

FFY 2024-25 Annual Obligation Plan Milestones***Plan Development***

June/July 2024

Draft Plan reviewed by partnership working groups

June/July/Aug 2024

Agency Single Points of Contact (SPOCs) submit requests to include projects in the Obligation Plan

September 2024

Proposed Final Plan reviewed by partnership working groups

October 1, 2024

Obligation Plan finalized and submitted to Caltrans

Priority Obligation Period

October 2024

Caltrans begins processing obligations for projects on the FY2024-25 Annual Obligation Plan

December 1, 2024***Deadline for Requests for Authorization (RFAs) to be submitted to Caltrans for projects in the Obligation Plan****January 31, 2025****Deadline for Obligation of funds in the Obligation Plan**
CTC Allocation request deadline***Open Obligation Period***

February-September 2025

Unused Obligation Authority available to any project until exhausted

March 14, 2025

Mid-year Obligation Plan Update

March 31, 2025

CTC Allocation deadline for CTC-administered state and federally-funded projects

June 2025**Deadline for RFAs and FTA transfer requests to be submitted to Caltrans FY2024-25**

September 30, 2025

End of Federal Fiscal Year

* Requires a complete, funding obligation/FTA Transfer Request for Authorization (RFA) package and applicable documentation to Caltrans Local Assistance by December 1.

Post Obligation Milestones

- **Construction (CON) Phases** - The construction/equipment purchase contract must be advertised within 3 months and awarded within 6 months of obligation / E-76 Authorization (or awarded within 6 months of allocation by the CTC for funds administered by the CTC)
- **All Phases** – Agencies are required to invoice federal funds 6 months following federal authorization (obligation) and must invoice quarterly thereafter.

More information on these requirements and others is included below.

Background

The regional project delivery policy (MTC Resolution 3606) establishes certain deadlines and requirements for agencies accepting Federal Highway Administration (FHWA) funding and including these funds in the federal Transportation Improvement Program (TIP). The intent of the regional funding delivery policy is to ensure implementing agencies do not lose any funds due to missing a federal or state funding deadline, while providing maximum flexibility in

delivering transportation projects. It is also intended to assist the region in managing Obligation Authority (OA) and meeting federal financial constraint requirements. MTC has purposefully established regional deadlines in advance of state and federal funding deadlines to provide the opportunity for implementing agencies, County Transportation Agencies (CTAs), Caltrans, and MTC to solve potential project delivery issues and bring projects back in-line in advance of losing funds due to a missed funding deadline. The policy is also intended to assist in project delivery, and ensure funds are used in a timely manner.

As the federally-designated Metropolitan Planning Organization (MPO) and the agency serving as the Regional Transportation Planning Agency (RTPA) for the nine-counties of the San Francisco Bay Area, the Metropolitan Transportation Commission (MTC) is responsible for various funding and programming requirements, including, but not limited to: development and submittal of the Regional Transportation Improvement Program (RTIP); managing and administering the federal Transportation Improvement Program (TIP); and project selection for designated federal funds (referred collectively as 'Regional Discretionary Funding'). To administer these funding programs, MTC has established various deadlines for the delivery of regional discretionary funds including the regional Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement (CMAQ) Program, regional Transportation Alternatives Program (TAP), Regional Transportation Improvement Program (RTIP) and Carbon Reduction Program (CRP) to ensure timely project delivery against state and federal funding deadlines. MTC Resolution 3606 establishes standard guidance and policy for enforcing project funding deadlines for these and other FHWA-administered federal funds.

One of the most important features of the delivery policy, and a key to the success of on-time delivery, is the obligation deadline. Regional discretionary funding, as well as other FHWA funds in the TIP, must meet the Obligation/E-76/Authorization deadline established in the Policy. This ensures federal funds are being used in a timely manner, and funds are not lost to the region.

Importance of Annual Obligation Plan

The Annual Obligation Plan facilitates timely project delivery and management of the region's federal FHWA funds. The plan prioritizes the use of FHWA funds for projects that are ready for delivery and assists Caltrans Local Assistance in managing its workload for the federal fiscal year.

