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March 15, 2019

TO: Claimants for Transportation Development Act (TDA); State Transit Assistance (STA); and Assembly Bill (AB) 1107 Funds for FY 2019-20

This letter transmits information regarding the submittal of applications to MTC for the allocation of funds referenced above for FY 2019-20.

Transit Claim Forms and Instructions Online

All information necessary to submit an application for TDA, STA, and AB 1107 Funds can be found on MTC's website at: http://mtc.ca.gov/our-work/invest-protect/investment-strategies-commitments/transit-21st-century/transit-operating-0.

Please submit one signed copy of your claim application plus an electronic version of the completed Excel workbook. Fully electronic submissions of the completed claim and workbook are encouraged. April 1st is the earliest MTC may receive a claim requesting funding for the upcoming fiscal year. June is the earliest that funds will be allocated for FY 2019-20.

Fund Estimate Caution

Please note that the apportionments shown in the FY 2019-20 Annual Fund Estimate do not reflect allocations made after January 31, 2019 or the STA-SGR allocations made in January 2019. Any allocations made by MTC subsequent to January 31, 2019 will reduce the amount shown in the Fund Estimate as available for allocation in FY 2019-20. Furthermore, MTC staff will return to the Commission in July 2019 with a recommendation to revise the FY 2019-20 Fund Estimate to reflect actual FY 2018-19 TDA end-of-year (June 30th) revenues. This action could result in negative end-of-year balances in FY 2018-19 for some apportionment areas. Allocations in excess of actual generations will be rescinded.

State Transit Assistance (STA)

Population-based Program: The policy to apportion STA population-based funds was revised in February 2018 through MTC Resolution No. 4321 which can be found on the website identified above. This new policy was transmitted to your agency by email on March 2, 2018. As you know, a majority of the funds will now be distributed through a county-level block grant coordinated by each county's Congestion Management Agency (CMA) rather than the three previous categories (Northern County/Small Operator, Paratransit, and Lifeline). Please contact your CMA to identify funds programmed to your agency. CMA's should transmit their programming distribution for FY 2019-20 to MTC by May 1, 2019. The regional share of the program is retained.

The new population-based policy also includes requirements for the small operators to meet certain performance metrics as a condition of receiving STA population-based funds. The section below on the Transit Sustainability Project provides further information on these new performance metrics.

STA-SGR Program: Beginning in FY 2019-20, Caltrans has proposed changing the State of Good Repair (SGR) Program guidelines to require regional agencies like MTC to approve SGR Program Revenue-Based (PUC 99314) projects from transit operators, and submit a single region-wide list of projects to Caltrans by September 1st of each year.

In order to meet the Caltrans deadline, MTC has established the following schedule:

Date	**Action**
May 15, 2019	Transit operators submit to MTC project lists for their anticipated FY 2019-20 SGR Revenue-Based (PUC 99314)
July 1, 2019	Deadline for transit operators to secure board approval of their project lists from their own governing board
July 24, 2019	MTC Commission approves Bay Area SGR Program Project List for FY 2019-20
September 1, 2019	Deadline for MTC to submit a Commission-approved resolution containing the Bay Area's FY 2019-20 SGR Program Project List to Caltrans

Upon approval of the STA-SGR projects by Caltrans, MTC will allocate funds for the approved projects.

Productivity Improvement Program (PIP) and Transit Sustainability Project (TSP)

PIP Projects: All (large, medium and small) operators are required to submit PIP projects, per the following guidance:

- As required by TDA statutes, any recommendations from the TDA Performance audit must be included as PIP projects. For the large operators, one of the PIP projects must be to reduce at least one TSP performance metric (Cost per Revenue Hour, Cost per Passenger or Cost per Passenger Mile) by 5% by the end of FY2016-17, and maintain the metric at equal to or less than the cost of inflation in subsequent years.
- PIP projects may be based on operators' own planning efforts in addition to the recommendations from the TSP.
- Operators are asked to have at least one active project; two projects are required if one of the projects is Asset Management.

The Claim workbook contains a tab for reporting on existing or completed projects and a tab for submitting new projects. The current PIP Program can be viewed at http://mtc.ca.gov/our-work/invest-protect/investment-strategies-commitments/transit-21st-century/transit-operating-0/.

TSP Performance Metrics: Concurrent with the PIP reporting, MTC collects and uses NTD data to inform the TSP performance metrics. MTC is requesting that all operators (large, medium and small) email their FY 2017-18 NTD report to Melanie Choy (mchoy@bayareametro.gov) by July 31, 2019. Additionally, large operators should submit an update to their TSP Strategic Plans identifying progress and any new strategies implemented to achieve the TSP targets. Note that MTC staff expects to work with large operators over the coming year on new/evolving TSP focus areas per direction from the Commission in February 2019.

- Additional information regarding the large operator TSP metric requirements are contained in MTC Resolution No. 4060 (http://mtc.ca.gov/our-work/invest-protect/investment-strategies-commitments/transit-21st-century/transit).
- Additional information regarding small operator TSP metric requirements are contained in MTC Resolution No. 4321. In summary, small and medium sized operators are required to maintain operating costs (cost per service hour, cost per passenger, or cost per passenger mile) at least twenty (20) percent below the annual average operating cost of the seven operators included in the TSP and annual year-over-year increases in operating costs shall be no greater than five percent per year.

Lead Time for Transit Allocations
Please submit applications by the first of the month prior to the month in which you request MTC action on your application (e.g. submit request by May 1 for action in June). Please note that the Programming and Allocations Committee and the Commission do not meet in August.

Allocation Instructions
Subsequent to the approval of an allocation, the MTC Finance Section prepares an "Allocation Instruction" specifying the purpose and amount of the allocation, its expiration date, and any conditions MTC imposed on the use of the funds. A single claim application may result in multiple Allocation Instructions (e.g., transit capital, transit operating, paratransit operating). The allocation instructions are sent to the County Auditor of your county (TDA funds) and the Alameda County Auditor (STA funds), with a copy of each Allocation Instruction sent to the claimant. Each Allocation Instruction has an allocation number, and it is important to refer to the allocation number when making an inquiry to MTC regarding an allocation. Operating funds are then disbursed based on actual fund balances in each apportionment.

Audit and State Controller's Report Submittals
Per TDA law, claimants are required to submit fiscal audits and State Controller Reports to MTC. We request that these documents be submitted both electronically to Seema Prasad at sprasad@bayareametro.gov and in hard copy. If these reports have already been submitted for FY 2017-18, there is no need to resubmit them with your FY 2019-20 claim. Fiscal audits for FY 2018-19 are due by December 31, 2019. Please submit audits to:

Metropolitan Transportation Commission
Attn: TDA Audit
Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105

We are open to your suggestions on improving the TDA application process. Please contact the TDA Program Manager, Cheryl Chi, at 415-778-5339 or cchi@bayareametro.gov with any comments or questions.

Sincerely,

Anne Richman

Anne Richman
Director, Programming and Allocations

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