

assistance and guidance you may need to complete this package. Do not submit Project Closeout Document package directly to LPA.

- b. Submit a completed justification form to the DLAE by **February 22, 2010**, explaining in detail why the project will not be immediately closed out and when the project is expected to proceed.

In addition, FHWA has implemented the following:

1. FHWA will only consider justifications in the following categories:
 - right of way delay
 - environmental approval
 - litigation
 - final invoice
 - program specific issues that are related to special projects
2. FHWA will direct Caltrans to deobligate unexpended federal funds for any inactive projects that do not have a valid financial transaction, valid invoice, or approved justification.
3. Caltrans will complete the deobligation of unexpended federal funds within 90 days after the review period. For the current review period, the deobligation of federal funds must be completed by **March 31, 2010**.

Local agencies that have an indirect cost rate proposal awaiting approval by Caltrans Division of Audits should continue to submit invoices for eligible direct cost until the indirect cost rate proposal is approved.

In addition to the current inactive local projects, the Look Ahead Report (Report) is also available on the DLA web site. The Report includes projects that will become inactive by the end of March 2010, unless a valid invoice is processed before March 31, 2010. The Report provides an opportunity for local agencies to be proactive in preventing projects from becoming inactive and preventing the potential loss of federal funds. Projects on the Report are being monitored for financial transactions to reduce the number of projects that would become inactive for the next quarterly review.

If you have any questions regarding the quarterly review process, please contact your DLAE. A list of the DLAEs is enclosed for your reference.

Sincerely,



DENIX D. ANBIAH
Chief
Division of Local Assistance

Enclosures

c: Local Assistance Deputy District Directors
DLAEs