In recent years other regions and the state-managed local programs have improved upon their own annual delivery rate, and the region is once again hitting apportionment limits for some programs prior to the end of the fiscal year. These factors are reducing the flexibility the region has in advancing funds and allowing projects to move forward when ready. As a result, the Annual Obligation Plan is becoming increasingly important to prioritize the funding available for projects to be delivered in a given year. It is anticipated that moving forward, the plan will remain a vital tool in managing the delivery of FHWA-funded projects each year.

FY 2023-24 Annual Obligation Plan Conditions and Requirements

To facilitate timely project delivery within the region, the following proposed conditions and requirements must be met for projects to be included in the Annual Obligation Plan. The

obligation plan will serve to prioritize delivery of FHWA-funded projects for the federal fiscal year.

Annual Obligation Plan Development Procedures

Projects automatically included in the Obligation Plan

To the extent known, projects with required federal funding delivery deadlines within the fiscal year will be added to the Annual Obligation Plan. These include but are not limited to STIP, ATP, HSIP, and Local Bridge Seismic Retrofit Program (LBSRP) projects. In addition to the annual obligation plan, a "CTC Allocation Plan" will be developed specifically for CTC-allocated state and federally-funded projects. It is the responsibility of the SPOC to ensure the Plans include all projects from their agency that have delivery deadlines within the applicable fiscal year.

SPOC Involvement

Requests for OBAG projects to be included in the annual obligation plan must come from the SPOC for that agency. This ensures the SPOC is aware of the federal-aid projects to be delivered that year, and to be available to assist the Project Manager(s) through the federal-aid delivery process. In addition, subsequent communication to MTC or the applicable CTA regarding potential delays or missed deadlines of any project in the annual obligation plan must include the SPOC. To add a project to the plan, email the request to the applicable CTA staff and to Alfredo Balderamos of MTC at abalderamos@bayareametro.gov.

Project-Level Conditions and Requirements

Field Review and Right of Way Certification

For the PE phase of an OBAG project to be included in the initial draft plan, a field review must be scheduled to occur by June 30. To remain in or be added to the final plan the field review and related/required documentation, including the Preliminary Environmental Study (PES) if applicable, must be completed and accepted/signed off by Caltrans by September 30.

For the Right of Way phase of a project to be included in the draft Annual Obligation Plan, the project must have undergone a field review with Caltrans AND all field review related/required documentation, including the Preliminary Environmental Study (PES) if applicable, submitted, signed, and accepted by Caltrans by June 30. This does not apply to projects for which Caltrans does not conduct a field review, such as FTA transfers, planning activities, and most non-infrastructure projects.

*****New Requirement*****

For the Construction phase of a project to be included in the draft Annual Obligation Plan, the conditions above must be met *and* the agency must expect to complete Right of Way Certifications prior to September 30. To remain in or be added to the final plan, Right of Way Certification must be completed by September 30. This requirement does not apply to non-infrastructure (NI) projects.

Request for Authorization Submittal Deadline & Review Period

Agencies are required to submit a complete funding obligation/FTA Transfer Request for Authorization (RFA) package to Caltrans Local Assistance by December 1 of the fiscal year the funds are listed in the TIP.

For the purpose of delivering projects within the annual obligation plan, it is expected that sponsors schedule at least sixty to ninety days for Caltrans/FHWA review and approval of the RFA. This is to ensure delivery schedules adequately account for federal-aid process review.

Advance Construction Authorization (ACA)

Agencies that cannot meet the regional, state, or federal deadlines subsequent to the obligation deadline (such as award and invoicing deadlines) have the option to use Advance Construction Authorization (ACA) rather than seeking an obligation of funds and risk losing the funds due to missing these subsequent deadlines. For example, if the expenditure of project development funds or award of a construction contract, or project invoicing cannot easily be met within the required deadlines, the agency may consider using ACA until the project phase is underway and the agency is able to meet the deadlines. To avoid untimely obligations, agencies may also want to consider the use of Advance Construction Authorization (ACA) if they are unable to encumber funds within 6 months of obligation.

