



**Document: Obligation Authority Management Process**

**Adopted: October 12, 2022**

## **WCOG Obligation Authority (OA)**

Each year the Whatcom Council of Governments (WCOG) receives an allocation of federal funds to support regional transportation investments through the Surface Transportation Block Grant (STBG) and Transportation Alternatives (TA) programs. WCOG is responsible for ensuring that obligations of these funds are delivered in a timely manner as guided by Washington State Department of Transportation's (WSDOT) *Local Agency OA Policy* and corresponding delivery targets. Currently, the local agency annual obligations delivery targets are equal to the annual allocation of federal funds received.

The **goal** for WCOG is to deliver annual obligations equal to the annual delivery target by the June 30th statewide policy deadline to qualify for redistributed funding. Furthermore, obligations delivered in excess of the delivery target position WCOG to receive a higher share of redistributed funds (federal funds received from other states) and/or reallocated funds (sanctioned funds received from other regions).

Failure to meet the annual obligation target may result in sanctioned funds – a reduction of a local agency's STBG allocation equal to the obligation shortfall applied in the following year's federal fiscal year (FFY) cycle.

### **Key dates and deadlines**

**September – December:** 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. Additionally, the WCOG Policy Board and TTAG will begin to discuss contingency projects that can obligate funds in case any project currently planned for obligation is delayed.

**December – February:** Project managers from WCOG member jurisdictions notify TTAG that their project has, or may have, issues in obligating their project funding as planned. Subsequently, contingency projects planned to advance will be prepared and submitted to the Policy Board for action.

**March and May Policy Board meetings:** these Policy Board meetings are the opportunities to make any needed changes in the TIP and STIP. This will allow project managers the necessary time to draft a local agency agreement (LAA) in coordination with WSDOT Local Programs office and deliver the fully signed LAA package to WSDOT headquarters.

**May – June :** assess the likelihood of successful project obligation delivery by the June 30th statewide policy deadline to qualify for redistributed funds, as well as the final obligation delivery deadline that is the end of the federal fiscal year (around September 25<sup>th</sup>). Prepare list of projects, to include specific amount to request, that qualify to receive additional funding and submit to WSDOT no later than July 10<sup>th</sup> for redistributed funding (if made available to Washington).

**July – September FFY Close:** monitor progress towards delivering obligations by the final September federal fiscal year deadline. Redistributed funds awarded to projects submitted in the list must also obligate by September 15<sup>th</sup>. Other redistributed or sanctioned funds allocated to Whatcom after the federal fiscal year close will apply to the following year's allocation and obligations delivery target. Contingency projects or additional funding opportunities

WCOG and TTAG will prepare projects that can meet the prerequisites necessary to obligate funds by policy deadlines. Projects will generally be identified through TTAG from the following:

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
3. Unfunded projects identified in the TIP and/or regional plan that can move forward to obligate

### **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 be result in policy board action to rescind project award and move funding towards another project.

### **Options for agencies to move awarded project funds**

WCOG and members understand that projects may encounter unforeseen obstacles that may hinder an agency's ability to advance their project outlined in their funding award timeline. WCOG and members continue to be flexible in allowing agencies time to navigate such obstacles if the agency notifies WCOG and TTAG in advance. An agency can pursue moving awarded funds to another awarded project by notifying WCOG, inform and attain recommendation from TTAG, and make 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 reimbursing federal funds. WCOG requests that project managers follow-up with WCOG no later than six months after obligation to inform WCOG on 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