



**METROPOLITAN
TRANSPORTATION
COMMISSION**

Bay Area Metro Center
375 Beale Street, Suite 800
San Francisco, CA 94105
415.778.6700
www.mtc.ca.gov

Sue Noack, Chair
Cities of Contra Costa County

August 3, 2026

*Stephanie Moulton-Peters,
Vice Chair*
Marin County and Cities

RE: FY2027 through FY2031 Transit Capital Priorities Call for Projects

Margaret Abe-Koga
Santa Clara County

Dear Interested Applicant:

Eddie Abu
San Francisco Bay Conservation
and Development Commission

The Metropolitan Transportation Commission (MTC) is soliciting transit projects from eligible federal grantees for programming:

Candace Andersen
Contra Costa County

Marilyn Ezzy Ascraft
Cities of Alameda County

Pat Burt
Cities of Santa Clara County

Noelia Corzo
San Mateo County

Victoria Fleming
Sonoma County and Cities

Dorene M. Giacomini
U.S. Department of Transportation

Alicia John-Baptiste
San Francisco Mayor's Appointee

Barbara Lee
Oakland Mayor's Appointee

Matt Maban
San Jose Mayor's Appointee

Amber Manfree
Napa County and Cities

Mitch Masburn
Solano County and Cities

Myrna Melgar
City and County of San Francisco

Nate Miley
Alameda County

Gina Papan
Cities of San Mateo County

Belia Ramos
Association of Bay Area
Governments

Libby Schaaf
U.S. Department of Housing
and Urban Development

Vacant
California State
Transportation Agency

Andrew B. Fremier
Executive Director

Alix Bockelman
Chief Deputy Executive Director

- Federal Transit Administration (FTA) Sections 5307 Urbanized Area Formula, 5337 State of Good Repair, and 5339(a) Buses & Bus Facilities Formula funds apportioned to the San Francisco Bay Area in FY2027 through FY2031;
- Bridge tolls and other regional revenues dedicated to transit capital projects by the Core Capacity Challenge Grant Program (CCCCG, MTC Resolution No. 4123); and
- Potential other funding sources, including Federal Highway Administration STP and CMAQ funds dedicated to Transit Capital Rehabilitation and Transit Priorities projects by the One Bay Area Grant Program (MTC Resolution No. 4202).

Applications are due to MTC by **Friday, October 16, 2026**. Operators interested in in-depth application guidance will be invited to a webinar tentatively scheduled for September 16, 2026 (details to come via the Transit Finance Working Group (TFWG)) and are encouraged to meet with Max Dunsker to go over any application questions. A complete application includes:

- Completed FY2027 through FY2031 Project Template and
- Supporting documentation (explained below)

Proposed projects included in the Project Template will be used to develop preliminary TCP programs for Commission adoption in FY2027 and beyond. For Sections 5307 and 5339(a), the preliminary program will be based on estimated revenues using IIJA authorization levels, with 2% year-over-year increases in Section 5307 and Section 5339(a) funds beginning in FY2028. Due to anticipated decreases in available Section 5337 funds following the expiration of the IIJA and its associated “plus-up”, staff have estimated future Section 5337 funds based on available information; Section 5337 funds are not escalated year-over-year. Each year of the program will be revised to match final FTA apportionments for that year. With the IIJA authorization ending in September, it is uncertain whether FTA formula funds will be reauthorized at current levels or adjusted via continuing resolutions and, in time, a new surface transportation authorization bill. Gathering five years of programming requests now will allow MTC to be flexible with program length and to plan for and assist with regional transit capital needs.

As part of the application, operators must include a Board-adopted Capital Improvement Plan, Short-Range Transportation Plan, Transit Asset Management Plan, and/or other Board-approved documentation that includes the projects for which operators are requesting funding.

Transit Capital Priorities Policy

Project selection will be based on MTC's TCP Process and Criteria (MTC Resolution No. 4444, included as Attachment 1). There have been some minor updates since the last call for projects, which are summarized in Attachment 1a. Staff anticipate additional policy updates between this call for projects and the final programming of FY2027 and beyond, most notably, the adoption of a final bus/van pricelist for use in those programming years, and others as may be discussed at TFWG.

