



Metro

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AUGUST 17, 2020

TO: BOARD OF DIRECTORS

THROUGH: PHILLIP A. WASHINGTON 
CHIEF EXECUTIVE OFFICER

FROM: JAMES DE LA LOZA 
CHIEF PLANNING OFFICER

**SUBJECT: UPDATE ON REVENUE GENERATION ACTIVITIES
DURING CORONAVIRUS 2019 (COVID-19) – CARES ACT
GRANT DRAWDOWN AND INCREASE IN FEMA
REQUEST**

ISSUE

As the COVID-19 public health crisis continues, LA Metro continues its critical efforts to offset COVID-19 related revenue losses by generating new grant funding. In the three weeks since the July 28, 2020 update, staff has submitted drawdown requests for over 85% of the \$861,910,265 of Federal Transit Administration (FTA) Coronavirus Aid, Relief, and Economic Security Act (CARES Act) grant funds awarded to Metro. Last week, staff requested release of \$140,318,695 of FTA CARES Act funding, bringing Metro's cumulative drawdown to approximately \$736 million. Today, staff received confirmation that Metro received the requested funds. If eligible costs continue to accumulate at their historical pace, the remaining approximately \$126 million of Metro's FTA CARES Act grant will be requested once all August expenses are reflected in Metro's accounting.

In addition to the tremendous effort put forth to access CARES Act funding, staff also submitted to the Federal Emergency Management Agency (FEMA) its updated request for approximately \$177 million in COVID-19 disaster relief funding – representing a nearly \$60 million increase from the original \$118 million funding request. This additional revenue is much needed and will help alleviate the reduction in sales tax and fare revenue resulting from measures implemented in response to the pandemic.

BACKGROUND

On March 27, 2020, the CARES Act was signed into law and provided \$25 billion for transit infrastructure grants to transit agencies for operating expenses to “prevent, prepare for and respond to coronavirus.” Metro was allocated \$862 million of those funds and a grant application was formally submitted for approval in early July after working closely with FTA staff. FTA and the US Department of Labor acted quickly to review and approve the grant application, sending it back to Metro for execution about one month earlier than was expected based on the typical approval process. As with all major grant revenue efforts, this was a collaborative process across the agency.

NEXT STEPS

Staff is working to draw down the remaining \$126 million in CARES Act funding to cover eligible expenses incurred to date. Staff projects that the entire grant will be fully drawn by September at the latest. Staff has begun working through the iterative review process expected for the FEMA funding request. Updates will be provided to inform you when Metro completes additional major milestones.