

California Department of Transportation

DIVISION OF LOCAL ASSISTANCE
P.O. BOX 942874, MS-1 | SACRAMENTO, CA 94274-0001
(916) 653-8620 | FAX (916) 654-2409 TTY 711
www.dot.ca.gov/programs/local-assistance



December 11, 2023

To: Regional Transportation Partners

Dear Executive Directors:

This correspondence serves as the official notification to the Regions of the “Use It or Lose It” provisions contained in Assembly Bill 1012 (AB 1012), enacted in October of 1999. This notification marks the 25th year that Regions have been required to comply with the provisions of AB 1012. Under these provisions, Regions are required to obligate federal funds within three years of receiving apportionments. As of October 1, 2023, approximately \$10 million was subject to reprogramming on November 1, 2024 for Cycle 25 for apportionments available from Federal Fiscal Year (FFY) 2021–22. The balance consists of approximately \$3 million for Congestion Mitigation and Air Quality Improvement Program (CMAQ) apportionments and approximately \$7 million for Regional Surface Transportation Program (RSTP) apportionments.

AB 1012 was enacted with a 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 (CTC) in the fourth year to prevent the funds from being lost by the state.

AB 1012 also requires Regions to submit obligation plans 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 (DLAEs) no later than March 15, 2024. DLAEs will review the plans and submit to HQ Local Assistance by April 1, 2024. For any Regions that do not submit the OA plan by the date indicated, their regional share of OA will be included in the statewide local OA pool, and will be available for other Regions to use as of April 2, 2024. The OA plan 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. The obligation plans should include federally funded RSTP, CMAQ, CRP, PROTECT, and Safety projects that will be obligated between April 1, 2024, and September 30, 2024, the end of FFY 2023-24. The obligation plans will also be used to track and prioritize projects, assist Regions with project delivery, and determine OA needs for the remainder of the FFY.

This year we are trying a hybrid system using Microsoft Excel and Smartsheet to manage the obligation plans. We ask the Regions to complete and submit the completed obligation plans to the DLAEs in Microsoft Excel. DLAEs will review and submit the completed obligation plans to HQ in Microsoft Excel and HQ will upload the obligations plans into Smartsheet. After the initial upload into Smartsheet, the Regions and DLAEs will be able to update the obligation plans in Smartsheet. DLA will be hosting Obligation Plan training in February 2024, to provide more information on the new process.

According to FHWA Notice N4520.282 dated December 1, 2023, the Federal Highway Administration has released a portion of the annual OA for FFY 2024. Congress authorized two Continuing Resolutions for 111 days of funding from October 1, 2023, to January 19, 2024. Currently, the Division of Local Assistance has received approximately \$444 million of formula OA for Regions to use.

If you have any questions about the notification or the reports, please contact Abhijit Bagde at abhijit.bagde@dot.ca.gov or Megan Perasso at megan.perasso@dot.ca.gov.

Sincerely,



Dee Lam
Division Chief

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
Keith Duncan, Division of Budgets, Caltrans