

**Metropolitan Transportation Commission
Programming and Allocations Committee**

July 13, 2022,

Agenda Item 2g - 22-1134

FY 2021-22 Federal Apportionment Exchange Agreements

Subject:

A request to authorize the Executive Director, or designee, to enter into agreements with Regional Transportation Planning Agencies (RTPAs) to exchange up to \$50 million in federal apportionment balances.

Background:

Through federal surface transportation authorizations, such as Infrastructure Investment and Jobs Act (IIJA), the San Francisco Bay Area receives annual Surface Transportation Block Grant (STP) and Congestion Mitigation Air Quality Improvement program (CMAQ) apportionments, along with a limitation of how much apportionment can be obligated in any given year. This annual obligation authority (OA) is less than the total apportionment provided to the region each year. The mismatch between the federal funds apportioned to the region and the OA provided for local sponsors to deliver projects, requires diligent fund program management and regional oversight of project delivery to ensure that the Bay Area does not lose any federal apportionments provided through a federal rescission or lapsed funding.

It is often difficult for smaller regions across the state to fully utilize their federal funds and OA in a given year, putting their federal fund balances at risk for state and federal timely use of funds provisions.

The Bay Area is often in the opposite situation, where there are more projects programmed and ready for delivery than STP/CMAQ apportionment balances available.

To address these funding issues, regions across the state may enter into apportionment exchange agreements, where unused STP/CMAQ balances that are subject to an upcoming lapse or rescission in one region are temporarily exchanged, or loaned, to another region that can use the funds prior to the upcoming deadlines. The loaned apportionment is then returned to the original region at the beginning of the next fiscal year with a reset on their timely use of funds requirements. Such arrangements benefit both regions by avoiding the loss of funds in one region, while advancing projects in another region that had stalled due to a lack of funding.

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By the end of June, the Bay Area has a queue of \$125 million in projects ready to obligate, but a balance of only \$80 million in STP/CMAQ apportionment. Included in this queue of projects are

several significant One Bay Area Grant (OBAG 3) regional projects. To keep these programs and projects on track to obligate this fiscal year, MTC will need to borrow at least \$45 million in STP/CMAQ apportionment from other regions.

This month, staff recommends the Committee authorize the Executive Director, or designee, to enter into agreements with other California Regional Transportation Planning Agencies (RTPAs) to exchange up to \$50 million in federal apportionment balances. Caltrans will return any apportionments borrowed through an executed exchange agreement this fiscal year to the original region at the beginning of FY 2022-23.

Issues:

Through the OBAG 2 program framework, MTC Resolution 4202, Revised, MTC's Executive Director is authorized to enter into apportionment exchange agreements up to \$2 million. Exchanges over that limit may be approved by a standing Committee of the Commission.

In contrast, in the recently adopted OBAG 3 framework, MTC Resolution 4505, Revised, MTC's Executive Director is authorized to execute apportionment exchange agreements without a funding limitation, but must report any apportionment exchange agreement greater than \$2 million to a standing Committee of the Commission for information. The OBAG 3 programming policies apply to STP/CMAQ fund management starting next federal fiscal year, FY 2022-23.

Recommendation:

Authorize the Executive Director, or designee, to enter into agreements with Regional Transportation Planning Agencies (RTPAs) to exchange up to \$50 million in FY 2021-22 federal apportionment balances.

Attachments:

None.



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