

## Local Agency Federal OA Policy

Washington's Local Agency Task Force has developed a strategy to ensure delivery of the local share of the Federal Highway (FHWA) program. The Task Force has established a Local Agency Federal OA (obligation authority) Policy that encourages collaboration and coordination of the MPO/RTPO/County lead agencies to deliver their annual target allocation with the understanding that funds may be sanctioned if they are not successful.

This policy also positions local agencies to obtain additional obligation authority for local projects to advance, in the event other states fail to deliver their federal program (re-distributed OA). Re-distributed OA will be shared at the same pro-rata share, WSDOT/Local, if projects are available. If received, re-distributed OA will first be applied to projects authorized utilizing Advance Construction (AC), and then to additional projects within those lead agencies that met their target by the deadline. Utilizing re-distributed OA or AC does not increase the MPO/RTPO/County lead agency allocations.

### **Delivery Target:**

MPO/RTPO/County lead agencies are provided annual allocations based upon estimated OA available for the current Federal Fiscal Year (FFY). Obligation targets are developed in cooperation with the Local Agency Task Force utilizing the carry-forward balances and current year's estimated allocations. Each Federal fiscal year (FFY) targets will be determined based on each organization's available allocation (Carry Forward from previous FFY plus current FFY Estimated Allocation), in order to achieve the overall target. (NOTE: Due to the limited apportionment available, Targets will essentially be equal to each entity's available allocation.) Once the local share of OA is delivered, projects will be authorized through the Advanced Construction (AC) process.

### **Coordinated Effort to Reach Delivery Target:**

By the February (no later than May) Coordinating Committee meeting, MPO/RTPO/County lead agencies are to notify WSDOT and all members, if they are aware that they may be utilizing more than one year of allocations or that they may not meet their target. Early notification will give other lead agencies time to determine if the expected shortfall can be covered.

At the Task Force's discretion, if an entity failed to meet its target due to de-obligations from closure or other federal requirements (inactivity, etc.), the Task Force may elect to waive any or all sanctioned funds. In this case, any portion of the sanctioned funds that were waived will remain with that entity and it will be added to their target delivery amount the following year.

### **Statewide Target is Met:**

If the Statewide Target is delivered by August 1<sup>st</sup>, all entities that did not meet their OA target will have until August 1<sup>st</sup> the following FFY to be in compliance. If an entity fails to deliver their target the second year, the undelivered portion of their target would be sanctioned, unless extensive coordination efforts occurred to communicate and cover the shortfall, as determined by the Task Force.

### **Key Items to Assist in Delivery**

- MPO/RTPO/County lead agencies are to have a four-year TIP/STIP of programmed projects, fiscally constrained by year.
- WSDOT will provide:
  - ✓ An updated Target Delivery table to show the status of the programs overall; and
  - ✓ Monthly obligation reports to each MPO/RTPO/County lead agency that includes all federal activity in their respective area. Reports include obligations, de-obligates due to closure, cancellation or good bids and inactive project closures identified by FHWA.
- MPO/RTPO/County lead agencies are to work with all their project sponsors with programmed projects for the FFY to:
  - ✓ Ensure delivery of the projects programmed for the FFY;
  - ✓ Identify the projects that are delayed into a future FFY; and
  - ✓ Identify additional projects that are ready to go and able to be delivered this FFY.
  - ✓ For projects being transferred to another federal agency for administration, they must be programmed in the first year to ensure adequate funding is available for all first year projects. (In the event, a federal agency specifically requests a second, third or fourth year project advance, a formal request with mitigating factors will need to be submitted to WSDOT for consideration.)

### **Strategies to Utilize to Ensure Delivery**

- Strategies MPO/RTPO/County lead agencies may utilize to ensure delivery of the Target's include:
  - ✓ Localities are to continue to deliver their projects.
  - ✓ Consider increasing the federal share and reduce the local participation to the minimum local match (13.5%). This decision would need the awarding agency's approval. All projects must adhere to the requirements described in the STIP document Appendix C: STIP Administration.
  - ✓ MPO/RTPO/County lead agencies identify additional priority projects that can be programmed for obligation. Projects include those identified in contingency lists approved in current TIPs and forwarded for inclusion in the STIP.
  - ✓ Request assistance from other MPO/RTPO/County lead agencies to assist in delivering a portion or share of the shortfall due to unforeseen delays in the current year. The following year the MPO/RTPO/County is able to carry-over their under delivered amount.

