

## Attachment A

### 2023 DELIVERY PLAN PROCESS

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**CMAQ and RSTP projects will be grouped into the following three prioritized tiers:**

<b>Classification</b>	<b>Project Group</b>	<b>Level of Priority</b>	<b>Obligation Authority (OA)</b>
<b>Tier 1</b>	Projects with CMAQ or RSTP funds in 2023 (the current year)	Priority until February 1, 2023	Subject to SACOG OA limitation
<b>Tier 2</b>	Projects with RSTP or CMAQ funds programmed in any year (2023-2026)	Priority until May 1, 2023	Subject to SACOG OA limitation
<b>Tier 3 Project Loans</b>	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, 2023	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 Metropolitan Transportation Improvement Program (MTIP) for FFY 2023 are considered “Tier 1” projects and given the highest priority until February 1, 2023. The expectation is that between October 1, 2022, and February 1, 2023, sponsors of these projects will submit their fully completed Request for Authorization (RFA) to Caltrans District 3 Office of Local Assistance.

Starting February 1, 2023, projects in FFY 2023 will lose their highest priority status and will share equal priority with projects in “Tier 2,” projects with CMAQ or RSTP in any other year. During this period, any project in the SACOG region may “obligate” (encumber) the remaining RSTP or CMAQ funds in FFY 2023 until there are no apportionments left.

Starting May 1, 2023, Tier 1 and Tier 2 will share equal priority with projects that have been approved by SACOG staff for “Tier 3 Project Loans.” These are CMAQ or RSTP funds (or other SACOG-controlled funds) loaned to projects, usually to cover cost overruns or to advance STIP funds. The process and conditions for such loans are already well established in the SACOG region, and the proposed 2023 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 or if too many sponsors come in early, the funding for the year may dry up before a sponsor can deliver.

Each year, we run out of either federal apportionments or obligation authority. A sponsor needs both to obligate federal funds. Apportionments are the actual RSTP or CMAQ funds while obligation authority (OA) is the budget authority or funding permission necessary to obligate apportionments. We can’t predict the exact date when apportionments or OA will run out. It may occur as early as February or as late as August. It depends on various factors, particularly how aggressive our delivery has been that year and in prior years. When either apportionments or OA run out, federal obligations stop, preventing projects from starting federally reimbursable work. We recommend sponsors aim to submit by December 1 each year to maximize the odds of successful delivery.

There are multiple options for sponsors who find that we have run out of OA or apportionment. We invite sponsors to meet with SACOG staff to find the best option:

**1. Stop and wait.**

Stop the project and wait for apportionment and/or OA to replenish. For some, that could mean waiting until the following October or February, depending on the project's Delivery Tier.

**2. Move ahead with local funds.**

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.

**3. Move ahead with partial obligation.**

Sometimes SACOG can make a fraction of the federal funds available for obligation, enough to allow for cash flow while the sponsor waits for the entire amount to become available.

**Another Solution: Loans from/to Other Regions**

SACOG staff can pursue interest-free loans from other regions in order to increase the amount of available apportionment or OA. Should we run out of OA or apportionment, we may be able to borrow it from another region. On rare occasions and circumstances, we may find it useful, necessary, or helpful to loan apportionment or OA to another region.

Because loans require quick action, staff will take any proposed loan agreements to the Executive Director using board delegation. 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.