

MTC Resolution No. 4512 Short-Range Transit Plan: Bay Area Transit Recovery Scenario Planning

MTC Programming and Allocations Committee

March 9, 2022



Overview

- The COVID-19 pandemic has impacted transit revenues and ridership in different ways across operators
 - The “fiscal cliff” that is approaching as federal relief funds are exhausted ranges from early 2023 to 2025 and beyond
 - Ridership recovery has also ranged from 18% to 60%
 - While sales tax revenues have been strong, farebox dependent operators are particularly exposed to revenue risk
- Considering these varied impacts and uncertainties, it is critical to understand how different revenue outcomes might affect transit service

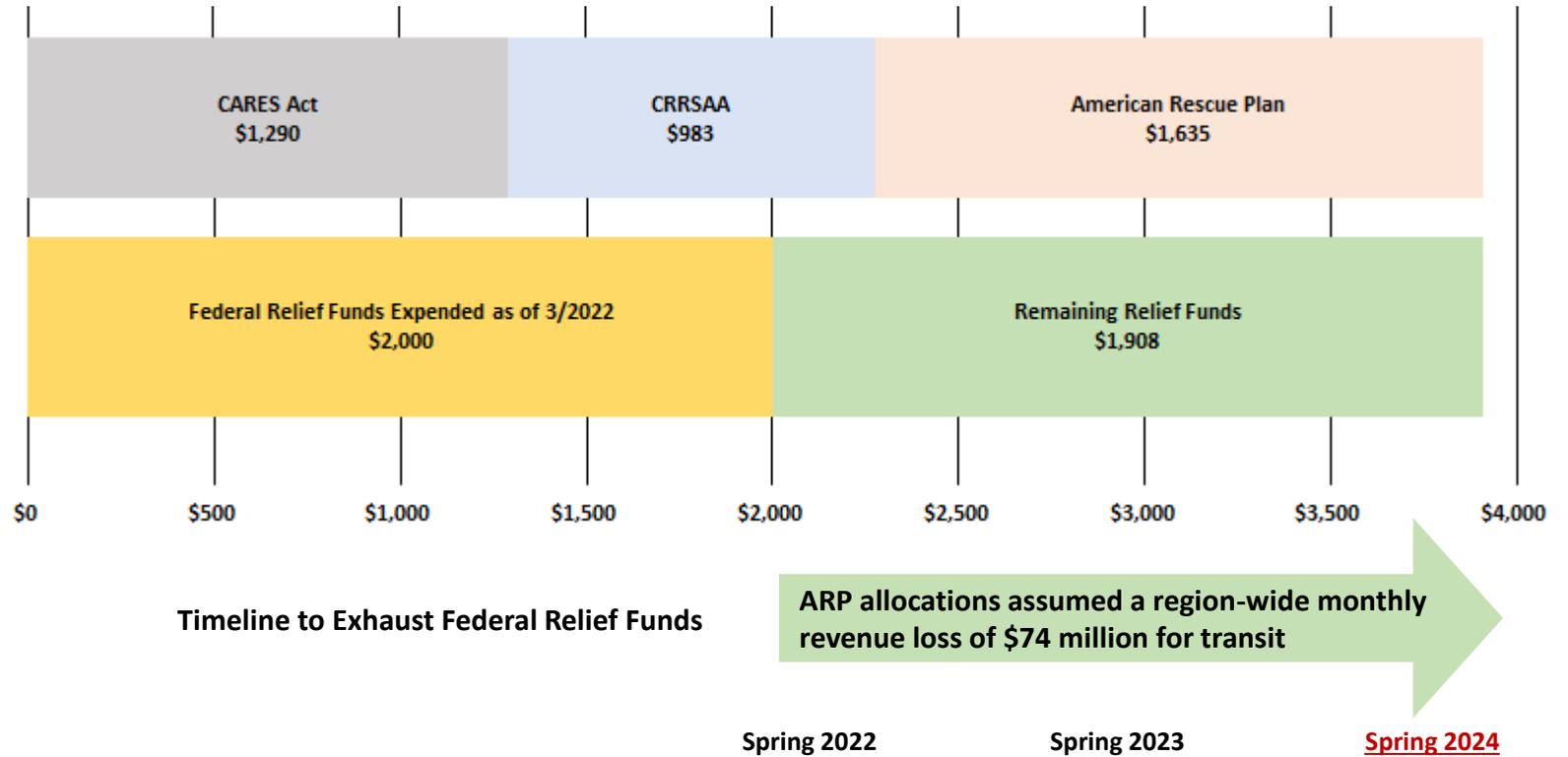
Today’s action would reimagine and restructure the Short-Range Transit Plan (SRTP) process to develop a clearer understanding and generate actionable information to support service planning, funding advocacy, public engagement, and decision-making for all transit stakeholders

