

Project Tracking Policies for PSRC's Federal Funds

(As Revised and Adopted April 22, 2010 by the Executive Board)

Purpose

A significant amount of PSRC funding is programmed to delayed projects – a condition that current project tracking policies have been unable to correct. This results in lower than expected obligation levels, increases project costs, and delays needed improvements to the region's transportation network. Given recent experiences regarding economic stimulus funding, more stringent project delivery requirements have proven very effective. For these reasons, it is recommended that project tracking policies be modified to improve the region's record of delivering transportation investments.

Introduction

The project tracking policies contained within this document apply to the following federal funds for which the Puget Sound Regional Council (PSRC) has primary responsibility for project selection through the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU):

- Surface Transportation Program (STP) – urban (STP/U) and rural (STP/R)
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)
- Federal Transit Administration (FTA) – Section 5307 & section 5309 Fixed Guideway

The purpose of the project tracking system is to ensure the timely use of all regionally managed federal funds (hereafter referred to as "PSRC funds"). Ensuring that projects are delivered in a timely manner will:

- Reduce project delays that lead to increased costs.
- Ensure the traveling public benefits from investments at the earliest point possible.
- Create or sustain jobs needed to stimulate the regional economy.

PSRC funds are distributed through a competitive process. This competitive process is based on the requirements of SAFETEA-LU, with additional guidance provided by the following documents:

- VISION 2040, the region's long-range growth, transportation, and economic strategy
- *Destination 2030* (soon to be *Transportation 2040*), the region's long-range metropolitan transportation plan
- *Regional Economic Strategy for the Central Puget Sound Region*
- Local comprehensive plans, as required by the state Growth Management Act
- A policy framework revised and adopted prior to PSRC's project selection process

The Transportation Policy Board (TPB) recommends to the Executive Board approval of the distribution of funds to projects via this competitive process. Every approved project will identify the specific year during which awarded funds will obligate and will have approved financial plans and project delivery plans with identifiable milestones and delivery dates.

The designated obligation year programmed in the TIP will be used to monitor the use of PSRC funds. Delayed projects that do not obligate PSRC funds within their established schedule must return them to PSRC for redistribution.

Projects that return funds may compete for funding at the next or subsequent project selection exercises. These projects may also be added to a current contingency list of projects at the request of the sponsor and approval of the recommending project evaluation committee.

Policies

A. Obligation Monitoring of STP and CMAQ Funds

1. Obligation Dates

Sponsors of projects with STP and/or CMAQ funds are required to designate the year that each phase with STP and/or CMAQ funds will obligate. In addition, those projects with STP and/or CMAQ funds programmed to Right-of-Way or Construction phases are allowed a one-year grace period beyond the designated year of obligation. Planning and design phases are NOT eligible for any type of grace period. In all cases, the designated program year for obligation must occur in one of the years for which federal funds are being distributed (for example, in 2011 funds are expected to be distributed for 2013 and 2014).

2. Quarterly Report

All project sponsors must submit quarterly reports that identify all progress made toward obligation during the preceding 90 days. PSRC staff will compare all stated accomplishments with the milestone schedule outlined in each project's approved Project Delivery Plan to determine each project's status at that time.

All projects determined to be behind schedule and in jeopardy of failing to obligate as scheduled will be reported to the appropriate project evaluation committee. In addition to determining the cause of delays, project evaluation committees are expected to monitor future performance, and provide possible assistance in an effort to help sponsors get back on schedule.

3. Obligation Date Extensions

No time extensions will be allowed unless the cause of delay, as determined by the appropriate project evaluation committee, is deemed to be clearly beyond the control of the sponsor (e.g.: lawsuits). When so determined, causes of delay must be mitigated within a short time period and by a date certain. No project will be granted more than one extension and that extension will be limited to a maximum of one year regardless of the circumstances. All extension requests will be evaluated on a case by case basis by the appropriate project evaluation committee.

4. Reporting

Performance reports for each project will be provided to PSRC policy boards, elected officials, sponsors, and the public. These performance reports will include general

information about each project, the phases programmed with PSRC funds, and a summary of reported progress. The intent of this quarterly reporting is to keep all interested parties fully informed on an ongoing basis so that ample time and attention can be given to delayed projects before funds will be returned for redistribution.

At the end of each calendar year, PSRC's Transportation Policy Board and Executive Board will be given a final list of projects whose funds have "sunset" and will be returned for redistribution due to non-performance within established schedules. Projects that return funds may compete for funding at the next or subsequent project selection exercises. These projects may also be added to a current contingency list of projects at the request of the sponsor and approval of the recommending project evaluation committee

5. Currently Funded Projects as of April 2010

Those projects currently identified by PSRC as past due or that become past due will have until the conclusion of the first quarter in 2011 to obligate current funding. Failure to do so will result in the return of those funds for redistribution during the 2011 project selection process. All such projects will be able to re-compete for lost funds in 2011.

The existing obligation dates and grace periods will be honored for those projects previously awarded PSRC funds that are NOT identified by PSRC as past due.

