



Document: Obligation Authority Management Process

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WCOG Obligation Authority (OA)

Each year the Whatcom Council of Governments (WCOG), like other regional transportation planning organizations (RTPOs) receives an allocation of federal funds to support regional transportation investments through the Surface Transportation Block Grant (STBG) and Transportation Alternatives (TA) programs. These funds are subsequently awarded to local governments' projects by the Whatcom Transportation Policy Board through a competitive Call for Projects process. WCOG is responsible for ensuring that these funds are used (obligated) in a timely manner as guided by Washington State Department of Transportation's (WSDOT) *Local Agency Obligation Authority (OA) Policy* and corresponding project-delivery targets. Local agencies' (RTPOs and non-RTPO counties) annual obligation delivery targets are equal to the annual allocation of federal funds received, plus or minus the previous year's shortfall or overage.

Timelines and deadlines

WSDOT has a two-tiered deadline for local agencies to make their annual OA delivery target.

June 30: Agencies that submit complete information substantiating obligation of the annual target amount by June 30 become eligible to apply for additional STBG funding (if it becomes available). These additional funds (redistributed OA) are amounts of funding (OA) that was not used in time by other states (so had to be returned) plus any funds that were taken back from Washington local agencies who were sanctioned by WSDOT for missing their annual target. June 30 is only a deadline for redistributed OA eligibility, not for meeting the annual target itself.

Early September: With September 30 being the end of the Federal Fiscal Year (FFY), Local Programs must have local agency project documentation received and approved by early September in order to count towards the annual target.

An RTPO's failure to meet its annual obligation target in two consecutive years results in sanctioned funds – a reduction of its next annual STBG allocation equal to its current obligation shortfall.

WCOG's Goal

The goal for WCOG is to deliver annual obligations no less than the annual delivery target by the **June 30th** statewide policy deadline.

The following timelines outlined below provide guidance for WCOG staff, project managers, and WCOG leadership to help ensure timely obligations delivery.

September – January: WCOG prepares the Transportation Improvement Program (TIP) and assists WSDOT's development of the Statewide Transportation Improvement Program (STIP) to include a listing of projects prepared to obligate funds in the federal fiscal year to, at minimum, meet the obligation delivery target. Because some projects invariably encounter unforeseen delays, the WCOG Transportation Technical Advisory Group (TTAG) will identify **contingency projects** – additional regional projects that can use federal funding in the next FFY. If any of WCOG's initially identified projects run into delays, funding (OA) can be shifted to one or more contingency projects to prevent an OA delivery shortfall.

February – June: Assess the likelihood of reaching the obligation delivery target by the **June 30th** statewide policy deadline. Project managers shall communicate project status with WCOG staff and TTAG to maintain reasonable obligation delivery expectations.

If successful in reaching the regional obligation delivery target and able to qualify for OA redistribution, or other additional federal funding opportunity made available, WCOG staff in coordination with TTAG will prepare a list of qualifying projects to submit to WSDOT that can obligate additional OA (“funds”) in accordance with priorities and deadlines to be determined by WSDOT and MPO/RTPO coordination.

If unsuccessful in reaching obligation delivery target, then contingency projects will be assessed and prioritized for obligation readiness.

March and May Policy Board meetings are the preferred opportunities to advance contingency projects that require a TIP/STIP amendment. This provides time for project managers to prepare and submit local agency agreements (LAAs) to WSDOT Local Programs so that obligation can be approved.

July – September FFY close: Monitor progress towards final delivery of all remaining project obligations (including added contingency projects and projects using redistributed OA) by the **September federal fiscal year deadline**.

Identifying contingency projects

WCOG and TTAG will annually identify projects that can meet the requirements in accordance with statewide Obligation Authority policy. These projects will then be presented to the Policy Board for consideration. Contingency projects are anticipated to come from the following categories:

1. Current TIP and STIP projects planned for later years that can advance early
2. Current obligated and active projects that can utilize additional funding (OA)
3. Projects that have been prioritized through the WCOG regional federal funding allocation process that were awarded partial or no funding
4. Projects already using federal funding (federalized) from programs other than through the WCOG regional federal funding allocation process.
5. Unfunded projects identified in the TIP and/or regional plan that can move forward to obligate federal STBG funds.

Consequences of projects failure to obligate

Failure of a project to obligate funding by their award deadline and/or failure to provide notice of project delay by the key dates and timelines listed in the WCOG Obligation Authority policy may result in policy board action to rescind project awards and move funding towards other projects.

Options for agencies to move awarded project funds

WCOG and members understand that projects may encounter unforeseen obstacles that hinder an agency’s planned timeline. As long requests are initiated early enough, an agency can pursue moving awarded funds to another awarded project by notifying WCOG, informing and attaining a recommendation from TTAG, and making a formal request to the Policy Board so long as the result ensures the timely obligation of awarded funds.

Post obligation follow-up

A project's obligation is the federal authorization to seek a contractor and begin reimbursement with federal funds. WCOG requests that project managers follow-up with WCOG no later than six months after obligation to inform WCOG of their progress towards meeting the requirements of project activity outlined in the Local Agency Guidelines (LAG) and avoid inactivity that may result in the removal of the project from the TIP/STIP.