

**DEPARTMENT OF TRANSPORTATION**

DIVISION OF LOCAL ASSISTANCE

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*Making Conservation  
a California Way of Life.*

November 22, 2019

To: Regional Transportation Partners

Dear Executive Directors:

This correspondence serves as an official notice to the Regions of the "Use It or Lose It" provisions contained in Assembly Bill (AB) 1012, enacted in October of 1999. This notification marks the 21st year that Regions have been required to comply with the "Use It or Lose It" provisions of AB 1012. Under these provisions, Regions are required to obligate federal funds within three years of receiving apportionments. Currently, approximately \$74 million is subject to reprogramming on November 1, 2020, for Cycle 21. This will cover Federal Fiscal Year (FFY) 2017–18 under AB 1012. The balance consists of about \$102 thousand for Congestion Mitigation and Air Quality Improvement Program (CMAQ) apportionments and about \$74 million for Regional Surface Transportation Program (RSTP) apportionments.

AB 1012 was enacted with the goal of improving the delivery of transportation projects and addressing the backlog of the Regions' federal apportionments and obligation authority (OA). AB 1012 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 by the fourth year in order to prevent the funds from being lost by the state.

AB 1012 also requires Regions to submit a plan to the California Department of Transportation (Caltrans) to obligate apportionment balances that are older than two years and to ensure that none of the balances reach three years of age. Obligation plans should be submitted in electronic form to Caltrans' District Local Assistance Engineers no later than **April 1, 2020**. The template and instructions are available on the Local Assistance website at:

<https://dot.ca.gov/programs/local-assistance/projects/ab1012>

**We ask that no changes, alterations, or modifications be made to the template.**

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The obligation plans should include all federally funded projects that will be obligated between April 1, 2020, and the end of FFY 2019–20 (September 30, 2020). The obligation plans will also be used to review, prioritize, track projects, assist Regions with project delivery, and determine OA needs for the remainder of the FFY. According to Federal Highway Administration (FHWA) Notice 4520.262 dated October 10, 2019, the FHWA has released a portion of the annual OA for FFY 2020. Congress has authorized a Continuing Resolution for 52 days through November 21, 2019. Currently, the Division of Local Assistance has received approximately \$175 million of OA in formula funds for Regions to use.

If you have any questions about the notification or the reports, please contact Peggy Siu at (916) 651-6875.

Sincerely,



RIHUI ZHANG  
Chief  
Division of Local Assistance

- c: District Deputy Directors for Planning and Local Assistance, Caltrans
- District Local Assistance Engineers, Caltrans
- Office Chiefs, Division of Local Assistance, Caltrans
- Fardad Falakfarsa, Division of Budgets, Caltrans