B. Expenditure Monitoring of STP and CMAQ Funds

A previous version of project tracking policies (as adopted in July 2003) established a 10-month period after obligation during which project sponsors were expected to start processing expenditures. Due to complexities with the reporting of project expenditures and the inability to report by funding source, this policy was unable to be implemented. However, both PSRC and WSDOT recognize the importance of projects meeting expenditure requirements for PSRC's federal funds. As such, we recommend a one-year period during which time PSRC will monitor and collect data on the overall expenditures by projects, regardless of funding source. This data will be used to determine if projects are expending federal dollars within a reasonable timeframe, and to report on how many projects are landing on FHWA's report of inactive projects. After this one year period, in consultation with WSDOT, PSRC will report back to the Boards and the project evaluation committees with a proposal for a new project tracking policy related to expenditures.

C. Obligation and Expenditure Monitoring of FTA Funds

Note: project tracking policies for FTA funds were reviewed and recommended by the Seattle-Tacoma-Everett FTA Caucus and the Transportation Operators Committee; these policies were adopted in January 2009 and are not subject to the current proposed revisions.

Each phase of a project with PSRC FTA funds is allowed a one-year grace period beyond the estimated obligation date. If un-obligated by the end of this grace period, funds are at risk of being removed from the project. Regional Council staff will provide regular reports to the Transportation Operators Committee (TOC) of those projects with PSRC FTA funds that are

approaching this milestone. These reports will include information on the age of the funds, the phases programmed, and the length of time passed beyond the estimated obligation date (i.e., months “past due”).

When any PSRC FTA funds are nine months past the estimated obligation date (before the one-year grace period expires), Regional Council staff will contact the project sponsor and initiate an evaluation process. Staff will meet with the sponsor, gather information on the reasons for the delay, and prepare a recommendation to the TOC on whether or not an obligation date extension is warranted.

When the PSRC FTA funds are from the Seattle-Tacoma-Everett (STE) urbanized area, the Regional Council evaluation will be submitted to the STE FTA Caucus for its review and recommendation prior to the TOC.

The length of any obligation date extension will be determined on a case-by-case basis and may be allowed for any date within the four-year time span of the current TIP.

The procedures for conducting these evaluations will be identified in the next update to the “Administrative Guidelines for Implementing PSRC’s Project Tracking Policies.”

D. Scope Changes to Projects Awarded STP, CMAQ and/or FTA Competitive Funds

PSRC funds are awarded to projects with the expectation they will be completed as originally described and scheduled. Funded projects were evaluated, underwent a public review and comment period, and were included in a regional air quality analysis based upon their original scope of work.

Requests to change a project’s description must be reviewed and approved in advance by PSRC staff and the recommending project evaluation committee to ensure that the modified description is consistent with the project’s original scope, purpose, intent, and/or utility. If such a request is deemed to deviate from the original scope of work, the request will be denied. Should PSRC and the recommending project evaluation committee disagree, the matter will be forwarded to the Transportation Policy Board for resolution.

E. Distribution of New and Returned STP, CMAQ, and FTA Competitive Funds

The Transportation Policy Board in 2004 approved contingency lists of prioritized projects in case additional funds become available through higher than estimated allocations, the project tracking system, or any other sources. These contingency lists became effective with the adoption of the 2005-2007 Regional TIP, and subsequent lists were developed and approved with the adoption of the 2007-2010 and 2010-2013 Regional TIPs. These contingency lists have encompassed the RPEC and countywide STP and CMAQ processes as well as FTA competitive processes.

The policies for the redistribution of new and returned funds are summarized below.

1. **New funds** are defined as additional funds to the region from higher than estimated allocations or other sources. New STP and CMAQ funds will be split for distribution between RPEC and the four countywide forums based upon the formula adopted during the most recent Policy Framework. New FTA funds will be distributed according to adopted policies regarding earned share vs. competitive funds.
2. **Returned funds** may originate from several sources: unused funds remaining from completed projects, unused funds remaining from cancelled projects, or funds returned from projects due to a variety of reasons (project tracking policies, the receipt of other funding sources, etc.). Returned STP and CMAQ funds will be redistributed by the forum from which the funds originated - RPEC or one of the four countywide project evaluation committees. Procedures for the redistribution of FTA funds will be determined at a future date by PSRC, the STE FTA Caucus and the TOC.

Depending upon timing, the allocation of new or returned funds will be applied to either the contingency list in effect at the time or added to other available funds dedicated to the next project selection process. This decision will be made at the discretion of the appropriate project evaluation committee (RPEC or one of the four countywide committees).

Projects that return funds may compete for funding during the next or subsequent project selection exercises. These projects may also be added to a current contingency list of projects at the request of the sponsor and approval of the recommending project evaluation committee

Refer to Exhibit A attached.

3. Contingency Lists

- a. The current contingency list in place as of April 2010 will be in effect until the issuance of the 2011 call for projects. Projects funded from this list will be subject to the policies outlined in Paragraph A (Sections 1 and 3) regarding the selection of an estimated obligation date, grace periods, and time extensions.
- b. Contingency lists adopted during the 2011 project selection exercise will also be subject to the new policies as described in Paragraph A (Sections 1 and 3). This includes a review of each project's updated financial plan and project delivery schedule.