

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.dof.ca.gov/programs/local-assistance



November 6, 2025

Dear Transportation Partner:

The Department of Transportation (Caltrans) Division of Local Assistance in collaboration with the Federal Highway Administration (FHWA) is continuing its proactive efforts to reduce the number of inactive projects, especially those that have not been reimbursed for 24 months or more with unexpended federal funds of \$50,000 or more. Local agencies are expected to invoice Caltrans regularly for projects in accordance with the Code of Federal Regulations 23 CFR 630.106.

As of October 22, 2025, our lookahead inactive rate at the end of quarter is 4.9%, if there are no billings or de-obligations. This letter intends to request Local Agencies to submit an invoice for inactive projects by **December 11, 2025** and for repeat inactive projects by **November 10, 2025** to your respective Caltrans District Local Assistance Office. It is the Local Agency's responsibility to work in collaboration with their respective District Local Assistance Engineer prior to November 10th to ensure their projects are removed from the list.

For those Repeat Inactive projects unable to submit an invoice by November 10th, a Repeat Inactive Obligations Justification form (attached) must be submitted. Justifications need to include an explanation of why the inactive project will not be able to bill during the quarter, when the project is expected to bill, and the Current Cost Estimate (attached) for the project. If a justification is not submitted by **November 10, 2025**, unexpended funds will be de-obligated on November 19, 2025 and the project subject to closure.

If Caltrans does not receive an invoice or justification for repeat inactive projects, adverse actions will be taken on these projects identified on the accompanying list.

Adverse actions for repeat inactive projects include:

- If the justification is approved and a current cost estimate is provided, the project sponsor will not be impacted but will be required to provide an updated justification and current cost estimate for each subsequent quarter until project is no longer inactive.

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- If the justification is not submitted or approved, all unexpended funds will be de-obligated, and the project will be subject to closure.
- If a current cost estimate is not provided, all unexpended funds will be de-obligated, and the project will be subject to closure.
- If a current cost estimate is provided and supports the need for less than the current amount of unexpended federal funds on the project, then a portion of the funds will be de-obligated to reflect the current cost estimate.
- If a current cost estimate is provided and supports the need for the current amount of unexpended federal funds on the project, then no funds will be de-obligated.
- If during a 12 month period the project sponsor submits multiple unapproved justifications or has multiple instances of not submitting a justification, they will not receive authorization or obligation of Federal funding for new projects until certain actions have been demonstrated (e.g. project sponsor complies with the required 6-month billing cycles per the Caltrans/LPA Master Agreement).

Caltrans will communicate adverse actions, acceptance, or denial of project justifications by December 11, 2025. We require local agencies to invoice regularly for reimbursable costs to avoid inactivity or adverse action in the future.

For updated Local Project list, visit the DLA website: <https://dot.ca.gov/programs/local-assistance/about-local-assistance/project-management-oversight/inactive-projects>

Sincerely,



Dee Lam
Division Chief

Attachments:

Repeat Inactives Obligations Justification Form
CA Repeat Inactive Projects List
Example Current Cost Estimate Form

c: Steven Keck, Chief Financial Officer, Caltrans

Gilbert Petrissans, Division of Accounting, Caltrans
Marlon Flournoy, Planning & Modal Programs, Deputy Director, Caltrans
Mark Samuelson, Division of Local Assistance, Caltrans
Tanzeeba Kishwar Division of Local Assistance, Caltrans
Wishing Lima, Division of Local Assistance, Caltrans
Fardad Falakfarsa, Office of Federal Resources, Caltrans

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Sergio Aceves, District 3 Director, Caltrans
David Ambuehl, Acting, District 4 Director, Caltrans
Scott Eades, District 5 Director, Caltrans
Michael Navarro, District 6 Director, Caltrans
Gloria Roberts, District 7 Director, Caltrans
Grace Magsayo, District 10 Director, Caltrans
Lan Zhou, District 12 Director, Caltrans
Sukhvinder (Sue) Takhar D3 Deputy District Director, Planning, Caltrans
Cameron Oakes, D4 Deputy District Director, Planning, Caltrans
Brandy Rider, D5 Deputy District Director, Planning, Caltrans
Shane Gunn, Acting D6 Deputy Director, Planning, Caltrans
Marlon Regisford, D7 Deputy District Director, Planning, Caltrans
Caleb Brock, Acting D10 Deputy District Director, Planning, Caltrans
Irene Hou, D12 Deputy District Director, Planning, Caltrans
Trevor Hart, FHWA
Antonio Johnson, FHWA
Zylkia Martin-Yambao, FHWA
Daniel Hawk, FHWA
Andrew Bianchi, FHWA
Grace Regidor, FHWA
Elissa Konove, FHWA
Aimee Kratovil, FHWA