

## CARES Allocation

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### Purpose:

“Funds provided under this heading are available for the **operating expenses of transit agencies related to the response to a coronavirus** public health emergency as described in section 319 of the Public Health Service Act, including, beginning on January 20, 2020, **reimbursement for operating costs to maintain service and lost revenue due to the coronavirus public health emergency**, including the purchase of personal protective equipment, and paying the administrative leave of operations personnel due to reductions in service...”

### Objective:

- A) Maintain funding to mitigate reduction in Countywide Sales Tax Revenues for FY20 Budget and FY21 Projected (See below for discussion on Estimated Revenue Reductions)
- B) Allocate supplemental funding to mitigate additional revenue losses and increased costs related to COVID-19
- C) Allocate funding to address some regional needs to support countywide transit impacted by the loss in sales taxes and other revenues

### Methodology:

- A) Estimate loss in sales taxes in FY20 and FY21 and allocate the CARES funding to mitigate those losses.
- B) Provide supplemental relief to mitigate additional revenue losses and costs associated with COVID-19.
  - 1) Municipal Operators are allocated:
    - Supplemental Relief in the amount of estimated FY20 and FY21 sales tax losses
  - 2) Tier 2 Operators/Small Operators are allocated:
    - Supplemental Relief in the amount of ½ of their annual sales tax funding amounts
  - 3) Other Operator Needs:
    - Supplemental Relief in the amount of estimated fare revenues loss
- C) Regional Needs to support countywide transit are allocated:
  - FY20 and FY21 estimated sales tax losses and other revenue losses for programs to support countywide programs

**Revenue Estimates:**

- A) LA County taxable sales were broken down into economic sectors and percentage of revenue those sectors generate
- B) The biggest expected declines are in restaurants, followed by apparel, furniture and appliances, department stores, auto sales and service stations
- C) Staff consulted both public and private economic forecasts and analysis, Census Bureau data, and agency peers to project and validate estimated impacts by economic sector by calendar quarter
- D) Staff has assumed two quarters (FY20 Q4 and FY21 Q1) of severe contraction and three quarters (FY21 Q2-Q4) of gradual recovery
- E) Total Sales Tax Based Revenues are estimated to decline \$1.060 Billion during Fiscal Years 20 and 21 as a result of the impacts of the COVID-19 pandemic

**Sales Taxed Based Revenues**

Estimated Impacts of COVID-19  
(\$ Millions)

Source of Funds (\$Mil)	FY20			FY21			Fiscal Years Combined
	Adopted Budget	Revised	Reduction	Proposed*	Revised	Reduction	
1 LA County Local Measures	\$ 3,492.0	\$ 3,126.8	\$ (365.2)	\$ 3,640.0	\$ 3,112.4	\$ (527.6)	\$ (892.8)
2 State TDA	436.5	390.9	(45.7)	455.0	389.1	(65.9)	(111.6)
3 STA/SB1 State Funds	245.9	220.6	(25.3)	213.9	183.6	(30.3)	(55.6)
4 <b>Total</b>	<b>\$ 4,174</b>	<b>\$ 3,738</b>	<b>\$ (436)</b>	<b>\$ 4,309</b>	<b>\$ 3,685</b>	<b>\$ (624)</b>	<b>\$ (1,060.0)</b>

\* Proposed Revenue for FY21 as of Draft Funding Marks (March 2020)