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**To:** Board of Directors  
**From:** Leanne P. Redden, Executive Director  
**Date:** November 5, 2021  
**Re:** **Ordinance Authorizing the Execution of the American Rescue Plan Act Federal Funding Allocation Agreements Between Northeastern Illinois, Northwestern Indiana, and Southeastern Wisconsin and Approving the Allocation of American Rescue Plan Act Federal Funding to the Service Boards**

Following discussions after the RTA Board meeting on November 3, 2021, please see the revised ordinance that authorizes the execution of federal formula funding allocations based on the Letter of Understanding (LOU) agreements between Northeastern Illinois and Northwestern Indiana and between Northeastern Illinois and Southeastern Wisconsin. The agreements reflect the share of the region's American Rescue Plan Act (ARP) allocations for Federal §5307 Urbanized Area (UZA) funding. The proposed ordinance also fully allocates the RTA Region's resulting share of federal ARP funding among the Service Boards.

### Previous Actions

09/15/21      2021-52      Adoption of 2022-2024 Operating Funding Amounts

### ARP Apportionment and UZA Splits

The third federal COVID relief funding package, the American Rescue Plan Act of 2021 (ARP) was signed into law on March 11, 2021. The ARP Act approved \$30.5 billion of nationwide relief funding for transit and allocated approximately \$1.5 billion of that to the greater Chicago-IL-IN-WI Urbanized Area (UZA). The Northwestern Indiana Regional Planning Commission (NIRPC), the Northern Indiana Commuter Transportation District (NICTD) and the Southeastern Wisconsin Regional Planning Commission (SEWRPC) have approved RTA's recommended ARP Act federal formula funding apportionment sub-allocations. The following are the funding allocations by region within the UZA:

<b>Region</b>	<b>ARP Act Apportionment</b>
Illinois (RTA)	\$1,496,974,311
Indiana (NIRPC/NICTD)	\$3,472,471
Wisconsin (SEWRPC)	\$175,609
<b>Total</b>	<b>\$1,500,622,391</b>

As required by federal guidelines, the Chicago Metropolitan Agency for Planning’s (CMAP) Transportation Committee and MPO Policy Committee will also endorse the recommended allocations following RTA Board approval, and RTA staff will subsequently provide written notification to the Federal Transit Administration (FTA) of the allocated capital federal funding to all recipients in the region. The proposed ordinance approves the ARP Act Federal Apportionments, including two LOUs that specify the allocation of federal ARP Act funds by region within the Chicago, IL-IN and Round Lake Beach-McHenry-Grayslake, IL-WI UZAs.

**Recommended ARP Allocations**

The following includes the proposed ARP Act funding allocations as well as the total federal COVID relief funding allocated to the Service Boards:

**Combined CARES, CRRSAA, and ARP Funding Allocations (in millions)**

	<b>CTA</b>	<b>Metra</b>	<b>Pace</b>	<b>Total</b>
CARES Act <sup>1</sup>	\$817.5 (58%)	\$479.2 (34%)	\$112.8 (8%)	\$1,409.5
CRRSAA <sup>1</sup>	\$361.3 (77%)	\$83.4 (18%)	\$21.4 (5%)	\$466.2
ARP Act (proposed)	\$912.1 (61%)	\$513.6 (34%)	\$71.3 (5%)	\$1,497.0
<b>Total Combined Relief Allocations</b>	<b>\$2,090.9</b>	<b>\$1,076.3</b>	<b>\$205.5</b>	<b>\$3,372.6</b>
<b>Share of All 3 Federal Relief Packages<sup>1</sup></b>	<b>62.0%</b>	<b>31.9%</b>	<b>6.1%</b>	<b>100.0%</b>

<sup>1</sup> To facilitate comparison, excludes RTA Agency and ADA Paratransit allocations of CARES Act and CRRSSA funding, respectively.

**Requested Action and Next Steps**

The Board is requested to adopt the attached ordinance which approves the LOUs with Northwestern Indiana and Southeastern Wisconsin and fully allocates the RTA Region’s ARP apportionment among the Service Boards. After the allocations are adopted, the Service Boards will in turn apply for FTA ARP operating grants in the approved amounts and may also apply to the FTA for a portion of the \$2.2 billion of additional ARP funding made available by the FTA’s September NOFO, if eligible.