Fiscal Cliff

- Federal relief funds provided a critical bridge to maintaining service
- These funds are expected to be exhausted in the near term
- Need to understand how the forthcoming depletion of relief funds will impact transit service

Federal Relief Funding

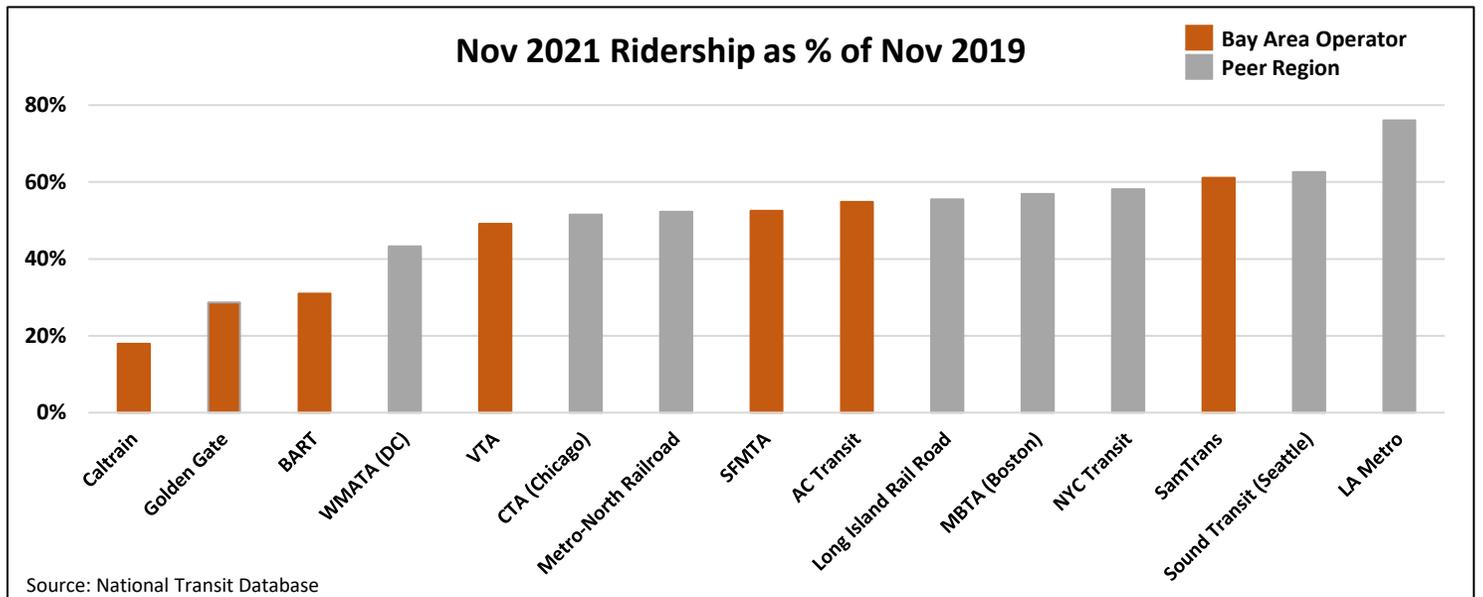
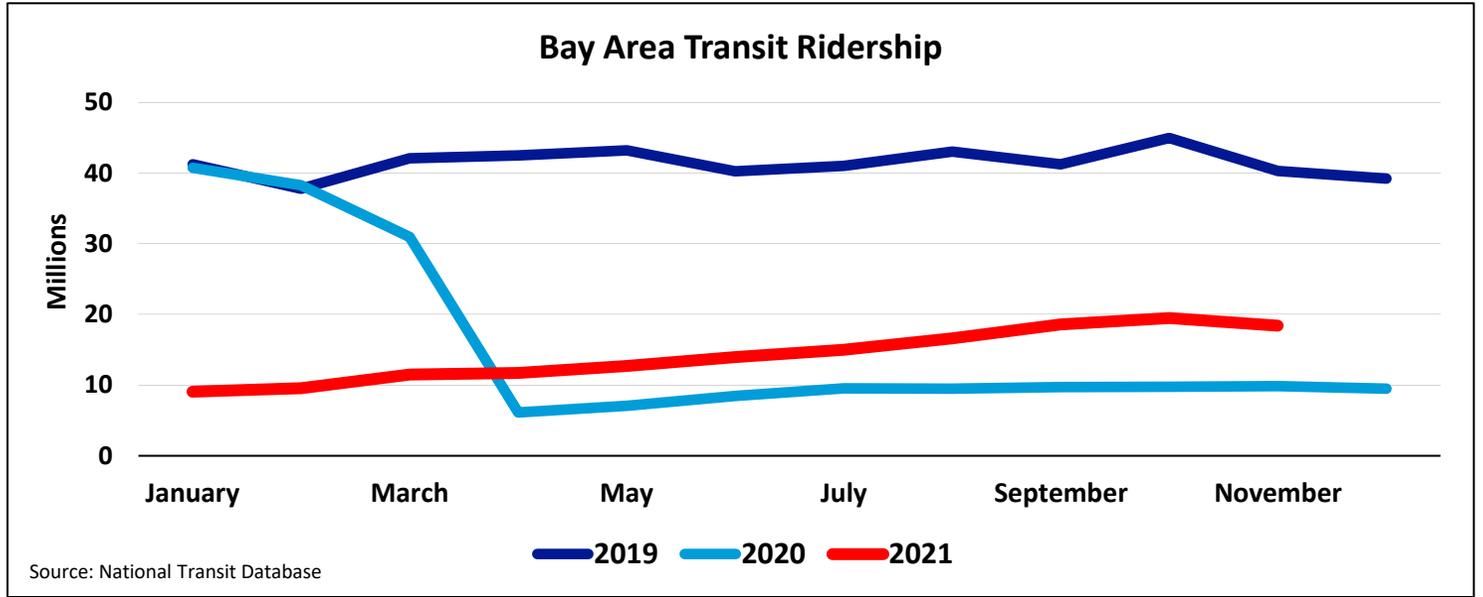
(\$ in millions)



