

California Department of Transportation

DIVISION OF LOCAL ASSISTANCE
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www.dot.ca.gov/programs/local-assistance



January 27, 2026

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 January 14, 2026, our look-ahead inactive rate at the end of quarter is 5.3%, if there are no billings or de-obligations. This letter intends to request Local Agencies to submit an invoice for inactive projects by **March 5, 2026** and for repeat inactive projects by **February 5, 2026** 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 February 5th to ensure their projects are removed from the list.

For those Repeat Inactive projects unable to submit an invoice by February 5th, a Repeat Inactive Obligations Justification form and Current Cost Estimate (both 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. If a justification and cost estimate are not submitted by **February 5, 2026**, unexpended funds will be de-obligated on February 13, 2026 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 March 5, 2026. 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

Misty Bradshaw Division of Local Assistance, Caltrans

Wishing Lima, Division of Local Assistance, Caltrans

Raul Lerma, Office of Federal Resources, Caltrans

Dave Moore, District 2 Director, Caltrans

Sergio Aceves, District 3 Director, Caltrans

Michael Navarro, District 6 Director, Caltrans

Gloria Roberts, District 7 Director, Caltrans

Grace Magsayo, District 10 Director, Caltrans

Brett Ditzler, D2 Deputy District Director, Planning, Caltrans

Sukhvinder (Sue) Takhar D3 Deputy District Director, Planning, Caltrans

Shane Gunn, Acting D6 Deputy Director, Planning, Caltrans

Marlon Regisford, D7 Deputy District Director, Planning, Caltrans

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Paige C Story, FHWA

Jennifer Nasca, FHWA