



MEMORANDUM

TO: Southwest Washington Regional Transportation Council Board of Directors
FROM: Matt Ransom, Executive Director 
DATE: May 27, 2014
SUBJECT: **Federal Transportation Funding Obligation**

AT A GLANCE

This memorandum provides a summary of the statewide federal obligation policy, regional strategies to meet obligation authority, and the status of RTC's FY 2014 federal obligation. The region is expected to meet our FY 2014 federal obligation target by the end of May.

INTRODUCTION

Federal legislation sets the overall transportation funding levels for the nation. A portion of the national transportation funds are allocated to each state, who allocates funds between the state and local governments based on federal requirements. RTC receives an allocation of federal transportation dollars through Washington State for the Surface Transportation Program (STP), Congestion Mitigation and Air Quality Program (CMAQ), and Transportation Alternatives Program (TAP). The federal funds received by RTC are then made available to local agencies, through a competitive selection process and are programmed in the Transportation Improvement Program.

Congress also sets the obligation levels for the various federal highway programs. These obligation levels establish the amount of federal transportation funds that must be allocated to projects each year. Each state receives Obligation Authority for a set amount each year. The federal obligation authority rules require that each state must allocate their funds for that year or funds will be lost to another state.

In the past, WSDOT would manage statewide obligation authority for both the state and local share. This would usually include WSDOT obligating unused local obligation authority on WSDOT projects to meet statewide obligation authority. Local agencies could then carry unused obligation authority balance to the following year. This practice became unmanageable for WSDOT, who is now requiring local governments to meet obligation targets. This memorandum provides a summary of the statewide federal obligation policy, regional strategies to meet obligation authority, and the status of RTC's FY 2014 federal obligation.

WASHINGTON STATE FEDERAL OBLIGATION POLICY

The WSDOT Obligation Authority Policy takes a "use it or lose it" approach. Each region or MPO must meet their obligation level by August 1st of each year. Any unused funds not obligated will be sanctioned and made available for other regions in the state. Should regional funds be sanctioned and lost due to missing the obligation targets, the reduction in regional funds will be accounted for in the succeeding years TIP. A region can gain funds by receiving funds

from a region that did not meet their obligation target. Funds are considered obligated when a Local Agency Agreement is executed with WSDOT.

RTC'S OBLIGATION STRATEGIES

To ensure that the region meets our federal obligation target, the following strategies have been implemented:

- Through improved communication, RTC staff can accurately estimate obligation and ensure that the region meets the federal obligation target. Recurring updates on agency performance are provided to local staff at the monthly RTAC meetings.
- RTC's project delay policy was changed last year to only allow a one year delay in obligating of federal funds. This will reduce the number of delays and help the region meet federal obligation targets.
- Local agencies are encouraged to obligate projects early. Statewide policy allows projects listed in any year of the TIP to proceed on a first come basis. The early obligation of projects will cover projects that are delayed.

RTC's OBLIGATION STATUS

RTC's 2014 federal obligation target is \$6.1 million. As of May 16, 2014, the region had obligated \$5.8 million or 95% of the regional federal obligation target. The region is expected to meet our FY 2014 federal obligation target by the end of May.