

Metropolitan Transportation Commission

July 23, 2025

Agenda Item 9b - 25-1037

FTA Formula Funds Lapsing Funds Programming

Transit Capital Priorities Program FYs

Subject:

Delegation to executive director for approval of potential re-programming of lapsing FTA formula funds, including \$12.5 million in FY 2021-22 FTA section 5337 State of Good Repair funds.

Background:

FTA Section 5337 State of Good Repair funds must be obligated into a grant within three fiscal years following their year of apportionment or they will lapse and be returned to the national pot. FY 2022 funds must be obligated by September 2025. While the Commission has programmed all lapsing funds through the Transit Capital Priorities (TCP) program in MTC Res. No. 4510, Revised, staff is seeking executive director's authority to make any necessary programming changes to prevent lapsing funds and ensure all apportioned funds can be obligated into a grant.

Such changes may be necessary due to changing operator project priorities, federal agreement considerations, or other unforeseen circumstances. Currently, \$12.5 million in FY 2022 funds, apportioned to the San Jose Urbanized Area (UZA) and programmed to VTA, are in a pending grant application. Not all required elements of the grant application have been completed. Time is of the essence to ensure completed grant applications; although FTA staff has stated that lapsing funds will receive priority review, later submissions reduce chances of successful obligation.

To prevent the loss of these funds to the region, rapid re-programming of lapsing funds, including an updated TIP, may be necessary. As part of this re-programming, MTC may need to:

- Shift balances between operators, funding years, and the Section 5307 Urbanized Area and Section 5337 State of Good Repair programs
- Program outside of currently approved project amounts: While staff intends to direct the obligation of these funds to existing programming, it is possible a new programming

opportunity (e.g. additional Preventive Maintenance funding) could be the only option for obligating the funds

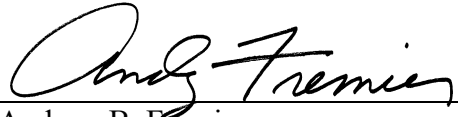
- Program funds in a manner that does not conform to UZA-specific funding agreements or limited operator eligibility recognized in the TCP Policy.

Recommendation:

Staff recommends delegation to executive director for approval of potential re-programming of FTA formula funds that will lapse at the end of Federal FY 2025, including \$12.5 million in FY 2022 FTA Section 5337 State of Good Repair funds.

Attachments:

None



Andrew B. Fremier