

apportionments and Obligation Authority (OA), and apportionments for these rural agencies are included in this AB 1012 balance report.

### **BACKGROUND:**

The State annually receives CMAQ and RSTP funds from Federal Highway Administration. 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 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 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. In addition, the regional agencies are required to submit obligation plans for CMAQ and RSTP balances older than two years. Regional obligation plans are due ~~May 1, 2006~~ **April 2, 2007**. These obligation plans aid the Department when working with the agencies to meet the guidelines for implementation of the timely use of funds provisions of AB 1012--a requirement of the Department to ensure sufficient OA is available to meet the needs of the regional agencies for projects contained in the submitted obligation plans.

In order to expend apportionments, local agencies require OA. The Federal Highway Administration has not yet released the total OA for FFY 2007. Instead, a Continuing Resolution has provided OA. The Department has received OA for only 138 days, based on the previous year's total OA amount. At this time, it is not known when the full amount of OA for FFY 2007 will become available. The availability of OA could limit the ability of local agencies to expend apportionments.

Attachments