

CARES ACT
Caltrans DRMT 5311 FUNDS
DISBURSEMENT

Federal Coronavirus Relief

The recently-enacted “Coronavirus Aid, Relief, and Economic Security Act”, or CARES Act, was passed by Congress with overwhelming, bipartisan support and signed into law by President Trump on March 27th, 2020. The CARES Act includes provisions for new transit funding to assist providers during the COVID-19 pandemic. California’s allocation of these funds under the Federal Transit Administration (FTA) Section 5311 Formula Grants for Rural Areas Program is \$94,976,667. These funds will be distributed to eligible agencies by Caltrans’ Division of Rail and Mass Transportation (DRMT).

Federal Funding Details

Eligible Recipients

Providers that meet FTA eligibility for 5311 Rural and 5311(f) Intercity funds

Eligible Activities

Projects for preventing, preparing for, and responding to the COVID-19 disease such as:

- Operating costs to maintain service
- Lost revenue due to COVID-19 public health emergency
- Purchase of personal protective equipment associated with response to the pandemic
- Administrative leave salaries for operations personnel

The FTA has also stated that although the priority for the funding is operational expenses, FTA will generally consider all expenses normally eligible under the Section 5311 program that are incurred on or after January 20, 2020 to be in response to economic or other conditions caused by COVID-19 and thus eligible under the CARES Act.

Match Rate

100% Federal / 0% Local

Project Eligibility Date

Retroactive to January 20, 2020

Access to Funds Through Caltrans DRMT

Transit providers across the state are reducing service, eliminating routes, and, in some cases, closing their doors during this pandemic. Funding assistance to continue service and to recover in the following months is essential. CARES funds have been provided for this purpose. Due to the urgent

need, Caltrans DRMT is working to move funds out to transit providers as quickly as possible while also considering future needs and recovery.

Approximately one third (\$30.0 Million) of the total CARES 5311 funds allocated to California will be made available in the next few months as formula funding to any of the current 5311 agencies who indicate a need and apply for funding. The CARES Act funding must include 15% for 5311(f) Intercity Bus operations. Separate instructions will be developed for the 5311(f) Program. The remaining funds (almost \$65.0 Million) will be distributed on a continuing basis using an application process through BlackCat. Information will be available on the Caltrans DRMT website in the coming months.

Formula Funds Process

- FTA 5311 formula distribution will be made available in new grant agreements written to current 5311 agencies based on their regional allocation. DRMT Staff are drafting agreements that will be sent to each agency in the next few weeks.
- Agreements will be effective on January 20, 2020. Eligible activities from January 20, 2020 to the present as estimated in the Invoice and Pre-Agreement document will be processed immediately for reimbursement upon encumbrance of the standard agreement. Agencies must follow up with documentation for the expenses identified in the Invoice and Pre-Agreement for eligibility review by Caltrans DRMT staff. Any expenses covered in the initial payment that are later determined to be ineligible will require adjustment against later requests for reimbursement.
- These initial agreements will expire on June 30, 2022 to allow time for agencies to assess their needs and determine best uses of the funds based on eligible project types. However, agreement amendments for additional funding and time extensions may be allowed as provider needs become clearer.
- Statements of work will cover eligible project activities at a high level. This will allow flexibility for transit providers to complete any eligible activity at their discretion and to adapt quickly to changing needs.
- Agreements will be reimbursement-based, and reimbursement requests will generally require the same type of expense documentation as is currently required for other agreement types.

Note: Since some COVID-19-related expenses may be difficult to document, e.g., loss of revenue, Caltrans will provide examples and guidance on what is expected.

- Monthly reimbursement requests are allowed.
- Funds will come from FTA's one-time allocation in response to the COVID-19 pandemic. These funds will not be available again and will not change the regular Section 5311 funding process.
- No local match is required.

Caltrans DRMT requests that these agreements be routed for signature as quickly as possible. We will also expedite agreement execution on our end.

To expedite the first reimbursement, please complete the "Invoice and Pre-Agreement for Coronavirus Aid, Relief and Economic Security Act (CARES Act) Funding (FTA 5311)" attached, and submit it to Caltrans DRMT Rural and Intercity Bus Branch Chief, Kathy Pongratz (katherine.pongratz@dot.ca.gov), as soon as possible. The amount you enter on this document is for the first invoice which may differ

from the Standard Agreement. The Standard Agreement amount for each agency was shared in a letter which was sent out on April 10, 2020 from Kyle Gradinger, DRMT Division Chief. Subrecipients will receive a Standard Agreement with the first round of funding. Funds that are not expended by the agreement expiration date will be de-obligated and returned to the program for Caltrans DRMT distribution. Agencies unable to participate in the first formula disbursement of CARES ACT funds may request funding through the next round application process.

The balance of CARES funds, approximately \$65 M, remaining after the formula process described above will be distributed to 5311 and 5311(f) recipients. The CARES Act requires that 15% of California's total must go to 5311(f).

Eligible Recipients

- Publicly-funded transit providers eligible to receive Section 5311 or 5311(f) funding who are in compliance with 5311/5311(f) drug and alcohol and other requirements beginning the first day eligible expenses are incurred. This does not automatically entitle future 5311 funding.
- For-profit public transit providers may be eligible; additional conditions will apply.

Eligible Projects

- Projects supporting FTA 5311 (rural) or 5311(f) (intercity) eligible transit service and also those intended to prevent, prepare for, or respond to COVID-19

Eligible Activities

Include projects for preventing, preparing for, and responding to the COVID-19 disease such as:

- Operating costs to maintain service
- Lost revenue due to COVID-19 public health emergency
- Purchase of personal protective equipment associated with response to the pandemic
- Administrative leave salaries for operations personnel

Match Rate

100% Federal / 0% Local

Project Eligibility Date

January 20, 2020

Resources

Caltrans DRMT: <https://dot.ca.gov/programs/rail-and-mass-transportation>

FTA Coronavirus Page: <https://www.transit.dot.gov/coronavirus>

FTA Questions Link: : FTAResponse@dot.gov

Contacts

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