



State of Vermont

Agency of Transportation

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To: House Transportation Committee

From: Michele Boomhower, Division Director

Date: April 15, 2020

Re: Federal CARES Act Public Transit Funding Implementation Plan

The Agency of Transportation has prepared the following recommendation for the investment of the Federal Transit Administration (FTA) CARES Act COVID-19 response funds. This plan was developed to most expansively take advantage of the FTA CARES Act funding - in consultation with FTA Region 1 staff who oversee the implementation of our FTA programs, as well as the state's Public Transit Providers, who implement the program.

Late yesterday, we submitted this plan to the FTA for review and approval, this follows discussions with FTA Region 1 staff last week regarding the allowable uses of funds and the approach they would suggest given the federal guidance. We expect this approach to be approved by the FTA and the Agency will be working to set up the internal mechanisms to allow Transit Providers, as well as the Agency, to begin billing to this funding source within the next 2 weeks.

Program Overview

FTA has allocated these funds through two existing programs, 5311 and 5307.

5311 formula grants are specifically for rural areas with fewer than 50,000 residents. These grants provide capital, planning, and operating assistance to qualifying public transportation agencies. All Transit Providers in Vermont receive 5311 funds with Green Mountain Transit (GMT) receiving

funds for their coverage area outside of Burlington. VTrans matches the 5311 grant awards to providers at differing levels based on the allowed activities (operations, administration, preventative maintenance and capital (vehicle) investments). The normal match share distribution is as follows: 50% Federal/25% State/25% Provider.

5307 formula grants are specifically for urbanized areas with a population of 50,000 or more as determined by the U.S. Department of Commerce, Bureau of the Census. These grants provide capital, planning, and operating assistance to qualifying public transportation agencies. Burlington is the only 5307 recipient area in Vermont. VTrans matches the 5307 grant awards to GMT at differing levels based on the allowed activities (operations, administration, preventative maintenance and capital (vehicle) investments).

The CARES Act allows for coverage of the Federal 5311 & 5307 eligible costs, as well as the provider, and State, match funds which would normally cover the non-federal match across all of the eligible activities (operations, administration, preventative maintenance and capital (vehicle) investments) our proposal focuses on coverage of only the operations costs (OPS), which VTrans normally matches at 50% and the provider matches at 50%. In addition to covering the operations match for 5307 & 5311, all eligible direct COVID-19 response hours and materials (cleaning supplies, masks, computers for offsite work, etc.) are also eligible for reimbursement under the FTA CARES Act program.

Proposed Coverage Period

FY20 – February 1 through June 30

FY21 – July 1 through June 30

Vermont's Allocation under the FTA CARES Act:

5311 \$13,327,895

5307 \$7,682,069 – GMT Directs this allocation and plans to follow the same approach as the 5311 investment strategy.

Strategic Objectives for FTA CARES Act Funding:

Overall goals are to fully address the costs associated with the COVID response, maximize Federal funds to reduce match pressures from State and municipal resources. Current reserved/set-aside funds may be needed for FY21 capital, projection vs. actual adjustments, etc. These funds will allow the program to continue normal operations and the system improvements, micro-transit pilot projects, and implementation of the Transit app, already planned for FY '20 and '21.

- Cover 5311 Operations Costs for a portion of FY20 and all of FY21
 - Replaces a portion of FY21 Municipal Revenue costs for local match share – assumes tight local budgets and need for some relief; FY20 costs are already covered
 - Replaces T Fund match share
- Cover COVID-19 Direct Costs for the proposed Coverage Period– staff time, PPE, lost farebox revenue, cleaning supplies, equipment, etc.
- Cover Federal share of 5311 costs which will potentially allow for reduced FHWA FLEX Funding

Fiscal Year	State T Fund OPS Coverage	5311 Transit Provider OPS Coverage
FY20	\$430,999	\$430,999
FY21	<u>\$1,719,598</u>	<u>\$1,719,598</u>
Totals	\$2,150,597	\$2,150,597

Fiscal Year	State Direct COVID Coverage	5311 Transit Provider COVID Coverage
FY20	\$93,000 (est.)	\$1,865,848 (est.)
FY21	<u>\$45,000 (est.)</u>	<u>\$1,007,220 (est.)</u>
Totals	\$138,000	\$2,873,068

Total OPS/COVID Allocation to 5311 Providers (FY20/21): \$ 5,023,665
Total OPS/COVID Allocation to VTrans (FY20/21): \$ 2,288,597
Total 5311 Federal Costs Covered (FY20/21): \$ 4,301,194
Total CARES Act 5311 Investment: \$11,613,456 (total available funding \$13,327,895 – our target allows for a buffer)

Transportation Fund Savings

FY20: \$1,219,705
 \$430,999 in 5311 OPS
 \$307,000 savings from delayed purchases of vehicles
 \$481,706 for 5307 State match share already paid to GMT

FY21: \$2,875,694
 \$1,719,598 in 5311 OPS
 \$1,156,096 for 5307 State match share savings from GMT

FY20/21 TF Savings: \$4,095,399

Other Considerations

- The State will not be able to backfill funding for providers once CARES Act funding runs out - FY22 fare revenues, municipal contributions and T Bill contributions may not bounce back.
- Measures that have had to be taken to address social distancing for public transportation will need to continue into the future until a vaccine against COVID-19, or other yet to be understood measures evolve.
- Creative approaches to provision of public transportation will need to be developed and tested.

