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*Serious Drought.
Serious drought.
Help save water!*

April 18, 2016

To: CITIES AND COUNTIES IN CALIFORNIA
METROPOLITAN PLANNING ORGANIZATIONS
REGIONAL TRANSPORTATION PLANNING AGENCIES

RE: EARMARK REPURPOSE

Dear Transportation Partners:

The purpose of this letter is to provide you information on the implementation of earmark repurposing by the California Department of Transportation (Caltrans).

On March 8, 2016, the Federal Highway Administration (FHWA) issued guidance on the implementation of earmark repurposing provisions contained in the 2016 FY Appropriation Act, along with lists of earmark projects that are potentially eligible for the repurposing.

The earmark repurposing provides us an opportunity to use some unused federal earmark funds on other transportation projects that face funding shortfalls due to a recent decline in the State's transportation revenues. It is the goal of Caltrans and all its transportation partners that we take full advantage of this opportunity and maximize the use of repurposed earmark funds.

Earmark Projects Eligible for Repurpose:

To be eligible for repurpose, an earmark project must have been earmarked more than 10 years ago, and

- Be less than 10 percent obligated
- or
- The project has been completed and closed if more than 10% earmark funds obligated.

Funding Amount Potentially Available for Repurpose is Substantially Less Than Expected:

The initial release of earmark project lists by FHWA generated great interest among transportation partners because they gave the impression that close to \$600 million would be available for repurposing. Upon further review, the amount of funding potentially available for repurpose is substantially less, in the range of \$110 million to \$200 million, as explained below.

Unobligated Balance vs. Available Obligation Authority— the amount of actual funding available for repurpose is limited by the amount of Obligation Authority (OA), not the Unobligated Balance, as was provided by FHWA. For example, a project earmarked for \$1,000,000 typically receives about \$900,000 of OA, or about 90%. If all \$900,000 have been obligated on the project, leaving \$0 OA, then there will be \$0 available for repurposing, even though \$100,000 in earmark funds remains “unobligated.” In fact, over 200 earmark projects on the list of “more than 10% obligated” have \$0 OA. The Unobligated Balances on these \$0 OA earmark projects total more than \$200 million! If you find one or more of your earmarks to be these \$0 OA projects, you can assume that your projects will not be repurposed.

Not all earmark projects with positive OA are eligible for repurpose—Earmarks with more than 10% obligated have to be closed to be eligible for repurpose. After checking the project status in the Caltrans and FHWA project databases, only a small percentage of these “greater than 10% obligated” projects has been closed. The amount of funding available for repurposing is only about \$25 million. This amount is expected to go up over the next few weeks if more earmark projects come in for final invoice payment and closeout.

It may be somewhat disappointing to realize the amount of funding available for repurposing is substantially less than anticipated. Still, \$110 million - \$200 million of earmark funds potentially eligible for repurpose are a significant amount of much needed funding. Our goal should be to repurpose as much as possible to take advantage of this opportunity to put some “stale” earmark funds to use to help advance ready-to-go projects.

Important Deadlines:

Deadline for submitting final invoices to close out earmark projects - To allow enough time for final invoice processing and closeout, final report of expenditure (FOE) and invoices will need to be submitted to Caltrans by **May 30, 2016**.

Deadline for repurpose - This opportunity to repurpose earmark projects is available only this federal Fiscal Year. The deadline for Caltrans to submit repurpose requests to FHWA is **September 12, 2016**. To meet this FHWA deadline and allow Caltrans processing, the deadline for local/regional agencies to submit requests to Caltrans is **August 1, 2016**.

Deadline for obligation of repurposed funds - Once earmark funds are repurposed, they are available for obligation until **September of 2019**.

Over the next few weeks, regional agencies will work with earmark project sponsors to identify which earmarks will be repurposed and which will continue as originally earmarked with justification. The results of this effort will be a better defined list of earmarks to repurpose and a more realistic funding amount available for repurposing.

Eligible use of Repurposed Funds:

To be eligible to use the repurposed earmark funds, a project will need to:

- Be eligible for Surface Transportation Block Grant Program (STBGP, formerly known as STP)
- Be within 50 miles of the original earmark project(s)

Over the next couple of months, Caltrans will work with the regional and local agencies in developing candidate projects to use the repurposed earmark funds.

To help implement the earmark repurposing process, Caltrans has convened an earmark repurposing workgroup that includes members representing regional transportation planning agencies (RTPAs), cities, counties, FHWA, and the CTC. The workgroup will meet regularly to discuss repurposing related matters.

Additional information and lists of earmark projects are posted on the Caltrans Local Assistance website at: <http://www.dot.ca.gov/hq/LocalPrograms/Earmark/index.htm>.

Sincerely,



RAY ZHANG
Chief
Division of Local Assistance