Please note that, per MTC Resolution 3606, Advance Construction Authorization does not satisfy the regional obligation deadline requirement. However, conversion of Advance Construction Authorization to an obligation of funding is given a high priority when developing future annual obligation plans.

Post Obligation Conditions and Requirements**Construction Advertisement / Award Deadline**

MTC Resolution 3606 states that for the Construction (CON) phase, the construction/equipment purchase contract must be advertised within 3 months and awarded within 6 months of obligation / E-76 Authorization (or awarded within 6 months of allocation by the CTC for funds administered by the CTC).

However, regardless of the award deadline, agencies must still meet the invoicing deadlines for construction funds. Failure to advertise and award a contract in a timely manner could result in missing the subsequent invoicing and reimbursement deadline, resulting in the loss of funding. Agencies must submit the complete award package immediately after contract award and prior to submitting the first invoice to Caltrans in accordance with Caltrans Local Assistance procedures. Agencies with projects that do not meet these award deadlines will have future programming and OA restricted until their projects are brought into compliance (CTC -administered construction funds lapse if not awarded within 6 months).

Until the Bay Area partnership working group develops procedures to address inactive obligations, the project award provision of MTC Resolution 3606 will be expanded to include the encumbrance of non-construction funds within 6 months and require the agency to notify the respective CTA and MTC staff if funds are not awarded/encumbered within 6 months of obligation.

Regional Invoicing and Reimbursement Deadlines

Until the Bay Area partnership working group develops procedures to address inactive obligations, the project invoicing provision of MTC Resolution 3606 are modified to require agencies to invoice federal funds 6 months following federal authorization (obligation), receive a federal reimbursement within 9 months of authorization, and must invoice quarterly thereafter. Agencies must notify the respective CTA and MTC staff if federal funds are not awarded/encumbered within 6 months of obligation. Projects sponsors should consider including funds in the Construction Engineering (CE) phase, so that staff costs may be charged in the event that awards (and the resulting expenditure of eligible costs) be delayed.

Agencies that miss these milestones are subject to restrictions placed on future regional discretionary funds and the programming of additional federal funds in the federal TIP until the project receives a reimbursement.

For clarification, within MTC Resolution 3606, reference to reimbursement refers to the reimbursement of federal funds. Federal funds are not considered reimbursed until the expenditure shows up in the federal Fiscal Management Information System (FMIS) and subsequently removed from any inactive obligation listing.

Agency-Level Conditions and Requirements

SPOC Certification Checklist

Starting in 2017, jurisdictions must have the SPOC certification checklist filled out and on file prior to projects being included in the Annual Obligation Plan. A new checklist must be filled out whenever a new SPOC is assigned for that agency.

- The SPOC certification checklist is located at:
https://mtc.ca.gov/sites/default/files/FORM_SPOC_REVISED_Checklist_083017.pdf
- The current certification status for Bay Area jurisdictions is available here:
<https://mtc.ca.gov/digital-library/599731-spoc-certification-status-listing>

Missed Past Delivery Deadlines

For project sponsors that have missed delivery deadlines within the past year, including CTC-administered program deadlines, the agency must prepare and submit a delivery status report on major delivery milestones for all federally active projects with FHWA-administered funds, and all projects with FHWA-administered funds programmed in the current TIP, before their OBAG project(s) are added to the annual obligation plan.

Furthermore, once projects for such agencies are accepted in the final obligation Plan, the SPOC for the agency must report monthly to the applicable CTA, and MTC staff upon

request, on the status of all agency project(s) in the annual obligation plan, until the funds are obligated/authorized.

The FHWA-Funded Projects Status report template is located at:

http://mtc.ca.gov/sites/default/files/Template_FHWA_Funded_Projects_Status.xlsx

Inactive Obligations

Because inactive obligations continue to be a significant issue in this region, until the region develops a process that substantially addresses inactive obligations for FHWA projects, any project sponsor with a project on the inactive list (all projects marked as "inactive", and projects marked as "Past Due" and not under review by Caltrans) need to address the items listed below before MTC will make any programming actions requested by that agency in the federal TIP, or make any changes to OBAG funding.

