

Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: June 7-8, 2006

Reference No.: 3.12
Information Item

From: CINDY McKIM
Chief Financial Officer

Prepared by: Terry Abbott
Division Chief
Local Assistance

Subject: **SEVENTH CYCLE AB 1012 UNOBLIGATED RSTP AND CMAQ "USE IT OR LOSE IT" BALANCE REPORT**

SUMMARY:

The annual notice to regional agencies for the seventh cycle of AB 1012 "Use It or Lose It" provisions was released on November 7, 2005. At that time, seventh cycle Regional Surface Transportation Program (RSTP) and Congestion Mitigation and Air Quality (CMAQ) funds subject to potential reprogramming on November 1, 2006, totaled approximately \$88 million, based on September 30, 2005 balances. Ten agencies had CMAQ balances subject to reprogramming and seven agencies had RSTP balances subject to reprogramming.

The February 28, 2006 balance reports show the total funds subject to reprogramming for the seventh cycle of AB 1012 are approximately \$78 million, a reduction of \$10 million from the September 30, 2005 balances including: CMAQ - \$48 million and RSTP - \$30 million. CMAQ funds account for 62 percent of the balance subject to reprogramming and RSTP funds account for 38 percent. The number of agencies with CMAQ balances subject to reprogramming has decreased from ten to nine, and agencies with RSTP balances subject to reprogramming has decreased from seven to six. (Please note that agencies may have more than one type of fund subject to reprogramming.) Beginning in Federal Fiscal Year (FFY) 2006, several rural agencies received CMAQ apportionments that are now included in the AB 1012 balance report as of February 2006.

The Obligation Authority (OA) target levels projected for FFY 2006 for some regions are less than necessary to use the region's apportionment balance subject to reprogramming in Cycle 7 prior to the end of the FFY. However, regions can use FFY 2007 OA received in October 2006 to reduce their balance subject to reprogramming in Cycle 7. It is also possible for the regions to borrow next year's OA as early as June 1, 2006. The Department of Transportation (Department) will be working with these agencies to meet the Guidelines for Implementation of the Timely Use of Funds Provisions of AB 1012, where the Department is required to ensure sufficient obligational authority is available to meet the needs of the regional agencies for projects contained in the submitted obligation plans. The obligation plans were due to the Department on May 1, 2006. Most regions have submitted their OA plans, and review of the OA plans is currently underway. Based upon a preliminary review of the OA plans submitted, most regions will not have CMAQ or RSTP balances subject to reprogramming in November 2006. The findings from the final review will be included with the next quarterly report.

BACKGROUND:

The Intermodal Surface Transportation Efficiency Act (ISTEA) was enacted in 1991 and was in effect for six years. During that time, local agencies were able to obligate only 87 percent of their federal funding. The next Transportation Act, known as The Transportation Equity Act of the 21st Century (TEA-21), was signed into law in 1998. During the first two years of TEA-21, local agencies' obligation of federal funds dropped to a low of 41 percent. As a result, by October 1999, local agencies had accumulated a \$1.2 billion backlog in federal apportionments and \$854 million in OA.

AB 1012 was enacted October 10, 1999, with a goal of improving the delivery of transportation projects and addressing the backlog of local agencies' federal apportionments and OA. Local agencies have successfully met and exceeded this goal. Beginning in FFY 2000, and continuing through FFY 2006, local agencies have been able to obligate a minimum of 100 percent of the OA made available to them. For example, in FFY 2000, local agencies were able to use 153 percent of their available OA, in FFY 2001 they were able to use 123 percent, and in FFY 2005 they were able to use 119 percent.

The backlog of federal apportionments, as a percentage to the federal apportionments local agencies received for the FFY, has decreased since the enactment of AB 1012. As stated above, the October 1999 backlog of federal apportionments was \$1.2 billion, which represented approximately 148 percent of the total federal apportionments local agencies received for FFY 1999 (approximately \$794 million). For the current FFY, the October 1, 2005 local balance of federal apportionments was \$1.054 billion, which represented 100.5 percent of the estimated total federal apportionments local agencies received in FFY 2005 (approximately \$1.049 billion). The reduction in this percentage of backlog to year's apportionments from FFY 1999 to FFY 2006 indicates the success of the "use it or lose it" requirements of AB 1012.

Attachments

**Apportionment Status Report
CMAQ and RSTP
per AB 1012
as of February 28, 2006**

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June 7-8, 2006
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**Cycle 7 Summary
(With Advanced Construction Projects)**

