



U.S. Department  
of Transportation  
**Federal Transit  
Administration**

REGION IX  
Arizona, California,  
Hawaii, Nevada, Guam,  
American Samoa,  
Northern Mariana Islands

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May 15, 2026

Derek Hansel  
Chief Financial Officer  
Metropolitan Transportation Commission  
375 Beale St Ste 800  
San Francisco, CA 94105

Attn: Tarek Radwan, CPA, CGMA, Assistant  
Director, Operational Accounting

Re: FY 2027 Indirect Cost Rates Approval

Dear Mr. Hansel:

The Federal Transit Administration (FTA) has reviewed the Metropolitan Transportation Commission's (MTC) cost allocation plan (CAP) and indirect cost rate proposal (ICRP) for Fiscal Year (FY) 2027, as requested. As the federal cognizant agency for indirect costs, FTA approves Fixed with carry forward adjustment rates for the period of July 1, 2026 to June 30, 2027, i.e. MTC's FY 2027. The approved rates are indicated in the attached rate agreement and, if utilized, should be applied as specified in the CAP/ICRP, also hereby approved.

Review and approval of future rates is based on the policies outlined in [FTA Circular 5010.1F](#). Please consult this document for specific guidance and review thresholds, including changes in accounting systems, methodologies, and increases of 20% or more from the most recent FTA approved indirect cost rate(s) resulting from a financial management oversight (FMO) review. (The most recent FMO review of MTC supported FTA's approval of rates in FY 2026.)

Please see the attached rate agreement electronically signed by FTA. Please countersign to fully execute it, return a copy to our office at [FTARegion9IndirectCosts@dot.gov](mailto:FTARegion9IndirectCosts@dot.gov), and upload the fully-executed agreement to the Recipient Documents in TrAMS. The executed agreement serves as your organization's indirect cost rate approval and should be provided to FTA and other federal agencies to reflect the approved rates, terms, and effective dates. Consistent with [2 CFR 200.415\(c\)\(1\)](#), the agreement should be signed by either the chief executive officer or chief financial officer.

FTA Region 9 provides annual rate agreements, consistent with federal government standards. Recipients seeking approval of indirect cost rates must submit complete and submit documentation of their requests either

- within six months prior to the beginning of each of the governmental unit's fiscal years in which it proposes to claim central service costs (for CAPs, per [2 CFR Appendix V to Part 200 D.4.](#)), or
- within six months after the close of the governmental unit's fiscal year (for ICRPs, per [2 CFR Appendix VII to Part 200 D.1.d.](#)).

If you have any questions or comments, please contact me at 202-573-6829 (voice/text) or [darin.allan@dot.gov](mailto:darin.allan@dot.gov).

Sincerely,

DARIN JOHN  
ALLAN

Digitally signed by DARIN  
JOHN ALLAN  
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Darin Allan  
Director, Office of Financial Management and  
Program Oversight

Attachment

**NEGOTIATED INDIRECT COST RATE AGREEMENT  
BETWEEN THE  
METROPOLITAN TRANSPORTATION COMMISSION  
AND THE  
FEDERAL TRANSIT ADMINISTRATION**

This agreement is made and entered into between the Metropolitan Transportation Commission (MTC | ID = 1655) and the United States Department of Transportation, Federal Transit Administration (FTA), the cognizant federal agency for indirect costs under government-wide Uniform Administrative Requirements and Cost Principles, [2 CFR Part 200](#).

The indirect cost rates approved for MTC and contained herein are for use and may be charged to awards with the Federal Government, to which 2 CFR 200 Subpart E and Appendix V and/or VII apply, subject to the limitations contained in Section II.A of this agreement, as well as the grants management guidelines included in [FTA Circular 5010](#).

The indirect cost rates are approved by FTA or negotiated with MTC and in accordance with the authority contained in Appendix V and/or VII of 2 CFR Part 200.

**Section I: Rates**

**Indirect Cost Rates:**

<b>Program</b>	<b>Rate as %</b>
SAFE	78.42
BAHFA	62.00
CLIPPER & MTC	55.56
BAHA	39.41
BAIFA	35.73
SFEP	56.13
BAYREN (Fund 403)	82.28
POWER (Fund 461)	79.06

**Type:** Fixed w/ carryforward adjustment

**Direct Cost Base and Any Excluded Items:** Total Direct Salaries & Benefits

**Effective Period:** July 1, 2026 to June 30, 2027

**Applicable To:** All programs not specifically exempted, or limited by law, or otherwise not applicable because special operating factors necessitate special indirect cost rates.

## Section II: General

### A. Limitations

The rates contained in this agreement may be subject to statutory or administrative limitations and the calculated indirect costs are reimbursable through award, contract, or other agreement only to the extent that funds are available.

Acceptance of these rates is predicated on these conditions:

1. Only costs incurred by MTC were included in its indirect cost pool as finally accepted and are allowable under the governing cost principles;
2. The same costs that have been treated as indirect costs are not claimed as direct costs;
3. Similar types of costs have been accorded consistent accounting treatment, and
4. The information provided by MTC which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations, the agreement will be subject to reopening, the rates may be adjusted, and refunds made – if the proposal included unallowable costs.

### B. Accounting Changes

This agreement is based on the accounting system to be in effect during the agreement period. Changes in the method of accounting for costs that affect the amount of reimbursement resulting from the use of these rates require prior concurrence of FTA. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain concurrence may result in cost disallowances.

### C. Rate Type

This agreement and approval is for Fixed w/ carryforward adjustment indirect cost rates and is based on an estimate of the costs for the period covered by the rates. When the actual costs for this period are determined, MTC shall adjust the rates for the subsequent fiscal years to compensate for the difference between the costs used to establish the fixed rates and actual costs, as required under 2 CFR Part 200 Appendix V and/or VII.

### D. Use by Other Federal Agencies

The rates in this Agreement are approved in accordance with the authority in 2 CFR Part 200 Subpart E and Appendix V and/or VII, and should be applied to grants, contracts, and other agreements covered by this regulation, subject to any limitations in Section I or II.A above. Copies of this document may be provided to other federal agencies as a means of notifying them of this agreement.

**E. Other**

If any federal contract, award, or other agreement is reimbursing indirect costs by means other than the approved rates in this agreement, MTC shall notify FTA.

Metropolitan Transportation Commission

DocuSigned by:  
*Derek Hansel*  
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Derek Hansel  
Chief Financial Officer

[U.S. Department of Transportation](#)  
[Federal Transit Administration](#)  
[Region 9](#)

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JOHN ALLAN  
Date: 2026.05.15  
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[Darin Allan](#)  
Director, Office of Financial Management  
and Program Oversight

Reference: Metropolitan Transportation Commission Cost Allocation Plan and Indirect Cost Rate Proposal for FY 2027 (certified April 29, 2026)