- Provide a status of all outstanding invoices for projects on the Inactive list;
- Provide an explanation for not meeting the invoice deadline(s) for each invoice;
- Provide MTC and the applicable CTA an overview of their agency's internal process for monitoring timely submittals of invoices for FHWA federal-aid projects;
- Provide the contact information of their Finance/Accounting Manager that handles invoicing of federal funds;
- Have the applicable CTA staff send an email to MTC Funding Policy and Programs (FPP) staff with a statement of assurances that 1) the CTA is adequately communicating federal invoicing and reimbursement requirements to applicable agencies; 2) the CTA is adequately tracking and monitoring inactive obligations within the County; and
- Inform MTC whether or not a request should be made to FHWA to de-obligate the inactive funds.

MTC reserves the right to require a meeting with the Project Sponsor SPOC, Project Sponsor Project Manager, Project Sponsor Finance/Accounting Manager, applicable CTA programming staff and applicable MTC FPP staff to go over each inactive project before taking programming actions as described above.

Project Sponsors may also request a meeting with MTC, the relevant CTA and Caltrans to address project delivery concerns that may impede their ability to deliver projects on the AOP. Please contact MTC staff to request a meeting or if you have questions.

Caltrans updates the inactive project obligation status reports weekly on the Local Assistance Inactive Project Information web page:

<https://dot.ca.gov/programs/local-assistance/projects/inactive-projects>

Program Specific Conditions and Requirements**OBAG Requirements**

OBAG projects will not be included in the annual obligation plan until the project sponsor has met all applicable OBAG requirements, including, but not limited to, submittal of the Housing Element annual progress reports to HCD by April 1 of each year, fully participating in the statewide local streets and roads needs assessment survey, and providing updated information for the Highway Performance Monitoring System (HPMS) reporting.

HSIP Delivery Requirements

Because of the importance of timely delivery of safety projects, the following applies to agencies with Highway Safety Improvement Program (HSIP) projects programmed in the federal TIP:

- **For project sponsors with HSIP funds in the PE phase of a project:** A complete and accurate Request for Authorization (RFA) must be submitted to Caltrans for the PE phase of all of the agency's HSIP project(s) prior to any OBAG project being added to the Annual Obligation Plan for that agency. The Caltrans-managed HSIP program has an obligation deadline for the PE phase of within 9 months of the Cycle Start Date. To meet this deadline, sponsors must have a field review (with all required documentation including the PES, if applicable, accepted by Caltrans) and submit the RFA for PE within 6 months of the Cycle Start Date.
- **For project sponsors with HSIP funds in the CON phase of a project:** A complete and accurate RFA must be submitted to Caltrans for the CON phase of all of the agency's HSIP project(s) subject to the delivery deadlines noted below, prior to any OBAG project for that agency being included in the Annual Obligation Plan.

HSIP deadlines by cycle for purposes of the Annual Obligation plan are outlined below, unless a later date is identified in the Caltrans HSIP Detailed Project Delivery Status report available at <https://dot.ca.gov/programs/local-assistance/fed-and-state-programs/highway-safety-improvement-program/delivery-requirements-status-approved-projects>

Cycle 9 HSIP

PE Authorization: All PE phases have been submitted and authorized

CON Authorization: Per extension agreement with Caltrans

Cycle 10 HSIP

HSIP Cycle 10 projects are State funded and not included in the federal TIP.

Caltrans HSIP delivery deadlines still apply to these projects; however, adherence to these delivery deadlines will not be the determining factor in including federal OBAG projects into the Annual Obligation Plan.

Cycle 11 HSIP (Federal Projects)

PE Authorization: December 31, 2023
CON Authorization: March 31, 2026 (RFA due February 28, 2026)

Waiver request for unforeseen project delays:

A jurisdiction that has been proceeding with a project in good faith and has encountered unforeseen delays may request special consideration. A sponsor may be allowed to add projects into the annual obligation plan even if it has an outstanding project delay if Caltrans Local Assistance, MTC, and the applicable CTA reach consensus that the delay was unforeseen, beyond the control of the project sponsor, and not a repeated occurrence for the agency.

