

**Metropolitan Transportation Commission
Programming and Allocations Committee**

July 10, 2024

Agenda Item 2c-24-0843

FY 2023-24 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 of 2024.

Background:

The Consolidated Appropriations Act of 2024 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.

Earmarks Available for Repurposing

At this time, MTC has not received a list of potential eligible earmarks for repurposing from the California Department of Transportation (Caltrans). Staff expect 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 expect the balance available for repurposing will be limited, as many unused earmarks have already been repurposed in prior years. For reference, \$2.6 million in earmark balances were recommended for repurposing on Bay Area projects last year.

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 and forward repurposing recommendations to Caltrans by the required deadline, which is anticipated for early August.

Staff will follow-up with an informational item at the September Programming and Allocations Committee meeting.

Issues:

Federal regulations require repurposed funds to be fully obligated within three fiscal years of repurposing, or by September 30, 2027, 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 2024 repurposed earmark list and submit necessary documentation to Caltrans by the required deadline.

Attachments:

None.



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