

DEPARTMENT OF TRANSPORTATION

DIVISION OF LOCAL ASSISTANCE

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*Making Conservation
a California Way of Life.*

July 13, 2017

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

Dear Transportation Partners:

The purpose of this letter is to provide you information on the implementation of the latest earmark repurposing by the California Department of Transportation (Caltrans). On June 16, 2017, the Federal Highway Administration (FHWA) issued guidance on the implementation of earmark repurposing provisions contained in the Consolidated Appropriations Act, 2017, along with lists of earmark projects that are potentially eligible for the repurposing effort. This earmark repurposing provides us an opportunity to use unspent federal earmark funds on other transportation projects, including existing projects with funding shortfalls.

Earmark Projects Eligible for Repurpose:

To be eligible for repurpose, an earmark must have been designated on or before September 30, 2006, and must be either:

- Less than 10 percent earmark funds obligated, or
- Completed and closed if more than 10 percent earmark funds obligated.

Earmark Funding Potentially Available for Repurposing:

The initial release of earmark project lists by FHWA show over \$37 million in available earmark funds that fall into the “less than 10 percent obligated” category, and another \$305 million in earmark funds possibly available in the “greater than 10 percent obligated” category. However, these initial lists have not accounted for the available Obligation Authority, project closures, and transfers 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, an earmark for \$1,000,000 typically receives about \$900,000 of OA, or about 90 percent. If all \$900,000 has been obligated on a project, leaving \$0 OA, then there will be \$0 available for repurposing, even though \$100,000 in earmark funds remains “unobligated.”

Not all earmarks with positive OA are eligible for repurpose—Earmarks on the “greater than 10 percent obligated” list require all related projects to be closed in order 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 percent obligated” earmarks have all related projects closed.

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Some earmarks with positive OA have been transferred to other agencies—Some earmarks included on FHWA's list have been transferred to the Federal Transit Administration or other federal agencies. These earmarks will not be available for repurposing, unless excess funding was retained by FHWA, as the provision only applies to funds administered by FHWA.

Important Deadlines:

Deadline for repurposing: All of California's repurposing requests are due from the FHWA California Division Office to FHWA Office of the Chief Financial Officer by September 12, 2017. To meet this deadline and allow Caltrans Headquarters (HQ) and districts time to process the requests, the deadline for local/regional agencies to submit requests to their Caltrans District Local Assistance Engineer is **August 18, 2017**.

Deadline for obligation of repurposed funds: Once earmark funds are repurposed, they are available for obligation until **September of 2020**.

Note: Due to the time constraints, there will be no opportunity for agencies to submit final invoices and close earmark projects, such as was done in 2016. Local/regional agencies are reminded to process final invoices, closeout, and final report of expenditures documentation in a timely manner for all projects as a general rule.

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
- Be within 100 miles of the original earmark

To help implement this earmark repurposing process, Caltrans will reconvene the Earmark Repurposing Workgroup, which includes members representing regional transportation planning agencies, cities, counties, and FHWA. A date for this meeting and roster are currently being developed and should occur within the next two weeks. Also, over the next two weeks, Caltrans will provide updated earmark lists, additional information and links, and instructions on the newly added "2017 Earmark Repurposing" webpage found at this address:

<http://www.dot.ca.gov/hq/LocalPrograms/earmark/earmark2017.htm>

Caltrans will coordinate with our local and regional partners, through the Earmark Repurposing Workgroup, to identify which earmarks will be repurposed and which projects will receive these funds.

Sincerely,



JOHN HOOLE
Acting Chief
Division of Local Assistance