

## 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](http://www.dot.ca.gov/programs/local-assistance)



December 8, 2022

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 (AB) 1012, enacted in October of 1999. This notification marks the 24<sup>th</sup> 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. As of October 1, 2022, approximately \$23 million is subject to reprogramming on November 1, 2023, for Cycle 24 for apportionments available from Federal Fiscal Year (FFY) 2020–21 under AB 1012. The balance consists of approximately \$6 million for Congestion Mitigation and Air Quality Improvement Program (CMAQ) apportionments and approximately \$17 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 in order 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, 2023. DLAEs will review the plans and submit to HQ Local Assistance by April 1, 2023. 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 it will be available for other Regions to use as of April 2, 2023. 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, and Safety projects that will be obligated between April 1, 2023, and September 30, 2023, the end of FFY 2022-23. 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.

According to FHWA Notice 4520.277 dated October 20, 2022, the Federal Highway Administration has released a portion of the annual OA for FFY 2023. Congress has authorized a Continuing Resolution for 77 days of funding from October 1, 2022, to December 16, 2022. Currently, the Division of Local Assistance has received approximately \$315 million of formula OA for Regions to use.

If you have any questions about the notification or the reports, please contact My (Amy) Chieng at [my.chieng@dot.ca.gov](mailto:my.chieng@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