



ALABAMA DEPARTMENT OF TRANSPORTATION
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Kay Ivey
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John R. Cooper
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July 12, 2022

LOCAL TRANSPORTATION BUREAU
MEMORANDUM 2022-10

TO: Birmingham Metropolitan Planning Organization
 Mobile Metropolitan Planning Organization
 Huntsville Area Transportation Study
 Montgomery Metropolitan Planning Organization
 Columbus-Phenix City Metropolitan Planning Organization
 Florida-Alabama Transportation Planning Organization
 ALDOT Region Engineers
 ALDOT Area Local Transportation Engineers

FROM: 
 Bradley B. Lindsey, P.E., State Local Transportation Engineer

REFERENCE: Annual Obligation Authority and Prior Fiscal Year (FY) Carryover Balances for Metropolitan Planning Organizations (MPOs) Greater than 200,000 Population

The recently enacted Infrastructure Investment and Jobs Act (IIJA) has brought additional funds and introduced new categories of funding, such as the Carbon Reduction Program, to the MPOs. This will result in additional obligation authority for large MPOs to spend in upcoming years.

Under previous highway acts and the IIJA, federal funds apportioned or allocated to the MPOs (pursuant to 23 U.S. Code §118) remain available for obligation for a period of 3 years from the year of fund authorization (i.e., FY allocation). Nevertheless, some MPOs have historically maintained large balances of Surface Transportation Program Funds from year to year. The carryover balance for prior FYs was approximately \$110 million this year, and the FY 22 federal apportionment was \$52.9 million. However, to date for FY 22, there has only been approximately \$15 million authorized. As you are aware, obligation authority expires at the end of each fiscal year if it is not obligated. It can be very difficult for the Department to provide a substantial amount of obligation authority, above the current year's apportionment, in the following years to try to reduce previous MPO funding balances. We do have the opportunity to request additional obligation authority through "August Redistribution" that may

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provide more obligation authority if **viable** projects are available that could be immediately authorized. Viable projects are those projects that will have approved environmental clearance, necessary right-of-way, completion of utility and railroad certifications, necessary plan reviews completed and are ready for an Office Engineer letting. However, please keep in mind this additional obligation authority also expires at the end of the FY.

Therefore, beginning in FY 2023, the Department requests that each year the MPO's prioritize their next fiscal year so that enough viable projects are planned and ready to authorize in order to spend a significant portion of that year's obligation authority. We encourage that these projects are not pushed to the end of the FY since obligation authority begins to be limited at that point.

Additionally, MPOs, who do have substantial federal funding balances, should work with the Department to develop a plan to spend down these balances. This could be accomplished by having an extra project or projects ready to authorize or by having a project larger than their annual obligation authority. Finally, we request the MPO's analyze their future years' projects and delete ones that will not be done or move others, which will not be ready, to subsequent years. Additionally, with current inflation increases, it is recommended that any planned projects be reevaluated, and estimates updated.

Please contact me at (334) 242-6728 or lindseyb@dot.state.al.us with any questions.

C: Mr. Edward N. Austin, P.E.
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