Attachment A

2020 Delivery Plan Process

Projects will be classified under the following prioritized three tiers:

Classification	Project Group	Level of Priority	Obligation Authority (OA)
Tier 1	Projects with CMAQ or RSTP funds in 2020 (the current year)	Priority until February 1, 2020	Subject to SACOG OA limitation
Tier 2	Projects with RSTP or CMAQ funds programmed in any year (2020-2022)	Priority until May 1, 2020	Subject to SACOG OA limitation
Tier 3 project loans	Projects for which sponsors want to borrow CMAQ or RSTP funds (usually to cover cost overruns or to advance STIP funds)	Will be considered after May 1, 2020	Subject to California OA availability, SACOG staff discretion

Promoting Early Delivery
The Delivery Plan Process is a first-come, first-serve system. This incentivizes early delivery. Projects programmed in the SACOG Metropolitan Transportation Improvement Program (MTIP) for Federal Fiscal Year (FFY) 2020 are considered "Tier 1" projects and given the highest priority until February 1, 2020. The expectation is that between October 1, 2019, and February 1, 2020, sponsors of these projects will submit their fully completed Request for Authorization (RFA) to Caltrans District 3 Office of Local Assistance.

Beginning February 1, 2020, projects in FFY 2020 will lose their highest priority status and will share equal footing with projects in Tier 2.

Beginning May 1, 2020, all projects will have equal priority, including projects that may have been approved by SACOG staff for Tier 3 loans. Tier 3 loans are for projects that could obligate Congestion Mitigation and Air Quality (CMAQ) or Regional Surface Transportation Program (RSTP) funds, usually to cover cost overruns or to advance State Transportation Improvement Program (STIP) funds. The process and conditions for such loans are already well established in the SACOG region, and the proposed 2020 Delivery Plan will adhere to them.

Mitigating Late Delivery
The Delivery Plan Process is also a last-come, last-served system. The downside to this system is that, if sponsors wait too long, the funding may dry up. And it usually does. Each year SACOG or the State runs out of funds. These "funds" are either actual funds, called "apportionments," or the permission to obligate funds, called "obligation authority" (OA). We won't know when the funds will run out. It may occur as early as April or as late as August. It depends on how aggressive delivery is within the region and around the state. When the funding runs out, obligation stops. We recommend sponsors aim to submit by February 1, each year to maximize the odds of successful delivery.

There are usually just two options for late delivering sponsors:

1. Stop the project and wait for the following October, which is the beginning of the next FFY.
2. Move ahead with the project by using "advance construction," where the sponsor begins a project with local funds until federal funds can be made available (usually the following October).

SACOG has another option for mitigating late delivery. Should we run out of OA or apportionment, we may be able to borrow OA and/or apportionment from another region or from the state. Under normal circumstances, staff will take any proposed loan agreements to the board for its review and approval prior to signature by the Executive Director. If there is an urgent need for SACOG to execute a loan agreement, current board delegation gives the Executive Director discretion to commit SACOG for such purposes. Consistent with past practices, staff would then report back to the board in the year-end delivery update.