

John Cunningham

From: Mark Watts <mark@whstrat.com>
Sent: Tuesday, June 2, 2020 9:51 AM
To: Linsey Willis; John Cunningham
Subject: Budget transit language

Good morning,

Attached is the language that is intended to proceed in the budget process.

I did review the document circulated by CTA on this issue, and the first three proposals are what is included in the language summarized here:

1 - Institute hold harmless provision for calculation and allocation of **State Transit Assistance Program, STA-State of Good Repair** and **Low Carbon Transit Operations Program** allocations (Local Revenue Basis Only).

This proposal provides transit agencies predictability, by directing the State Controller to: “freeze” for the budget year and the year after that the local revenue allocation factors used most recently before the pandemic; and, to allocate to transit agencies funds under these three programs using those exact same allocation factors (i.e. as opposed to updating the factors each year, which would redistribute the funds in unanticipated ways).

2 - Temporarily suspend the financial penalties associated with the **Transportation Development Act’s** requirements that transit agencies obtain specified fixed percentages of their operating budgets from passenger fares. PUC 99268.9, amended.

Given the COVID-19 pandemic, this requirement, which was originally established to ensure transit agencies deliver cost-effective transit service, will instead penalize transit agencies that are experiencing – through no fault of their own – unprecedented declines in transit ridership and fare revenue or that are eliminating fares entirely to facilitate social distancing between transit operators and riders.

3 - Temporarily suspend the financial penalties associated with the **State Transit Assistance Program’s** requirement that transit agencies’ operating cost per revenue vehicle hour may not exceed operating cost per revenue vehicle hour adjusted by regional CPI, year over year. PUC 99314.6, amended.

Given the COVID-19 pandemic, this requirement, which was originally established to ensure transit agencies deliver cost-effective transit service, will instead penalize transit agencies that are experiencing – through no fault of their own – sudden increases in maintenance and sanitation costs for transit vehicles to protect public health

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