

DEPARTMENT OF TRANSPORTATION

DIVISION OF LOCAL ASSISTANCE

P.O. BOX 942873, MS-1
SACRAMENTO, CA 94273-0001
PHONE (916) 653-1776
FAX (916) 654-2409
TTY 711
www.dot.ca.gov



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Be energy efficient!*

April 4, 2013

To: Local and Regional Transportation Partners

Dear Transportation Partners:

As you know, once federal funds are obligated to projects, local agencies are expected to invoice the Department on a regular basis in accordance with 23 CFR 630.106. Failure to do so will deem the project “inactive” and is subject to deobligation if proper justification is not provided to the Department and approved by Federal Highway Administration (FHWA). The intent of this regulation is to make sure the federal funds available are used timely on federal aid projects.

In spite of complying with this regulation, a recent audit by Office of Inspector General (OIG) found “material weakness” in the way FHWA is managing the “inactive obligations”. As a result FHWA has already changed the definition of the “inactive projects” twice. These changes, without advance notice, cause undue hardship to local agencies and the Department. In order to manage these changes more proactively, the Department is changing the management of “inactive projects” as follows beginning July 1, 2013:

1. If the Department does not receive an invoice for more than six months, the project will be deemed “inactive” and posted on the Department’s website. Local Agencies will be notified the first time projects are posted.
2. If the Department does not receive an invoice in the next six months (12 months without invoicing), the Department will deobligate the unexpended balances.
3. It is the Local Agencies responsibility to work in collaboration with their respective District Local Assistance Engineer’s to ensure their projects are removed from the list to avoid deobligation.
4. Inactive project listing is already posted at the following website and will be updated weekly: <http://www.dot.ca.gov/hq/LocalPrograms/Inactiveprojects.htm>

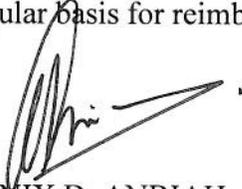
Inactive obligation policy information can be accessed at the following link:

http://www.dot.ca.gov/hq/LocalPrograms/lam/prog_p/p04agree-04-08-11.pdf#page=18

It should also be noted that American Recovery and Reinvestment Act (ARRA) projects will not be treated differently than non-ARRA projects in the new procedures.

Local and Regional Transportation Partners
April 4, 2013
Page 2

If you have any questions regarding this policy, please contact Chris Jensen at (916) 653-3085 or Curt Davis at (916) 653-4221. Remember the best way to avoid inactivity is to invoice on a regular basis for reimbursable costs.



DENIX D. ANBIAH
Chief
Division of Local Assistance

- c: District Local Assistance Engineers, Caltrans
- Office Chiefs, Division of Local Assistance, Caltrans
- Gilbert Petrissans, Local Programs Accounting, Caltrans
- Janice Richardson, Director, Financial Services, FHWA
- Fardad Falakfarsa, Chief, Office of Federal Resources, Caltrans
- Curt Davis, Chief, Office of Project Delivery & Accountability, Caltrans
- Chris Jensen, Senior Transportation Engineer, Office of Project Delivery
Accountability, Caltrans