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 AB 1012. Assembly Bill 1012 (Chapter 783 of the Statutes of 1999) was enacted October 10, 1999 with a goal of improving the delivery of transportation projects. The 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.

The guidelines were developed and adopted to address the following objectives:

- Increased efficiency of transportation funding by putting every available transportation dollar to work in a timely manner.
- Providing transportation benefits as early as possible.
- Increased monitoring and reporting of funds to improve the **Use** of these funds.

Sections 182.6 and 182.7 of the Streets and Highway Code have been amended to address these objectives.

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

Applicable Programs

The timely use of funds provisions of Chapter 783 of the Statutes of 1999 apply specifically to the CMAQ and RSTP funds.

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The Department will apply the same policy to the Regional Transportation Enhancement Activities (TEA) program, although the statutes do not specify that the Regional TEA program is subject to the same timely use of funds provisions. This treatment of Regional TEA funds is consistent with the CTC policy that states Regional TEA funds will be apportioned and managed in a manner similar to RSTP funds.

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 federal funds lapse rules**.**

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 to ensure no federal lapse occurs.

Formal Notification

The Department will provide written notice to the regional agencies of the unobligated CMAQ, RSTP, and Regional TEA balances subject to potential reprogramming by mid October of each year. The funds subject to notice are those unobligated balances which have one year remaining of a three-year apportionment period. The October notification will be based on information available through the federal funds cut off date of September 15.

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. Regional agencies must submit notices of discrepancies and supporting documentation to the Department within 14 days of the date of the Department's formal notification. The Department's district staff will be available to regional agencies for reconciliation of reported discrepancies.

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Quarterly Balance Reports

The Department will provide CMAQ, RSTP, and Regional TEA unobligated apportionment balances to the CTC on a quarterly basis. The quarterly balances will reflect projects obligated and processed through the Caltrans Local Programs Accounting Management System during the preceding quarter. Each quarterly report will likely reduce the balance subject to potential reprogramming. These reports will be submitted to the CTC as follows:

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

The CMAQ, RSTP, and Regional TEA monthly summary apportionment balances by region can be found in the Caltrans' Office of Local Programs Internet home page, "CMAQ and RSTP Apportionment/Obligational Authority Summary" and "Regional TEA Programs". Each quarterly report will also be posted on the Internet pages.

Regional Agency Obligation Plan

Regional agencies must submit a formal obligation plan for any CMAQ, RSTP, or Regional TEA balance older than 2-years old to the Department District Local Area Engineers by April 15 of each year. The plan must tie back to the FTIP and provide a project identifier for each project. The attached format must be used and include the following information:

- Dollars Obligated Since Notice of Balance Subject to Reprogramming
- Caltrans District Number
- Name of Local Agency
- Project Description
- Type of Work
- Total Overall Cost of Project by Fund Type (CMAQ, RSTP, TEA)

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- Obligations (Phase, Amount, Expected Date)
- Progress Milestones Dates
  1. Start of Preliminary Engineering
  2. Draft Environmental Document
  3. Environmental Document Approved
  4. Start Construction
  5. Construction Complete

Adequate time must be allowed in the plans for the required administrative processes in order to meet the federal funds cut off date of September 15. Therefore, regional agencies must submit all requests for obligation of funds to the Department district offices no later than August 15.

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, RSTP, and Regional TEA balances not obligated within the 3-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.

Obligational Level Available

Caltrans will ensure sufficient obligational authority is available to meet the needs of the regional agencies for projects contained in the submitted obligation plans.

Attachment (Regional Agency Obligation Plan Format)

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