- Based on revenue loss assumptions used for ARP, the **available federal relief funds would last for roughly two more years, roughly until Q4 of FY 2023-24 (spring 2024).**
- However, ongoing revenue losses are uneven between operators and some agencies, especially **agencies formerly dependent on fares or parking revenues, are likely to exhaust their relief funds before the end of FY 2023-24.**

Ridership

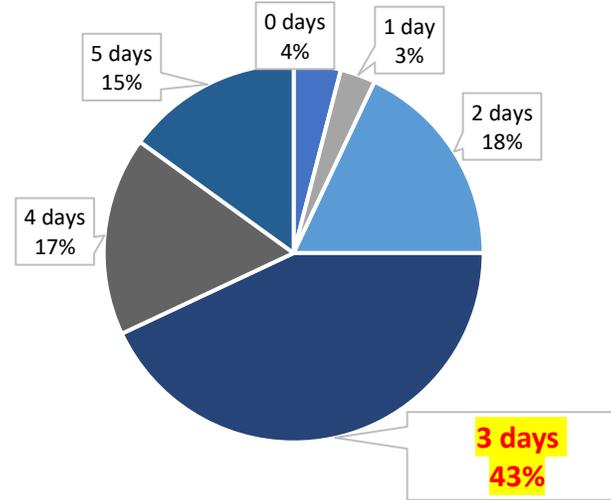
- Regionally, transit ridership remains at 46% of pre-pandemic levels
- Across operators, recovery ranges widely from 18% to 60%
- While there have been gains since the onset of the pandemic, transit ridership recovery in the Bay Area has been sluggish compared to peer regions
- Fare revenues accounted for 30% of pre-pandemic revenues