Discussion of several policy areas that either have recently changed, or will be considered alongside this call for projects, follows:

Length of Next Program Cycle

The length of the next program is uncertain. With the IIJA authorization ending in September, MTC is unlikely to adopt a long-term program (i.e., three or more years) until a successor to the IIJA is passed. Ultimately, the length of the following program will be determined by a number of factors, including the length of the next surface transportation authorization (IIJA-successor) once passed by Congress, discussions with transit operators through TFWG, and any other policy factors. In the case that a new surface transportation authorization is not adopted, Congress may release continuing resolutions and MTC may be limited to shorter-term programs.

Bus/Van Pricelist

For this call for projects, operators are asked to use a draft pricelist, which has escalated the FY2026 pricelist by 2.7%, and then adjusted for inflation year-over-year thereafter. See Attachment 1a for more detail on the existing bus/van pricelist interim policy and its impact on this call for projects: it is important to note that the deferred buses will be additional Score 16 needs introduced to the programming year of operator's choosing. Alternative approaches to bus reimbursement are being developed by MTC staff and will be discussed with the TFWG in the coming months, for possible staff recommendation for the FY2027 program.

Bus Procurements, Replacements, and Fleet Size

As discussions around the rising cost of vehicle replacements continue, particularly in the context of the ICT-rule zero-emission bus transition and pandemic recovery efforts, future vehicle procurements may involve further analysis regarding actual service provided, spare ratios, miles in service, and other factors related to fleet size and vehicle replacement to ensure all procurements demonstrate replacement need. Relatedly, staff may initiate discussion on the compensation for deferred replacement policy. Finally, the recent focus by the federal government on reduction of vehicle customization (through joint procurements or partnership with bus manufacturers to procure standard models) and on encouraging contract terms with manufacturers to pursue advance payments and/or progress payments, indicate federal priorities to keep vehicle costs down that will need to be considered in MTC's TCP Program. MTC staff will work with operators and TFWG to discuss any fleet size or vehicle procurement policies before application in future years (potentially as early as the FY2027 program) or incorporation into the TCP Policy.

Fixed Guideway Caps

Given the assumption that the Section 5337 “plus-up” in the IIJA will be retired following this fiscal year, the total amount of fixed guideway cap funds may be reevaluated upon enactment of a successor to the IIJA. For this call for projects, operators should use the fixed guideway caps adopted by the Commission in November 2024. Any proposed changes to fixed guideway caps will be discussed via the TFWG.

ADA Set-Aside Formula & Policy

The ADA set-aside distribution formula was most recently updated in April 2024, due to the UZA shifts from the 2020 Census, and first implemented in FY2024 programming. This formula update was the first formula update that utilized pandemic recovery-era NTD data, which thus indicated major shifts in demand response operating expenses and ridership. Per FTA policy, up to 10% of the 5307 funds to each UZA can be used for ADA operating expenses, and any changes to the formula will be discussed with the TFWG. MTC staff anticipates recalculating ADA set-aside amounts using 2024 NTD data ahead of the adoption of the FY2027 program.

FG Grant Spend-Down Policy

For this next program, the proposed spend-down policy will cover FG grants awarded in FY2022 or earlier. For FY2027 through FY2030, FG programming will be based on the new 4-year cycle.

Proposed Programming Timeline

The proposed timeline for adopting the TCP program is outlined below.

TCP Policy / Programming	<i>Start Date</i>	<i>Finish/Due Date</i>
Call for projects	August 3, 2026	October 16, 2026
TFWG Preliminary Program Review	Fall 2026	
FY2027 TCP Program to PAC/Commission	Winter 2026/27	
Preliminary TCP Program TIP amendment to PAC/Commission	February/March 2027	

If you have any questions or require additional information, please contact Max Dunsker, Transit Capital Priorities Program Manager (mdunsker@bayareametro.gov or 415-778-2182).

Sincerely,



Theresa Romell
Director, Funding Policy & Programs

TR:MD

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Attachments

1. MTC Resolution 4444, Revised. Transit Capital Priorities Process and Criteria for Development of the FY2020-21 and Future Transit Capital Priorities Project Lists
 - a. Summary of Recent TCP Policy Updates
2. Project Submission Template
3. Application Guide
4. Regional Transit Capital Inventory Asset Classes and Codes
5. FY2027 through FY2031 TCP Apportionment Estimates
6. FY2027 through FY2031 Regional Bus/Van Pricelist
7. Fixed Guideway Project Caps
8. ADA Set-Aside Formula and Distribution
9. ZEB Infrastructure Set-Aside Deferrals