NOTE: Poor project management is not considered an unforeseen delay.

CTC-allocated State and Federal Funds

In response to CTC concerns regarding delivery of CTC-administered projects, starting in 2018 many of the regional delivery requirements for federal funds also apply to CTC allocated state and federally-funded projects.

- **CTC Allocation Plan**

Expanding on the success of the development and implementation of the regional annual obligation plan, MTC, working with the CTA's and project sponsors, develops and maintains a regional "CTC Allocation Plan" identifying the CTC-administered programs and projects, such as STIP, ATP and RMRA (SB1) with CTC-allocation deadlines within the state fiscal year. It is the responsibility of the SPOC to ensure the Plan includes all projects from their agency that have applicable delivery deadlines within the fiscal year.

- **ATP and SB1 Reporting and Accountability**

Agencies receiving RMRA (SB1) and ATP funds are required to report on the status of the projects on a regular basis. To ensure agencies meet the deadline, MTC expects reports to be submitted at least 15 days in advance of the CTC deadline. This helps ensure any errors or omissions can be corrected before the reports are due to the CTC/Caltrans. Agencies that miss the reporting/accountability deadline(s) will have OBAG funds subject to re-programming.

- **CTC Allocations**

Projects with funds requiring a CTC allocation, including STIP, ATP and RRRR (SB1) must submit the CTC allocation request by January 31 and receive the CTC allocation by March 31 of the year programmed unless there is a special circumstance (such as coordinating the delivery timeline with other fund sources or project schedules) agreed to by the respective CTA and MTC staff. Sponsors missing the regional CTC allocation deadline are subject to OBAG projects being removed from the Annual Obligation Plan and reprogrammed to a later year in the federal TIP and will have low priority for including their OBAG projects in the

following plan, until the sponsor can demonstrate the ability to meet regional and state delivery deadlines.

- **CTC Extensions**

Sponsors with projects requiring a CTC extension are subject to OBAG projects being removed from the Annual Obligation plan and reprogrammed to a later year in the federal TIP and will have low-priority for including their OBAG projects in the following annual obligation plan, until the sponsor can demonstrate the ability to meet regional and state delivery deadlines.

- **Local Bridge Seismic Retrofit Program (LBSRP) Delivery Requirements**

The Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Prop 1B) includes \$125 million of state matching funds to complete LBSRP. These funds provide the required local match for right of way and construction phases of the remaining seismic retrofit work on local bridges. Several projects within the program have not yet proceeded to construction – 18 years after voters approved funding for the program and 30 years after the Northridge Earthquake and 33 years after the Loma Prieta Earthquake.

Each project in the LBSRP is monitored by Caltrans at the component level for potential scope, cost, and schedule changes to ensure timely delivery of the full scope as approved and adopted. Project delivery milestones are determined by agreement between Caltrans and the local agency. Local agencies are not allowed to change the schedules once the agreements are signed. Projects programmed in the current FFY, for which federal funds are not obligated by the end of the FFY, may be removed from the fundable element of the TIP at the discretion of Caltrans.

Because of the interest of the California Transportation Commission (CTC) with delivery of the remaining projects in the Local Bridge Seismic Retrofit Program, project sponsors with remaining seismic bridge projects will need to provide MTC and the respective Bay Area County Transportation Agency with updated status reports at least twice a year.

Sponsors with seismic retrofit bridge projects in the current FFY that do not deliver by the agreement date, will have low-priority for including their OBAG projects in the next Annual Obligation plan. OBAG funds will only be included if capacity is available after all other requests have been considered, and the agency has demonstrated the ability to meet regional and state delivery deadlines.

NOTE: Per CTC guidelines, project sponsors of LBSRP projects that miss the milestone delivery deadline identified in the LBRP bridge agreement are ineligible to receive future Highway Bridge Program (HBP) program funding from the CTC until the offending delivery milestone is met.