Prepared by: Finance, Innovation, and Technology; Capital Programming and Planning

LPR/JL/BRH/WDL/DKA/TJ  
Attachments



**ORDINANCE NO. 2021-**

**ORDINANCE AUTHORIZING THE EXECUTION OF THE AMERICAN RESCUE PLAN ACT FEDERAL FUNDING ALLOCATION AGREEMENTS BETWEEN NORTHEASTERN ILLINOIS, NORTHWESTERN INDIANA, AND SOUTHEASTERN WISCONSIN AND APPROVING THE ALLOCATION OF AMERICAN RESCUE PLAN ACT FEDERAL FUNDING TO THE SERVICE BOARDS**

**WHEREAS**, the federal American Rescue Plan (“ARP”) Act of 2021 was enacted on March 11, 2021, providing approximately \$30.5 billion of relief funding for transit systems nationwide;

**WHEREAS**, the Regional Transportation Authority (the “Authority”) will receive funds made available from the Federal Transit Administration (the “FTA”) under Section §5307 funds based on the ARP Act;

**WHEREAS**, the total funds made available to the Chicago, Illinois / Northwestern Indiana / Southeastern Wisconsin urbanized areas for ARP Act funding are allocated by agreements between the Authority and the Northwestern Indiana Regional Planning Commission (NIRPC) and the Northern Indiana Commuter Transportation District (NICTD), as well as between the Authority and the Southeastern Wisconsin Regional Planning Commission (SEWRPC);

**WHEREAS**, the agreements regarding the allocation of the funds appropriated pursuant to the ARP Act are set forth in Letters of Understanding between the Authority and each of NIRPC, NICTD, and SEWRPC;

**WHEREAS**, it is in the best interest of the Authority to execute the Letters of Understanding to facilitate expeditious allocation of the ARP Act funding;

**WHEREAS**, the FTA issued a Notice of Funding Opportunity (“NOFO”) on September 7, 2021, making available an additional \$2.2 billion of ARP funds nationwide, subject to certain eligibility criteria, and soliciting project proposals for the competitive distribution of such funds, to be submitted by November 8, 2021;

**WHEREAS**, CTA has indicated its eligibility and intent to apply for the funding available pursuant to the NOFO;

**WHEREAS**, RTA Ordinance 2021-52 adopted the 2022-2024 operating funding and 2022-2026 capital funding estimates for CTA, Metra, Pace (the “Service Boards”) and the Authority on September 15, 2021;

**WHEREAS**, the Service Boards submitted their proposed 2022 operating budgets, 2023-2024 financial plans, and 2022-2026 capital programs to the Authority on October 15, 2021, and the proposed 2022 operating budgets included non-specific budget balancing actions that represent the need for additional federal relief funding above and beyond previously allocated funding; and

**WHEREAS**, considerable uncertainty remains in the status of the ongoing ridership recovery, and as a result federal relief funding should be allocated to both address stated 2022 budget shortfalls and provide fare revenue replacement equitably among the Service Boards for the longest possible duration.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE REGIONAL TRANSPORTATION AUTHORITY that:**

- 1) The Board of Directors of the Authority hereby authorizes and approves the execution of the attached Letters of Understanding for ARP Act funding.
- 2) The Executive Director of the Authority is hereby authorized and directed on behalf of the Authority to execute and deliver the Letters of Understanding.
- 3) The \$1,496,974,311 regional apportionment of federal ARP Act funding shall be allocated among the Service Boards as follows: CTA \$912,124,980; Metra \$513,586,257; Pace Suburban Service \$71,263,074.
- 4) The Service Boards are hereby directed to submit ARP Act grant applications with the FTA in the amounts specified above. In the event that a Service Board has not drawn down the full amount of its FTA ARP Act grant by the close of RTA fiscal year 2027, that Service Board will be required to revise its grant application with the FTA to release all remaining ARP Act funds for re-allocation to the other Service Boards, provided that they have exhausted their ARP funding, subject to the approval of the RTA Board.
- 5) As part of the budget development process and prior to setting funding estimates for the 2023 – 2025 budget years in September 2022, the RTA Board shall re-examine and potentially re-allocate the \$1,496,974,311 in ARP Act funding among the Service Boards. The Board shall consider any substantial change in financial circumstance which may occur from this date through the third quarter of 2022, as well the totality of the region’s financial condition at that time.
- 6) Nothing in this Ordinance is intended to or shall have the effect of waiving any discretion the RTA may have under law to subject to review the determinations made in this Ordinance, including, but not limited to, allocation of operating funds among the Service Boards.

- 7) All provisions of previously adopted ordinances and resolutions not expressly amended or repealed by this amendatory ordinance remain in full force and effect.
- 8) The Executive Director of the Authority is hereby authorized and directed to take such other actions as the Executive Director deems necessary or appropriate to implement, administer and enforce this ordinance and said Letters of Understanding.