Return to Office Outlook

- The Bay Area Council has conducted monthly surveys of its Employer Network.
- The surveys try to capture expectations for when and how employees might return to the office.
- Long-term shifts in commutation patterns will impact ridership and service planning

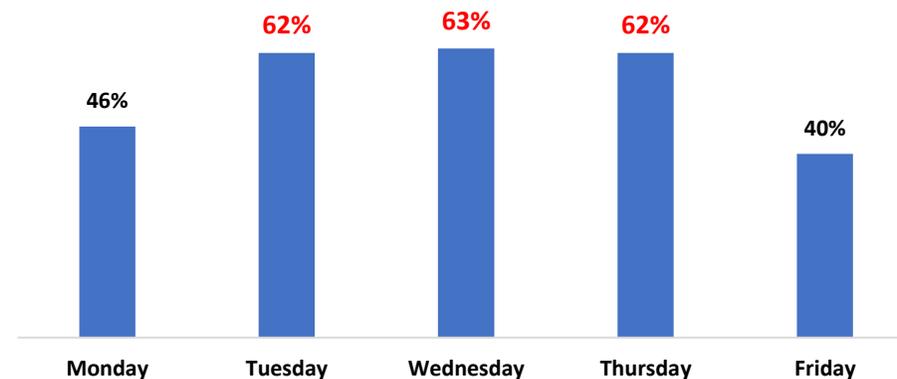
How many days per week do you expect your typical employee will come to the workplace?



Post-pandemic, do you anticipate that most of your employees will come to the workplace for traditional ~9-5 hours?



What is your best guess at the percent of your workforce that will come to the workplace each weekday?



Short-Range Transit Plans (SRTPs)

Traditional Approach



Fulfills FTA requirements



Prepared on a two-year cycle, alternating between large and small/medium-sized operators



10-year planning horizon



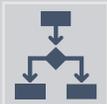
Broad array of components

Reimagined Approach

Fiscal impacts and continued uncertainties caused by the COVID-19 pandemic create a need and opportunity to **reimagine SRTPs** in the near term



Narrower focus: Five-year horizon, and primarily on service planning



Generate actionable information: What are the trade-offs and benefits of different levels of funding?



Develop a regional understanding with all operators on same SRTP cycle

Scenario Planning Concepts

The pandemic has impacted revenues differently across operators. Although uncertainty continues to prevail, MTC staff is interested in how operators might adapt service plans under different revenue scenarios.



1. Robust Recovery

There is adequate funding to return overall revenue to 100% of pre-pandemic levels, with escalation



2. Revenue Recovery, with Fewer Riders:

Federal relief funds are eventually exhausted, other funds recover to pre-pandemic levels, but farebox revenue remains 20-50% below pre-pandemic levels for next five years



3. Some Progress:

Federal relief funds are eventually exhausted and total revenue available to the agency is 15% below pre-pandemic levels for the next five years

Where are we going? What do these worlds look like?

Goals

This reimagined approach to SRTPs is designed to **generate actionable information** at both operator and regional levels to support **public engagement** and **funding advocacy** efforts by trying to address the many questions around the future of transit in the Bay Area.

For Customers

- What could transit service look like when federal relief funds are exhausted?

For Operators

- How much service could be provided under different revenue scenarios?
- How might service be deployed differently?
- What are our priorities and goals over the next five years?

For Policy Makers

- Which operators are most impacted by sluggish ridership recovery?
- How much funding should we advocate for?
- What are the benefits and tradeoffs at different levels of funding?
- How much service can we “buy” with additional funding?
- How might any additional available funds be most effectively deployed?

Additional Details and Next Steps

Funding

- **\$640,000 of FTA 5303** funds will be programmed to operators to support SRTP development
 - Seven large operators will receive \$40,000 each
 - Small and medium-sized operators will receive \$20,000 each

Timeline

- **March 2022** - MTC Commission Approval
- **September 2022** – Drafts SRTPs due to MTC
- **December 2022** - Final agency board-adopted SRTPs due

Staff Recommendation

- Refer MTC Resolution No. 4512 to the MTC Commission for approval