**TO: Chairman and Board of Commissioners**

**FROM: Robbie Makinen, CEO**

**CARES ACT FUNDING UPDATE**

**Background** KCATA is the designated recipient of federal Urbanized Area Formula Funds allocated to the Kansas City region for transit (Section 5307 funds). In response to the recent COVID-19 pandemic, Congress passed the $2.2 trillion CARES Act which was signed into law by the President on March 27, 2020 which included funding of $25 billion for public transportation. The federal method for allocation of CARES Act funding follows the same statutory requirements as Section 5307 funds, therefore KCATA is responsible for management, allocation and distribution of the funds in the region.

 The purpose of the funding is to supplement lost revenues including sales tax, passenger fares and local support along with operating and capital expenses, including additional expenses specifically related to COVID-19, for transit agencies throughout the region. The CARES Act allocation to the Kansas City urbanized area is $51,271,164. The funding is available immediately and has pre-award authority for 100% recovery of expenses dating back to January 20, 2020 including operating.

**Discussion** KCATA has recently completed the sub-allocation for the distribution of the CARES Act funding to the regional agencies and the distribution amounts have been communicated to them. The grant application has been submitted to the FTA.

 In conjunction with the CARES Act funding, KCATA developed a set of principles for agencies to follow in the utilization of the funding. All regional partners are in agreement with the principles.

 The KCATA CARES Act Grant Principles are:

* Grant – one grant; 80% operational and 20% capital – in keeping with CARES Act priority to maintain operations and provide operating assistance.
* Capital – cannot be used for funding projects currently funded by other sources unless those sources are no longer available due to COVID-19.
	+ Projects should be emergency in nature.
* Funds – are not a replacement for local non-transit funding loss
	+ Funds cannot be drawn down and kept in a reserve until needed – FTA disbursement rules apply.
	+ Funds requested by a sub-recipient require support documentation prior to receiving funds.
	+ Funds can be spent at 100% federal without a local match – this decision will be made by each sub-recipient.
* Receipt of Funds – KCATA will process invoices against the CARES Act grant funds for eligible, documented expenses generally on a monthly basis.
* Cap on Funds – A cap on CARES Act funding, both Capital and Operating, will be established for each sub-recipient based on a hybrid method
	+ 50% based on the regional sub-allocation formula
	+ 50% on adjusted local operating budget
* Reduction of Funds - Distribution of CARES Act funds excludes any takedowns normally reduced in the 5307 sub-allocation formula.

The final allocation of funding by agency is:

 KCATA $38,128,712

 Johnson County $ 7,110,900

 Unified Government $ 4,417,020

 Independence $ 1,614,532

**Review** Executive Team and Finance Department.

**Recommendation** Request the Board of Commissioners approve the regional sub-allocation for CARES Act funding to support regional transit operations in the amount of $51,271,164.

RM/cml