

To: Board of Directors

From: Leanne P. Redden, Executive Director

Date: January 13, 2021

Re: Step 2 of COVID-19 Recovery Strategy



**Regional
Transportation
Authority**

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During the January Board meeting, RTA staff will provide an overview of Step 2 of the RTA's COVID-19 Recovery Process for discussion.

Background and Previous Action

During its meeting on October 15, 2020, the RTA Board received [a memo](#) outlining RTA's regional COVID-19 Recovery Plan. Since that time:

- The RTA Board on December 17 completed **Step 1**: Adopt a 2021 budget that reflects the realities of this current crisis.
- We are currently in **Step 2**: Execute the 2021 budget and make decisions as needed to sustain transit during a time of uncertainty (January - June 2021).
- And we are planning for **Step 3**: Engage in strategic recovery planning and consider how to reinvent transit in the region, to begin approximately May 2021 with an outlook to 2023 and beyond.

Based on the existing goals of *Invest in Transit*, feedback received during the scenario planning conducted in the summer of 2020, and the RTA's existing statutory responsibilities, [the October memo](#) also established a set of policy priorities to guide each of the three recovery steps:

- **Identify immediate funding solutions** to support the transit system, including advocating for federal aid, exploring new revenue solutions, and considering how to leverage resources to meet short-term needs most effectively.
- **Sustain critical transit services** to provide mobility for those who most need public transportation at this time, including bus riders, essential workers, residents with economic hardships across the region, and people with disabilities.
- **Take an increasingly transparent, collaborative approach to communicating** with stakeholders and the public about projected budget shortfalls, impending cuts, and other potential disruptions to service.

This memo outlines the process and timeline for activities within Step 2 of the recovery strategy that will be discussed at the January Board meeting.

Step 2 Process

As described in [the Three-Step COVID-19 Recovery Planning memo](#), the objective of Step 2 is to execute and make decisions as needed to sustain critical transit. This will involve discussing topics related to the three policy priorities that will be helpful to the RTA Board in its decision-making capacity. The process will include a series of Board discussions that culminate in several products or actions described below.

How can the RTA Board identify immediate funding solutions?

The first question facing the RTA Board is how to identify immediate funding solutions.

Because the adopted 2021 budget contains a \$500 million gap, the RTA's immediate priority has been to seek funding solutions to fill the budget gap and then determine a transparent and accountable process for allocation of any funding received.

In December, RTA staff explored a variety of funding options practically available to the RTA Board in the immediate, 2021 timeframe. Four options were examined, including seeking federal relief, seeking state relief, re-allocating existing funds on an emergency basis, and undertaking short-term borrowing. Exploring these options allowed RTA staff to prepare several courses of action and assess the viability of each to provide the funding necessary to avert service cuts that have threatened peer regions. Staff evaluated the timeline and implications of each option as summarized in Table 1.

A partial funding solution to the immediate 2021 budget deficit materialized in late December of 2020 when Congress passed a second round of emergency COVID relief funding for transit nationwide. The \$900 billion COVID relief package that became law on December 27, 2020, directs approximately \$14 billion to transit agencies nationwide including approximately \$486.2 million to the greater Chicago urbanized area. While the estimated additional funding available to the RTA region is not fully sufficient to fill the region's 2021 budget gap, RTA staff recommends that the RTA Board shift focus in the near term to allocating the newly acquired federal funds, as discussed in later portions of this memo. RTA staff will continue to explore additional funding solutions as referenced in Table 1 to bolster transit in 2021 and beyond and bring information to the Board as needed.

Table 1: Comparison of Immediate Funding Solution Options

Funding Solution Option	Potential Availability of Funding	Discussion	Staff Recommendation
Federal relief	Q1 +	In 2020 there was already widespread agreement that the federal government was an important partner in sustaining transit in 2021. RTA has continually sought federal relief, along with peer transit agencies and the transportation industry at large.	RTA should continue to seek federal funding as the primary source of relief. Upon receiving it, the RTA Board should work to allocate funds according to an interim relief process that supports the RTA Board adopted principles for Recovery.
State relief	Q2 – Q4	State relief could come in two forms: Additional funding or funding flexibility. Both would require legislative action and would be highly contingent upon the status of the State’s own budget. The State could also harm transit operations by cutting existing funding and/or increasing service fees as has been precedence in recent years.	RTA should continue to work to stem off any State cuts or harm to services at a minimum. Beyond this, RTA staff could continue to advocate for additional state aid to plug any remaining budget gaps caused by shortages in other sources.
Re-allocation of existing funds on emergency basis	Q4	Only a small portion of existing funding could likely be re-allocated and there is minimal precedence for such action, so it would be highly unusual and would require unilateral support to undertake.	Given the constraints on existing funding and lack of precedence, staff recommends that this option be considered if and when other solutions prove insufficient.