- MPO/RTPO/County lead agencies may over-program their TIP/STIP, to ensure they meet their target, in the last quarter of the FFY.
  - ✓ MPO/RTPO/County lead agencies are limited to obligating up to their available allocation (unless approved by WSDOT on a case-by-case basis). Once the available allocation is met Local Programs will AC projects.

### **Sanctioning if Statewide Target is NOT Met:**

If the Statewide Target has not been delivered by August 1<sup>st</sup> – Lead agencies that were unable to deliver their OA target by August 1<sup>st</sup> will have the un-delivered portion of their target sanctioned. In order to fulfill the Statewide Target, the August 1<sup>st</sup> deadline allows those agencies that met their target sufficient time to program and deliver these sanctioned funds.

### **Sanctioning Process**

In order to demonstrate complete target delivery – By August 1<sup>st</sup>, each MPO/RTPO/County lead agency receiving an allocation must have obligated or have submitted to WSDOT (at Region Local Programs office or Headquarters) complete funding packages for 100 percent of their total target amount. If the Statewide Target has not been delivered by this date:

- WSDOT will notify the MPO/RTPO/County lead agencies of their OA delivery status by mid-August. Included in this notification will be whether funds were sanctioned from the MPO/RTPO/County lead agency specifically and the total amount of sanctioned funds available statewide.
- All MPO/RTPO/County lead agencies that had funds sanctioned are required to reduce their programmed projects accordingly in the October amendment.
- Only those MPO/RTPO/County lead agencies that have met the 100% target will be provided the opportunity to receive the sanctioned funds.
- Projects that could be programmed for obligation include those identified in contingency lists approved in current TIPs and forwarded for inclusion in the STIP.
- Sanctioned funds will be made available based on first come, first serve basis for projects that are programmed and have complete funding packages submitted to WSDOT for obligation.
  - ✓ Project sponsors are to continue to deliver their projects. If funds were sanctioned from the sponsor’s MPO/RTPO/County lead area, the project will be processed utilizing their non-sanctioned funding.
  - ✓ Projects must be programmed and have complete funding packages submitted to WSDOT (through Region Local Programs office or Headquarters) by **September 15<sup>th</sup>**. NOTE: Any incomplete project submittals will be returned.

- Example:

<i>\$'s in millions</i>					
<b>MPO A</b>	<b>Total Available</b>	<b>Target Delivery</b>	<b>Aug 1 Obligated</b>	<b>Aug 1 100% Goal</b>	<b>Aug 1 Sanction</b>
<b>STP</b>	15.0		6.9	-	-
<b>CMAQ</b>	8.0		5.5	-	-
<b>TAP</b>	4.0		4.0	-	-
<b>Total</b>	<b>27.0</b>	<b>17.0</b>	<b>16.4</b>	<b>17.0</b>	<b>(0.6)</b>

- The Task Force may meet in mid-August, if necessary, to review the overall status of the Local OA to ensure statewide delivery of federal program.
- If changes to the TIP/STIP are required due to the receipt of re-distributed OA, WSDOT will incorporate the projects in the STIP as soon as practicable.

**Consequences:**

If funds are sanctioned, WSDOT will sanction the most flexible funds (e.g., STP) to ensure delivery of the local program. Any sanctioned funds not utilized by the specific MPO/RTPO/County lead agency will be removed from their next year’s annual allocation. These lost funds will not be available for future programming by the MPO/RTPO/County lead agency. Sanctioned funds received by an MPO/RTPO/County lead agency are a bonus and will not affect their current or future annual allocations. In the event sanctioned funds are unable to be utilized by other MPO/RTPO/County lead agencies, WSDOT can utilize these funds without repayment.

**Conclusion:**

FHWA usually provides notification of redistributed OA to states the second or third week of September. WSDOT will inform the Task Force and applicable MPOs of the planned utilization of the redistributed OA. Due to the limited time, this discussion may be through email and/or impromptu phone conference.

Maintaining accurate project schedules and managing to regional OA plans are essential for ensuring delivery of the local program of projects. Late notification of schedule changes limits the opportunity for other projects to be added to the program or advanced to utilize these available funds.

The goal of this process is timely delivery of local projects essential to the public for improving safety and movement of people and goods throughout the state. However, in the event of federal legislation changes, the Task Force has the discretion to modify these requirements as necessary to continue the successful delivery of the local federal program.