



Subject: Approve 2019 SACOG Delivery Plan Process (Est. time: 5 minutes)

Action

Prepared by: Jose Luis Caceres

Approved by: Matt Carpenter

Attachments: Yes

1. Issue:

Should the board approve the proposed SACOG Delivery Plan Process for 2019?

2. Recommendation:

That the Transportation Committee recommend that the board approve the 2019 Delivery Plan Process.

3. Background/Analysis:

Each year, SACOG's Project Delivery Team helps project sponsors deliver their projects, focusing on those funds controlled by SACOG from the Congestion Mitigation and Air Quality (CMAQ) program and Regional Surface Transportation Program (RSTP). State Transportation Improvement Program (STIP) funds have their own delivery rules set by the California Transportation Commission.

4. Discussion/Analysis:

Staff proposes to manage the 2019 Delivery Plan Process in federal fiscal year (FFY) 2019 using the same process as in prior years. The Process is described in more detail in Attachment A, which outlines the rules and procedures by which we will track project delivery, help deliver projects, prioritize projects, and hold project sponsors accountable. As in prior years, the Process proposes three tiers. As depicted in Attachment B, the Process is designed to incentivize early delivery using a first-come, first-serve system. Of course, this also means it is a last-come, last-served system. If sponsors wait too long the funding may no longer be available as other projects will have secured funding. The Process also lays out options for mitigating late delivery of projects.

Due to program requirements, projects funded with Active Transpiration Program funds cannot be advanced utilizing the tier system.

We also expect to continue using face-to-face communication to maintain and improve project delivery. Beginning in 2017, we began asking sponsors for quarterly progress updates on their projects to provide better monitoring and support. Rather than request that sponsors submit written reports, staff began meeting at least quarterly with public works staff from each city and county, forming local "project delivery coordination groups" in all six counties in the region. The meetings focus on project delivery and funding related issues to help answer questions and keep projects moving ahead. The response from counties has been supportive for continuing these quarterly coordination meetings.

5. Fiscal Impact/Grant Information:

This item has no impact on SACOG's operating budget beyond the staff time already budgeted in the Fiscal Year 2018-2019 Overall Work Program (OWP).

6. This staff report aligns with the following SACOG Work Plan Goals:

7. Deliver Key High-Profile Transportation Projects, 9. Better Connect and Communicate with Members and Regional Electeds

ATTACHMENTS:

Description

Attachment A - Delivery Plan Process

Attachment B - Project Delivery Visual

Attachment A

PROPOSED 2019 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 2019 (the current year)	Priority until February 1, 2019	Subject to SACOG OA limitation
Tier 2	Projects with RSTP or CMAQ funds programmed in any year (2019-2022)	Priority until May 1, 2019	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, 2019	Subject to California OA availability

Promoting Early Delivery

The Delivery Plan Process is a first-come, first-serve system. This incentivizes early delivery. Projects programmed in the SACOG MTIP for FFY 2019 will be Tier 1 projects and given the highest priority. The expectation is that between October 1, 2018, and February 1, 2019, sponsors of these projects will submit their fully completed Request for Authorization (RFA) to Caltrans District 3 Office of Local Assistance.

Beginning February 1, 2019, projects in FFY 2019 will lose their highest priority status and will compete with projects in Tier 2.

Beginning May 1, 2019, all projects will have equal priority, including projects that have been approved by SACOG staff for Tier 3 loans. Tier 3 project loans are for projects that could obligate CMAQ or RSTP funds, 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 2019 Delivery Plan will adhere to them.

Mitigating Late Delivery

The Delivery Plan Process is also last-come, last-served system. The downside to this system is that, if sponsors wait too long, the funding may dry up. And if usually does. Often, at some point toward the end of the FFY 2019, SACOG or the State will run out of funds—either actual funds, called “apportionment,” or the permission to obligate funds, called “obligation authority” (OA). This usually occurs around July or August, but it may occur sooner depending on how aggressive delivery is within the region and around the State. When the funding runs out, obligation stops.

There are only two options for late delivering sponsors.

1. Stop the project and wait for October, the beginning of the next FFY.
2. Make use of “advance construction,” whereby they begin a project with local funds until federal funds can be made available in October.

SACOG has another option for mitigating late delivery. Should we run out of OA or apportionment, we can 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 Chief Executive Officer. In the event that there is an urgent need for SACOG to execute a loan agreement,

current Board delegation gives the Chief Executive Officer discretion to commit SACOG for such purposes. Consistent with past practices, staff would then report back to the Board at the earliest opportunity or in the year-end delivery update.

Balancing Project Delivery / Delivery Failure

