



U.S. Department
of Transportation

**Federal Transit
Administration**

The Administrator

1200 New Jersey Avenue, SE
Washington, D.C. 20590

JUN 24 2009

Dear Colleague:

My thanks to all of you for your hard work and timely response in identifying "ready to go" capital projects to implement the American Recovery and Reinvestment Act of 2009 (ARRA). This unprecedented opportunity will serve as a critical step in addressing the tremendous need for capital investment in public transportation and maintaining our transit systems in a state of good repair.

I write today to call your attention to some added flexibility that is now being granted to FTA recipients of ARRA funds. Moments ago, President Obama signed the Supplemental Appropriations Act for 2009. **This new law includes a provision allowing up to ten percent of each amount apportioned in the Recovery Act for the urbanized (Section 5307) and non-urbanized (Section 5311) formula programs to be used for operating assistance.** This provision should provide some much needed relief to transit agencies that have been required to lay off employees and/or curtail service during this period of economic uncertainty.

Importantly, while this new law alters the eligible purposes of ARRA funds, it does not alter in any way the requirement that 50 percent of ARRA transit formula funds be obligated by September 1st. My goal is to ensure that no FTA grantee forfeit any funds for failure to comply with this deadline. So FTA staff in the regions and in headquarters will continue to work with you to ensure the prompt obligation of these monies. This limited, mid-stream change in the eligible purposes of ARRA funds should not hinder our efforts. Should you choose to apply for or modify a grant to include eligible operating expenses, my staff in the regional offices is ready to help you decide the best way for you to proceed. The TEAM system has already been modified to allow for grants that include operating assistance. Consistent with the stated purposes of the Recovery Act, FTA will expect operating assistance dollars to be used for the purposes of job creation, job preservation, and service preservation.

Some information and instructions for applying for operating assistance under the ARRA have been posted to the FTA website at http://www.fta.dot.gov/index_9440_10006.html. If you still have questions regarding these procedures after consulting the website, please reach out to FTA's regional staff.

I am excited about the contributions public transportation is making to the American economic recovery and I appreciate your leadership in this area. If I can be of any further assistance on this or any other matter, please feel free to contact me.

Yours truly,

Peter Rogoff