# FTA SECTION 5307 – AMERICAN RESCUE PLAN ACT

## LETTER OF UNDERSTANDING

between

REGIONAL TRANSPORTATION AUTHORITY,

NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION

and

NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT

This Letter of Understanding is an agreement between the Regional Transportation Authority (RTA), Northwestern Indiana Regional Planning Commission (NIRPC) and the Northern Indiana Commuter Transportation District (NICTD) on behalf of the Designated Recipients and public transit operators within their respective geographic areas. It is intended to define the basic terms by which funds made available from the Federal Transit Administration (FTA), an agency of the United States Department of Transportation, pursuant to Section 5307 of Title 49, United States Code, Chapter 53, as amended, are to be divided within the Chicago, Illinois/ Indiana urbanized area (UZA). Specifically, this Letter of Understanding pertains to funds allocated pursuant to the American Rescue Plan Act (ARPA, Public Law 117-2, enacted March 11, 2021).

The method for determining the division of funds apportioned to the Chicago, Illinois/ Indiana urbanized area (UZA) is based on FTA Table 2: ARPA Section 5307 Urbanized Area Apportionments published by the Federal Transit Administration on April 13, 2021.

The terms of this Letter of Understanding (LOU) are as follows:

- I. The parties agree, of the **\$1,495,628,027** apportionment currently available under American Rescue Plan Act (ARPA) to the Chicago, Illinois/Indiana Urbanized Area (UZA), published on April 13, 2021, **1,492,155,555.96** is the amount suballocated to Northeastern Illinois, and **\$3,472,471** is suballocated to Northern Indiana.
- II. After NIRPC and the RTA have calculated and verified their respective shares of the total Section 5307 apportionment, the RTA will execute the LOU. Upon execution of the LOU, a copy of the executed LOU indicating the final allocation between Northwestern Indiana and Northeastern Illinois will be forwarded to the FTA Regional Administrator.
- III. This Letter of Understanding is valid for funds used in accordance with all purposes specifically permitted by ARPA, including those expended to prevent, prepare for,

and respond to the Corona Virus Disease-19 public health emergency since January 20, 2020.

**REGIONAL TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_

Name and Title: Leanne P. Redden, Executive Director

Date: \_\_\_\_\_

**NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION**

By: \_\_\_\_\_

Name and Title: Tyson Warner, Executive Director

Date: \_\_\_\_\_

**NORTHERN INDIANA COMMUTER TRANSPORTATION DISTRICT**

By: \_\_\_\_\_

Name and Title: Michael Noland, General Manager

Date: \_\_\_\_\_

# FTA SECTION 5307 – AMERICAN RESCUE PLAN ACT

## LETTER OF UNDERSTANDING

between

REGIONAL TRANSPORTATION AUTHORITY,

and

SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION

This Letter of Understanding is an agreement between the Regional Transportation Authority (RTA), and the Southeastern Wisconsin Regional Planning Commission (SEWRPC) on behalf of the Designated Recipients and public transit operators within their respective geographic areas. It is intended to define the basic terms by which funds made available from the Federal Transit Administration (FTA), an agency of the United States Department of Transportation, pursuant to Section 5307 of Title 49, United States Code, Chapter 53, as amended, are to be divided within the Round Lake Beach/McHenry/Grayslake, Illinois/Wisconsin urbanized area (UZA). Specifically, this Letter of Understanding pertains to funds allocated pursuant to the American Rescue Plan Act (ARPA, Public Law 117-2, enacted March 11, 2021).

The method for determining the division of funds apportioned to the Round Lake Beach/McHenry/Grayslake, Illinois/Wisconsin urbanized area (UZA) is based directly from the tables published by the Federal Transit Administration on April 13, 2021.

The terms of this Letter of Understanding (LOU) are as follows:

- I. The parties agree, of the **\$4,994,364** apportionment currently available under American Rescue Plan Act (ARPA) to the Round Lake Beach/McHenry/Grayslake, Illinois/Wisconsin, published on April 13, 2021, **\$175,609** is the amount suballocated to Southeastern Wisconsin and **\$4,818,755** is the amount sub-allocated to Northeastern Illinois.
- II. After SEWRPC and the RTA have calculated and verified their respective shares of the total Section 5307 apportionment, the RTA will execute the LOU. Upon execution of the LOU, a copy of the executed LOU indicating the final allocation between Southeastern Wisconsin and Northeastern Illinois will be forwarded to the FTA Regional Administrator.
- III. This Letter of Understanding is valid for funds used in accordance with all purposes specifically permitted by ARPA, including those expended to prevent, prepare for, and respond to the Corona Virus Disease-19 public health emergency since January 20, 2020.



**REGIONAL TRANSPORTATION AUTHORITY**

By: \_\_\_\_\_

Name and Title: Leanne P. Redden, Executive Director

Date: \_\_\_\_\_

**SOUTHEASTERN WISCONSIN REGIONAL PLANNING COMMISSION**

By: \_\_\_\_\_

Name and Title: Kevin Muhs, AICP, P.E., Executive Director

Date: \_\_\_\_\_