

**DEPARTMENT OF TRANSPORTATION**

DIVISION OF LOCAL ASSISTANCE, MS 1  
1120 N STREET  
P. O. BOX 942874  
SACRAMENTO, CA 94274-0001  
PHONE (916) 653-1776  
FAX (916) 654-2409



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November 20, 2006

To: Metropolitan Planning Organizations  
Regional Transportation Planning Agencies  
Local Transportation Commissions

Dear Executive Directors:

Subject: Notification for Year Eight under the Assembly Bill (AB) 1012 provisions of  
“Use It or Lose It”

This correspondence serves as the official notification to regional agencies of the “use it or lose it” provisions contained in AB 1012 enacted in October of 1999. This notification marks the eighth year that regional agencies have been required to comply with the “Use It or Lose It” provisions of AB 1012. Under these provisions, agencies are required to obligate federal funds within three years of receiving the apportionments. For this eighth year under AB 1012, balances subject to potential reprogramming on November 1, 2007, total approximately \$134 million: Congestion Mitigation and Air Quality Improvement Program (CMAQ) – approximately \$87 million and Regional Surface Transportation Program (RSTP) – approximately \$47 million. This eighth year notification assumes that all funds from the year seven cycle that were subject to reprogramming will be obligated, extended, or reprogrammed. Therefore, no seventh year funds subject to potential reprogramming are included in this notification.

Regional agencies are also required to submit a plan to Caltrans to obligate any apportionment balances older than two years and to ensure that none of the apportionment balances reach three years of age. Obligation plans (attached) are due to Caltrans’ District Local Assistance Engineers no later than May 1, 2007. The obligation plans will also be used to determine obligation authority (OA) needs for the remainder of the federal fiscal year, review, prioritize, and track projects, and plan workload.

The Federal Highway Administration (FHWA) has not released the total obligation authority for FFY 2007. OA has been provided by a continuing resolution. Currently, we have received \$110 million of obligation authority in formula funds (this represent 45/365 days) for local agency use. We will provide an update on OA levels and apportionments when information becomes available.

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If you have any questions about the notification or the report, please call Laura Quintana at (916) 653-7200 or John Flores at (916) 654-4032.

Sincerely,

TERRY L. ABBOTT  
Chief  
Division of Local Assistance

Enclosures

c: District Directors  
Division Chiefs for Local Assistance  
District Local Assistance Engineers  
Division of Local Assistance Area Engineers  
Fardad Falakfarsa, OFR

bc: J. Flores  
R. Sheppard  
L. Quintana