections 99312.2 and 99314.3; and

WHEREAS, The SFMTA will fulfill a portion of its obligation to provide \$26,921,813 to the MTC by directing the MTC to use \$11,534,333 in SFMTA's FY 2022-23 Revenue-based STA; and

WHEREAS, The MTC will facilitate the transfer of the balance of the funding commitment through the FY 2022-23 Fund Estimate, MTC Resolution No. 4504 and/or the Transit Capital Priority Program, MTC Resolution No. 4510, or successor resolutions, as the case may be; and

WHEREAS, On April 26, 2023, the SFMTA, under authority delegated by the Planning Department, determined that the Metropolitan Transportation Commission Funding Swap is not a "project" under the California Environmental Quality Act (CEQA) pursuant Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b); and

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; and, now therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors directs the Metropolitan Transportation Committee (MTC) to use \$11,534,333 in SFMTA's Fiscal Year (FY) 2022-23 Revenue-based State Transit Assistance to fulfill its obligation to the MTC; and be it further

RESOLVED, That the provision of \$11,534,333 in SFMTA's FY 2022-23 Revenue-based State Transit Assistance will allow for the disbursement and payment of \$11,534,333 to the MTC to support implementation of the Action Plan.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of May 16, 2023.

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Secretary to the Board of Directors  
San Francisco Municipal Transportation Agency