

# Memorandum

To: CHAIR AND COMMISSIONERS

CTC Meeting: December 13-14, 2006

Reference No.: 3.10  
Information Item

From: CINDY McKIM  
Chief Financial Officer

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Division Chief  
Local Assistance

Subject: **CLOSE-OUT REPORT UNDER AB 1012 "USE IT OR LOSE IT" PROVISION FOR  
FEDERAL FISCAL YEAR 2004 UNOBLIGATED CMAQ AND RSTP FUNDS**

## **SUMMARY:**

Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Surface Transportation Program (RSTP) funds apportioned from the federal government are available for use by local agencies for four years. Assembly Bill (AB) 1012 (Chapter 783 of the Statutes of 1999) states that CMAQ and RSTP funds that are not obligated within the first three years of federal eligibility are subject to reprogramming by the California Transportation Commission (Commission) in the fourth year in order to prevent the funds from being lost to the State. The Department of Transportation (Department) is responsible for monitoring and reporting unobligated balances. Moreover, at the beginning of the third year, the Department provides notification to the local agencies of the unobligated CMAQ and RSTP balances that have one year remaining under the AB 1012 guidelines, prior to being subject to reprogramming.

The annual notice to regional agencies under Assembly Bill (AB) 1012 "Use It or Lose It" provisions for Federal Fiscal Year (FFY) 2004 (October 1, 2003 - September 30, 2004) funds was released on November 7, 2005. Under the provisions of AB 1012, CMAQ AND RSTP funds subject to reprogramming on November 1, 2006, totaled approximately \$88 million, based on September 30, 2005 balances. At that time, ten agencies had CMAQ balances subject to reprogramming, and six agencies had RSTP balances subject to reprogramming.

Based on September 30, 2006 balances, the total amount of funds subject to reprogramming under AB 1012 are approximately \$8 million. This is a reduction of \$80 million from the initial notification sent out in November 2005, based on the September 30, 2005 balances. Approximately 48 percent of the amount subject to reprogramming by the Commission is in the CMAQ program and 52 percent is in the RSTP program.

Since September 2005, the number of agencies with CMAQ balances subject to reprogramming has decreased from ten to three, and the number of agencies with RSTP balances subject to reprogramming has decreased from six to one. All the agencies with balances subject to reprogramming have requested a waiver to the "Use It or Lose It" provision under AB 1012. The concurrent waiver requests are under agenda item 2.8f.

**BACKGROUND:**

The State annually receives CMAQ and RSTP funds from the Federal Highway Administration (FHWA). The regions receive a share of these apportionments to fund local projects.

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 21<sup>st</sup> 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 Obligation Authority (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.

As a condition of AB 1012, the Department is required to notify the regions, on an annual basis, of the level of apportionments received that are subject to reprogramming.

Attachments

**Apportionment Status Report  
CMAQ and RSTP  
per AB 1012  
as of September 30, 2006**

Reference No.: 3.10  
Attachment 1

**Balances in the 3rd Year  
(from FFY 2004)  
Report Summary**

Region	CMAQ Unobligated 9/30/2006 Delivery Balance <sup>1</sup>	CMAQ Amount Subject to AB 1012 Reprogramming 11/01/2006 <sup>2</sup>	RSTP Unobligated 9/30/2006 Delivery Balance <sup>1</sup>	RSTP Amount Subject to AB 1012 Reprogramming 11/01/2006 <sup>2</sup>
Butte	531,496	-	-	-
Fresno	14,014,981	-	13,987,013	-
Kern	18,355,617	2,435,211	12,125,145	-
Kings	1,816,221	-	0	-
Los Angeles <sup>3</sup>	151,160,964	-	64,359,390	-
Madera	1,561,145	-	-	-
Merced	1,517,805	-	0	-
Monterey	1,082,004	-	1,876,621	-
Orange	48,456,149	-	35,360,617	-
Riverside	33,115,478	-	37,628,073	4,259,082
Sacramento (SACOG) <sup>4</sup>	(4,366,782)	-	7,367,680	-
San Benito	926,575	571,652	-	-
San Bernardino	46,419,214	-	23,683,869	-
San Diego	1,024,691	-	15,838,387	-
S.F. Bay Area (MTC)	25,426,162	-	15,732,329	-
San Joaquin	7,286,638	-	1,308,406	-
San Luis Obispo	-	-	1,495,741	-
Santa Barbara <sup>5</sup>	(0)	-	-	-
Santa Cruz	881,760	-	(0)	-
Stanislaus	9,370,339	-	8,434,067	-
Tahoe	1,997,054	869,998	-	-
Tulare	3,307,646	-	-	-
Ventura	7,162,468	-	13,145,218	-
Rural Counties & SCAG	\$2,129,190	-	(\$1,799,258)	-
<b>TOTAL</b>	<b>\$373,176,811</b>	<b>\$3,876,860</b>	<b>\$250,543,297</b>	<b>\$4,259,082</b>

**Footnotes:**

<sup>1</sup> Indicates all apportionments not yet obligated.

<sup>2</sup> Totals reflect the 3rd year balance(s).

<sup>3, 4, 5</sup> Includes adjustments made through MOU agreements between regions.

Balances are adjusted for projects using the State's Advance Construction process.

Assumes the use of all previous balances.

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

**Apportionment Status Report  
CMAQ and RSTP  
per AB 1012  
as of September 30, 2006**

Reference No.: 3.10  
Attachment 2

**Balances in the 3rd Year  
(from FFY 2004)  
Rural County Summary**

Region	CMAQ Unobligated 9/30/2006 Delivery Balance <sup>1</sup>	CMAQ Amount Subject to AB 1012 Reprogramming 11/01/2006 <sup>2</sup>	RSTP Unobligated 9/30/2006 Delivery Balance <sup>1</sup>	RSTP Amount Subject to AB 1012 Reprogramming 11/01/2006 <sup>2</sup>
<b>Rural County Information:</b>				
Del Norte	-	-	-	-
Humboldt	-	-	0	-
Lake	-	-	-	-
Mendocino	-	-	-	-
Lassen	-	-	-	-
Modoc	-	-	3	-
Plumas	-	-	2	-
Shasta	-	-	-	-
Siskiyou	-	-	(2)	-
Tehama	-	-	-	-
Trinity	-	-	(6)	-
Colusa	-	-	-	-
El Dorado <sup>4</sup>	-	-	(3,352,284)	-
Glenn	-	-	-	-
Nevada <sup>3</sup>	804,784	-	0	-
Placer <sup>4</sup>	-	-	(701,841)	-
Sierra	-	-	(2)	-
Inyo	-	-	130	-
Mono	-	-	-	-
Alpine	-	-	-	-
Amador <sup>3</sup>	311,802	-	-	-
Calaveras <sup>3</sup>	378,568	-	-	-
Mariposa <sup>3</sup>	148,357	-	-	-
Tuolumne <sup>3</sup>	469,405	-	1	-
Imperial (SCAG) <sup>3</sup>	16,274	-	2,254,739	-
<b>Rural Combined Totals:</b>	<b>\$2,129,190</b>	<b>-</b>	<b>(\$1,799,258)</b>	<b>-</b>

**Footnotes:**

<sup>1</sup> Indicates all apportionments not yet obligated.

<sup>2</sup> Totals reflect the 3rd year balance(s).

<sup>3</sup> Beginning in FFY 2006, these rural regions are receiving CMAQ apportionments.

<sup>4</sup> Balances for El Dorado County and Placer County are being reconciled to correct negative balances shown due to a coding error.

Assumes the use of all previous balances.

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