

## **CALIFORNIA DEPARTMENT OF TRANSPORTATION**

### **“GUIDELINES FOR IMPLEMENTATION OF THE TIMELY USE OF FUNDS PROVISIONS OF AB 1012”**

#### **Purpose/Authority**

These guidelines describe the policy and procedures necessary to implement the Timely Use of Funds provisions outlined in Assembly Bill (AB) 1012 (Chapter 783 of the Statutes of 1999). AB 1012 was enacted on October 10, 1999 to improve the delivery of federally funded transportation projects. This legislation states that regional agency Congestion Mitigation and Air Quality Improvement (CMAQ) and Regional Surface Transportation Program (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.

AB 1012 amended Sections 182.6 and 182.7 of the Streets and Highways Code to address the following objectives:

- Increase the efficiency of transportation funding by placing every available transportation dollar to work in a timely manner.
- Provide transportation benefits as early as possible.
- Increase monitoring and reporting of funds to improve the **use** of these funds.

The Department of Transportation (Department) will work with the transportation community to concentrate on the “**use**” portion of this requirement.

#### **Determination of Three Year Apportionment Period**

The time period for calculating the three-year apportionment period begins with the start of the federal fiscal year in which the apportionment occurred. This interpretation is consistent with lapsing rules for federal funds.

#### **Roles and Responsibilities**

The roles and responsibilities for the timely use of funds are delineated in statute and are shared by the Department, regional agencies, and the CTC.

- The Department is responsible for monitoring and reporting unobligated balances.
- The regional agencies are responsible for obligating the funds within the three-year time period and developing a plan for those funds remaining unobligated in the third year.
- The CTC is responsible for reprogramming the unobligated balances in the fourth year to ensure federal funds do not lapse.

## **Formal Notification**

The Department will provide written notice to the regional agencies of the unobligated CMAQ and RSTP balances subject to potential reprogramming around mid-November of each year. The funds subject to notice are those unobligated balances which have one year remaining of a three-year apportionment period. The notification will be based on information available through the federal funds cut off date of September 30.

The information contained in the formal notification will be deemed accurate for the purposes of complying with the provisions of AB 1012 unless the Department receives notification and supporting documentation from a regional agency to the contrary.

## **Monthly Balance Reports**

The Department will prepare CMAQ and RSTP monthly summary apportionment balances by region and upload these spreadsheets to the website below:

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

## **Quarterly Balance Reports**

The Department will provide CMAQ and RSTP unobligated apportionment balances to the CTC on a quarterly basis. The quarterly balances will reflect projects obligated during the preceding quarter. These reports will be submitted to the CTC as follows:

<u>CTC Reporting Month</u>	<u>Federal Fiscal Year Quarter</u>	<u>Reporting Period</u>
February	1	October - December
May	2	January - March
August	3	April - June
December	4	July - September

In July 2021, the CTC set a \$1,000 threshold and any unobligated apportionment balances below the \$1,000 threshold will carryover to the next federal fiscal year. A footnote will be included on the fourth quarter CTC book item.

## **Regional Agency Obligation Plan**

Regional agencies must submit a formal obligation plan for any CMAQ and RSTP balances older than two years to Caltrans' District Local Assistance Engineers (DLAEs) by March 15th of each year. DLAEs will review the obligation plans and submit to HQ Local Assistance by April 1st of each year. The plan must tie back to the Federal Transportation Improvement Program and use the format provided on the website below:

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

Adequate time must be allowed in the plan for the required administrative processes in order to meet the federal funds cut-off date of September 15. The Department will notify local agencies of the last day to submit requests, which may be up to 30 days before the September 15 deadline.

## **Formal Notification to CTC of Amount Available for Reprogramming**

By November of each year, the Department will provide written notice to the CTC of the CMAQ and RSTP balances not obligated within the three-year period of availability. The Department will keep the plans on file and will make them available to the CTC.

If a project is expected to take more than three years to obligate, the regional agency must submit a written request for an extension of the three-year apportionment period to the Department at the time the plan is submitted. The request must be project specific, and the project must be included in the regional agency obligation plan. A copy of the plan and the request for extension will be forwarded to the CTC for action.