

**Metropolitan Transportation Commission
Programming and Allocations Committee**

July 12, 2023

Agenda Item 2e - 23-0869

FY 2022-23 Federal Earmark Repurposing

Subject:

Potential projects to receive Federal Highway Administration (FHWA) repurposed earmark funds under the earmark repurposing provision of the Consolidated Appropriations Act, 2023.

Background:

The Consolidated Appropriations Act, 2023 includes a provision enabling states to repurpose unused earmark balances. To be eligible for repurposing, the earmark projects must have been appropriated or authorized more than 10 years ago and be completed and closed or not substantially progressed (with less than 10% of the earmark funds having been obligated).

Repurposed funds can be directed to any new or existing project that is eligible to receive Surface Transportation Block Grant Program (STBGP) funds. The project must also be located within 25 miles of the original earmark designation in the state.

Earmarks Available for Repurposing

At this time, MTC has not received a list of potential eligible earmarks for repurposing. Staff expects to receive guidance and a potential project list from Caltrans by the end of July. Upon receipt of this list, staff will work with project sponsors and Caltrans to identify specific earmark funds to be repurposed. Staff expects the balance available for repurposing will be limited, as many unused earmarks have already been repurposed in prior years.

Recommendation for Projects to Receive Repurposed Funds

For the next step in the process, Caltrans typically requests regions to submit a recommended list of projects to receive repurposed funds (or the projects to which the earmark funds will be directed). Staff will work with project sponsors and County Transportation Agencies (CTAs) to develop this list.

Depending on when MTC receives guidance from Caltrans, staff may present its recommendation for repurposing to the Commission at the July 26, 2023 meeting for review and approval. Staff will forward the repurposing recommendation to Caltrans to be included in the State's submission to FHWA. Staff anticipates the final complete list of projects to be due to FHWA Headquarters by early September 2023.

If Caltrans guidance is not released in time to develop a recommendation for the July Commission meeting, staff will forward repurposing recommendations to Caltrans to be included in the State's submission to FHWA by the required deadline and follow-up with an informational item at the September Committee meeting.

Issues:

Federal regulations require repurposed funds to be fully obligated within three fiscal years of repurposing, or by September 30, 2026, for this year's repurposing effort. To reduce the risk of funds being lost to the region, and consistent with MTC's Project Delivery Policy (MTC Resolution No. 3606), Bay Area sponsors are required to fully obligate any repurposed earmark balances one year in advance of federal deadlines. Additionally, once repurposed onto a new project, the earmark funds cannot be repurposed again.

Recommendation:

Direct staff to develop the FY 2022-23 repurposed earmark list and submit necessary documentation to Caltrans by the required deadline.

Attachments:

None.



Andrew B. Fremier