

**DEPARTMENT OF TRANSPORTATION**

DIVISION OF LOCAL ASSISTANCE – MS. 1

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*Flex your power!  
Be energy efficient!*

November 7, 2005

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

Dear Executive Director:

Subject: Assembly Bill 1012 **CYCLE SEVEN** "Use It or Lose It" Notification

This correspondence serves as the official notification to regional agencies for the seventh cycle of the "use it or lose it" provisions contained in Assembly Bill (AB) 1012. Agencies are required to obligate federal funds within three years of receiving the apportionments. Seventh cycle balances subject to potential reprogramming on November 1, 2006, total approximately \$88 million: Congestion Mitigation and Air Quality Improvement Program (CMAQ) – approximately \$50 million and Regional Surface Transportation Program (RSTP) – approximately \$38 million. These balances are based on preliminary data as of September 30, 2005. Regions may check the enclosed table for specific CMAQ and/or RSTP balances. The seventh cycle notification assumes that all sixth cycle funds subject to reprogramming will be obligated, extended, or reprogrammed. Therefore, no sixth cycle funds subject to potential reprogramming are included in the seventh cycle amounts.

The unobligated balances shown on the enclosed table do not include the apportionments for Federal Fiscal Year (FFY) 2006 or the actual apportionments for FFY 2005 (FFY 2005 apportionments used to determine the amounts subject to reprogramming consist of advanced apportionments and adjustments). Cycle seven balances will be updated to include necessary adjustments when the September data is finalized.

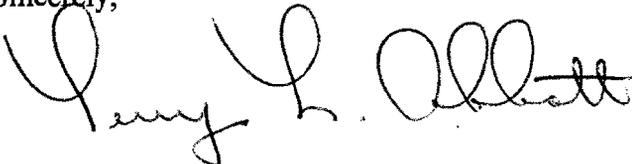
Regional agencies are also required to submit a plan to the California Department of Transportation (Department) to obligate any balance older than two years and to ensure that none of the apportionment balances reach three years of age. The enclosed obligation plans are due at the Department's District Local Assistance Engineer's office no later than May 1, 2006. The obligation plans will also be used to determine obligation authority (OA) needs for the remainder of the federal fiscal year and to review, prioritize, and track projects, and plan workload.

Metropolitan Planning Organizations  
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The Federal Highway Administration has not released the total OA for FFY 2006. OA has been provided by a continuing resolution. Currently, we have received \$115 million of OA in formula funds for local agency use (this represents 49/365 days). We will provide updates on OA levels and apportionments when information becomes available.

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,

A handwritten signature in black ink, appearing to read "Terry L. Abbott". The signature is fluid and cursive, with the first name "Terry" being the most prominent.

TERRY L. ABBOTT  
Chief  
Division of Local Assistance

Enclosures

- c: District Directors
- Deputy District Directors for Local Assistance
- District Local Assistance Engineers
- LQuintana
- JFlores