RTA borrowing	Q4+	RTA could explore borrowing to cover operational deficits through utilization of its current short-term borrowing authority or additionally through seeking an expansion to the current statutory cap on its short-term borrowing authorization. In addition to being costly to taxpayers, this option would require the RTA Board to shift its policy on borrowing to cover projected operational deficits. Both actions would take time and likely not make funding available until Q4 or beyond.	Staff recommends that this option be explored only when other solutions prove insufficient.
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Staff will invite Board discussion on these solution options at the January meeting.

How should the RTA Board support the Service Boards’ efforts to sustain critical transit service?

The second question facing the RTA Board is how to support the Service Boards’ efforts to sustain critical transit during this unique and unprecedented season.

Mobility overall changed drastically in 2020 and continues to change, but around 500,000 weekday trips continue to be made on our transit system. While financial realities may continue to limit how much transit the RTA region can sustain, it will be important for the RTA Board to ensure that limited resources are directed to the places and people across the region who most need transit during the recovery process. Many regions and transit agencies around the country have faced the prospect of unplanned service cuts into 2021, which have been met with significant public outcry. RTA staff recommends that the RTA Board proactively state and gain regional consensus about the geographic areas in which it is critical to maintain transit presence throughout 2021 based on where transit is most likely to be used and most likely to be needed during recovery and use this as a basis for allocating federal relief funds.

During the meeting, staff will present options and recommendations for distribution of federal relief funds based on geographic areas of the region in which transit is most likely to be used and needed in 2021. These needs will be identified from a regional perspective, agnostic to Service Boards and their specific routing, and will provide the RTA Board with a mechanism to support

the most critical needs if funding is limited relative to budgeted levels. It is important to note that this discussion and any recommended action resulting from it will be unique and specific to relief funds received in 2021. Future work conducted in Step 3 of the Recovery Process will be the forum for charting a longer-term strategy for the transit systems.

Staff will present technical information about the critical transit analysis during the January Board meeting, providing opportunity for input from the RTA Board.

How can the RTA Board guide the agency to take a transparent, collaborative approach to communicating with stakeholders and the public?

The third key question facing the RTA Board is how to undertake recovery efforts transparently and collaboratively.

RTA staff continues to be committed to an ongoing and open dialogue with partners, the public, and the civic community. RTA staff has and will continue to invite collaboration and share information with our partners at each of the Service Boards. The RTA has also worked with local and national elected officials and partners such as the American Public Transit Association to advocate for federal relief. In addition, RTA staff recommends that the critical transit analysis and recommendations therein regarding funding allocations be subject to formal public comment. RTA staff will provide multiple venues for information sharing and feedback and promote the public comment period targeting the most impacted stakeholders. Public comment will be shared with Board members and incorporated into final recommendations as appropriate.

During the Board meeting, staff will describe how the Step 2 Process outlined in this memo follows this policy priority and welcomes input from the RTA Board on additional opportunities.

Step 2 Timeline

With the passage in late December 2020 of a second relief package, it is imperative that the RTA move forward with Step 2 of its COVID Recovery strategy and the actions described above in a timely fashion. Here is the timeline currently planned by staff:

- **January - Inform and discuss**
At its meeting on January 21, 2021, the RTA Board will receive more detailed information on Step 2 implementation and will be asked to provide feedback.
- **February – Discuss progress and proposed recommendations regarding relief fund distribution for public comment**

At its meeting on February 18, 2021, RTA staff will present the RTA Board with proposed recommendations regarding relief fund distribution. Following the February 18 Board meeting, the recommendations and accompanying analysis will be released for a public comment period through Friday, March 5, 2021.

- **March – Approve Policy and Funding Amendment**

At its meeting on Thursday, March 18, 2021, the RTA Board will consider recommended allocation and initiate a budget amendment for the 2021 operating budget.

- **April and Beyond – Pursue additional relief funding, monitor budgets, and initiate Recovery Step 3**

Starting in second quarter, staff will continue to execute on Step 2 while initiating Step 3. Additional detail on these next steps will be presented at that time.

Board Presentation and Format

The presentation will be provided for Board information and input.

Prepared by: Planning Department

LPR/JL/JHH