

South Central Regional Transit District Board Report

Meeting Date:	June 24, 2026
Agenda Item:	Request for FTA Region VI Review of NMDOT-Denied Gillig Bus Procurement Payment and Alternative Federal Reimbursement Path
Presented By:	David Armijo, Executive Director
Action Requested:	Authorize the Executive Director to submit a revised letter to FTA Region VI requesting review and resolution of NMDOT's denial of payment for a Gillig bus procured through CMAQ funds transitioned to FTA administration, and requesting FTA to identify any federally allowable alternate reimbursement path through an existing or amended FTA award if necessary.

I. Recommended Motion and Board Authorization

Staff requests that the Board consider the following two separate but related actions. The Board may approve Item 1, Item 2, or both. Item 1 is the primary request for FTA review; Item 2 preserves an alternative reimbursement path if FTA determines that another federal award may lawfully be used.

Item 1 - FTA Review of CMAQ-to-FTA Transition and NMDOT Denial. Move to authorize the Executive Director to submit a formal request to the Federal Transit Administration, Region VI, for review and resolution of the CMAQ-to-FTA transition delay and NMDOT denial of payment for the Gillig bus procurement; to preserve SCRTD's position that the CMAQ-to-FTA funding path remains valid and should be processed; and to coordinate the request with legal counsel and NMDOT as appropriate.

Item 2 - Alternative Federal Reimbursement Path. Move to authorize the Executive Director to include, as part of the FTA Region VI request or in follow-up correspondence, a related request asking FTA to identify whether the denied Gillig bus may be paid through another existing or amended FTA award that includes eligible bus acquisition funding, including the Venus grant bus line item or the hybrid-electric express bus grant involving Gillig, provided FTA determines the payment is allowable, allocable, properly documented, within the approved award scope, and capable of being processed through TrAMS without violating federal participation, local match, procurement, TIP/STIP, or grant conditions.

II. Background

SCRTD has pursued the purchase of Gillig buses as part of its long-term fleet replacement, service expansion, and clean-fleet transition strategy. The District previously received federal Low-No and related FTA funding that supported Gillig bus purchases and established a procurement approach involving Gillig as the vehicle manufacturer under a partnership procurement framework.

SCRTD later pursued additional Gillig buses using CMAQ funds awarded for transit capital purposes. These buses support emissions reduction, service reliability, and the District's transition to cleaner vehicles. SCRTD issued purchase orders for the Gillig buses in July 2024, relying on the federal procurement framework and on the understanding that the CMAQ funds would transition to FTA administration.

NMDOT later denied payment for one of the Gillig buses. The denial appears to involve NMDOT's interpretation of the procurement record, the timing of the CMAQ-to-FTA transition, and the State's later internal purchase order process. SCRTD believes the denial does not fully account for the sequence of federal funding decisions, the transition from CMAQ to FTA, the prior federal procurement basis, and the District's good-faith reliance on the approved Gillig procurement structure.

The District's attorneys, Kathleen Kraft and John Appel, who review federal and state regulatory matters for SCRTD, have independently reviewed the relevant documents, correspondence, procurement records, and applicable regulatory issues. Their review supports requesting FTA Region VI review and guidance before the matter proceeds further.

III. Issue and Purpose of FTA Review

The primary issue is whether SCRTD's Gillig bus procurement and payment request should be recognized as eligible for reimbursement under the CMAQ-to-FTA funding transition or through another available federal reimbursement path approved by FTA.

SCRTD believes FTA is the appropriate federal agency to review the matter because the funds were transitioning to FTA administration, the procurement involves federal transit capital requirements, and the funding purpose is to support eligible public transportation improvements.

Federal eligibility and payment path. FTA can confirm whether the Gillig bus procurement and reimbursement request are consistent with federal transit requirements and whether another existing or amended FTA award can be used if necessary.

Timing and administrative transition. FTA can distinguish federal eligibility issues from State administrative processing issues related to the timing of the CMAQ-to-FTA transition and subsequent payment denial.

Procurement guidance. FTA can review the procurement basis and the prior Gillig partnership structure and advise whether the purchase may proceed for reimbursement.

Resolution without escalation. FTA review may provide a technical path forward before the issue proceeds further through a formal appeal or dispute process with NMDOT.

IV. Proposed Action and Alternative Reimbursement Path

Staff proposes submitting a formal letter to FTA Region VI requesting review and resolution of the CMAQ-to-FTA transition delay and the NMDOT payment denial. The letter will summarize the timeline, identify the procurement and funding issue, and request that FTA review whether the Gillig bus purchase is eligible for payment and reimbursement under applicable federal funding and procurement requirements. The letter will also include the following alternative reimbursement request:

Without waiving or abandoning SCRTD's position that the CMAQ-to-FTA funding path remains valid and should be processed, SCRTD requests that FTA Region VI also identify any available alternate federal reimbursement path to resolve the Gillig payment issue. Specifically, SCRTD requests FTA review whether the cost of the denied Gillig bus may be paid through another existing or amended FTA award that already includes eligible bus acquisition funding, including the Venus grant bus line item or the hybrid-electric express bus grant involving Gillig, provided that FTA determines the cost is allowable, allocable, properly documented, within the approved award scope, and capable of being processed through TrAMS without violating federal participation, local match, procurement, TIP/STIP, or grant conditions.

This language preserves SCRTD's primary position on the CMAQ-to-FTA funding path while allowing FTA to consider a practical administrative resolution if FTA determines that another federal award can be used lawfully and efficiently.

V. Fiscal Impact

The fiscal impact is significant because the denial delays or prevents reimbursement for a Gillig bus purchased through SCRTD's federally funded fleet program. Failure to resolve the denial may affect available cash, local match planning, vendor payment, and the District's ability to complete payment for the remaining buses.

A favorable FTA review would help clarify reimbursement eligibility and support SCRTD's fleet replacement and clean-fleet transition program. If FTA identifies an approved alternate reimbursement path, the District may be able to resolve the Gillig payment issue without abandoning its position that the original CMAQ-to-FTA path remains valid.

VI. Staff Analysis

Staff believes requesting FTA review is the most appropriate next step because the matter involves federal funding eligibility, federal procurement requirements, and the timing of the transition from CMAQ funding to FTA administration. SCRTD acted in good faith to advance a federally eligible capital project that supports emissions reduction, service reliability, and fleet modernization.

FTA review would provide an independent federal assessment and may assist both SCRTD and NMDOT in resolving the payment issue in a manner consistent with federal requirements. The request is not intended to bypass the State process, but to obtain federal clarification on a matter involving federal funding, procurement requirements, and the transition of CMAQ funds to FTA administration.

Staff recommends presenting the alternative reimbursement path as a fallback option only. SCRTD should continue to maintain that the CMAQ-to-FTA funding path remains valid and should be processed, while also asking FTA to identify whether another existing or amended FTA award may lawfully resolve the denied Gillig bus payment.