Region	CMAQ Unobligated 2/28/2006 Delivery Balance ¹	CMAQ Amount Subject to AB 1012 Reprogramming Cycle 7 11/01/2006 ²	RSTP Unobligated 2/28/2006 Delivery Balance ¹	RSTP Amount Subject to AB 1012 Reprogramming Cycle 7 11/01/2006 ²
Butte	4,029,496	593,259	2,266,898	-
Fresno	22,885,973	2,281,260	21,314,333	4,051,295
Kern	22,845,255	6,924,849	19,246,908	4,960,241
Kings	2,614,207	-	1,444,472	-
Los Angeles ⁵	195,344,001	-	175,354,458	-
Madera	1,783,569	-	1,372,706	-
Merced	2,784,516	-	2,349,274	-
Monterey	1,082,004	-	6,359,314	-
Orange	48,906,149	-	61,140,268	-
Riverside	37,360,709	-	47,283,391	13,914,401
Sacramento (SACOG) ⁶	21,875,137	-	21,069,307	-
San Benito	777,574	422,651	593,963	-
San Bernardino	76,891,176	27,574,439	25,739,419	-
San Diego ³	15,870,532	-	40,799,253	-
S.F. Bay Area (MTC) ⁴	53,996,794	-	96,735,109	-
San Joaquin	18,907,179	3,516,628	1,291,588	-
San Luis Obispo	-	-	4,248,105	-
Santa Barbara	5,958,993	3,417,577	4,455,747	-
Santa Cruz	835,781	-	2,851,901	-
Stanislaus	14,295,329	2,408,080	14,461,079	4,809,229
Tahoe	1,997,054	869,998	514,956	-
Tulare	7,614,011	-	4,106,225	-
Ventura	14,825,015	-	17,562,459	1,298,940
Rural Counties & SCAG	3,369,190	-	\$17,995,781	987,317
TOTAL	\$576,849,642	\$48,008,740	\$590,556,912	\$30,021,423

Footnotes: (Includes FFY 2006 Estimated Apportionments for RSTP and CMAQ)

¹ Indicates all apportionments not yet obligated

² Reflects balances 2-years old entering 3rd year

³San Diego (SANDAG) Project 6211(042), apportionment code Q240 \$7,450,000 was processed using the State AC Process. RSTP balance does reflect this transaction. In addition, SANDAG Project 6211(040), State AC project \$2,300,000 using Q240 in 9/30/04 (transfer) was processed. It should have been \$3,300,000. Correction: Reduce H240 by \$1,000,000 (no Q240 available). RSTP balance does reflect this transaction.

⁴District 4 (MTC), Project 6204(043), AC for \$10,000,000 dated 5/27/05 [H400]; Project 6204(054), AC for \$21,300,000 dated 6/14/05 [H400]; Project 6204(056), AC for \$5,500,000 dated 6/22/05 [H230]; and Project 6204(057), AC for \$17,500,000 dated 6/24/05 [H230]; Project 6204(058) [H400] AC for \$12,300,000 dated 6/28/05. Manual Adjustments decrease MTC's balance.

⁵District 7 (LAMTA), a)Transfer Out \$(8,000,000) H230 to "State" per MOU. b)Transfer In \$8,000,000 H240 from "State" per MOU. c)Transfer Out \$(8,000,000) H240 to SACOG per MOU. d)Transfer In \$8,000,000 H400 from SACOG per MOU.

⁶District 3 (SACOG), a)Transfer Out \$(8,000,000) H400 to LAMTA per MOU. b)Transfer In \$8,000,000 H240 from LAMTA per MOU.

Balances are adjusted for projects using the State AC process.

Cycle 7 assumes the use of all previous cycle balances

The Regional balances reflect activities that have been recorded in Caltran's Local Assistance accounting system. There may be a time delay between the FHWA authorization and the recording of the transaction in the Caltran's Local Assistance accounting system.

**Apportionment Status Report
CMAQ and RSTP
per AB 1012
as of February 28, 2006**

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**Cycle 7
Rural County Summary**

Region	CMAQ Unobligated 2/28/2006 Delivery Balance ¹	CMAQ Amount Subject to AB 1012 Reprogramming Cycle 7 11/01/2006 ²	RSTP Unobligated 2/28/2006 Delivery Balance ¹	RSTP Amount Subject to AB 1012 Reprogramming Cycle 7 11/01/2006 ²
Rural County Information:				
Del Norte	-	-	306,912	-
Humboldt	-	-	1,411,635	-
Lake	-	-	650,587	-
Mendocino	-	-	962,509	-
Lassen	-	-	404,187	-
Modoc	-	-	296,410	-
Plumas	-	-	238,397	-
Shasta	-	-	1,821,542	-
Siskiyou	-	-	654,876	-
Tehama	-	-	625,260	-
Trinity	-	-	251,907	-
Colusa	-	-	209,807	-
El Dorado	-	-	1,202,653	-
Glenn	-	-	295,152	-
Nevada ³	804,784	-	1,026,865	-
Placer	-	-	766,845	-
Sierra	-	-	131,206	-
Inyo	-	-	673,483	-
Mono	-	-	229,725	-
Alpine	-	-	131,208	-
Amador ³	311,802	-	391,631	-
Calaveras ³	378,568	-	452,484	-
Mariposa ³	148,357	-	191,129	-
Tuolumne ³	469,405	-	608,100	-
Imperial (SCAG) ³	1,256,274	-	4,061,269	987,317
Rural Combined Totals:	3,369,190	-	\$17,995,781	987,317

Footnotes: (Includes FFY 2006 Estimated Apportionments for RSTP and CMAQ)

¹ Indicates all apportionments not yet obligated

² Reflects balances 2-years old entering 3rd year

³ Beginning in FFY 2006, these rural regions are now receiving CMAQ apportionments.

Cycle 7 assumes the use of all previous cycle balances

The Regional balances reflect activities that have been recorded in Caltran's Local Assistance accounting system. There may be a time delay between the FHWA authorization and the recording of the transaction in the Caltran's Local Assistance accounting system.